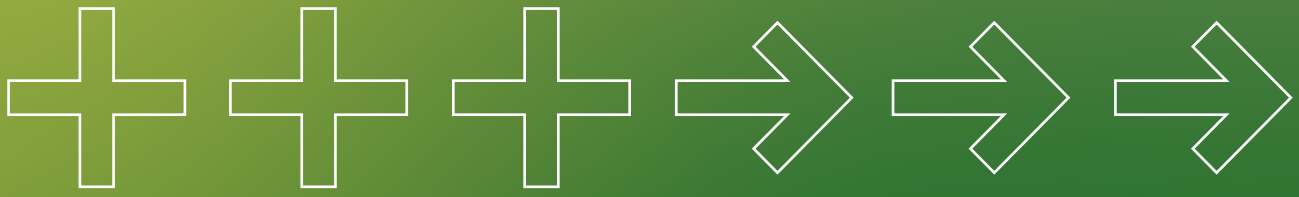
Setting the direction for pharmacy representation

Background, proposals + how to vote as a contractor



REVIEW STEERING GROUP

APRIL 2022

‘The work of the RSG has been about analysing, listening and ultimately finding a way to take forward the findings of the independent review that works for all contractors.

There have been difficult discussions, but that has been our only focus throughout. We hope this report persuades you that our proposals will lead to very positive changes for the future, with the potential for further change building on these first steps, which all contractors can and should support.’

Stephen Thomas, Superintendent Pharmacist, **Rowlands Pharmacy**

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REVIEW STEERING GROUP

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VIDEO + The RSG Proposals →

VIDEO + The Case for Change →

Executive summary

The RSG has worked hard over a period of 15 months to analyse the Wright Review recommendations and their possible benefits, including taking advice from change management experts and engaging widely with the sector. This report sets out their final proposals to contractors.

It is nearly two years since Professor David Wright and his team at the University of East Anglia published a report on contractor representation and support in England, **Independent Review of Community Pharmacy Contractor Representation and Support: providing best value for contractors,** known as **"the Wright Review"** →.

The Review looked at how PSNC and the LPCs were working, making recommendations to ensure contractors get best value for money from the levies that they pay.

PSNC initiated the process responding to growing pressures across the sector, LPCs and PSNC.

After extensive research, with information gathered from every LPC, trade associations and a survey of contractors representing more than 6,000 pharmacies; the Wright Review made 33 recommendations about governance, systems, structures and finance, with the aim of ensuring contractors receive better value for money.

The Wright Review overview

We recommend reading the **report The Wright Review overview** → which may help you better understand the rest of these proposals.

After the Wright Review, in January 2021 PSNC and the LPCs jointly funded a small group of contractors to look at how PSNC and the LPCs should best respond to the recommendations.

The group was called the Review Steering Group (RSG) and it comprised 10 representatives from across the pharmacy sector.

The RSG has kept contractors at the heart of all of its work, as well as considering the wider healthcare context: with so many challenges ahead for contractors, LPCs and PSNC, the RSG and all those it has spoken with strongly believe that doing nothing is not an option.

This document represents the conclusion of the RSG's work, setting out a series of proposals that have consensus across the community pharmacy sector, and which have been developed through discussion with the sector, using the Wright Review recommendations as a starting point. It is now for contractors to review these proposals and decide, via the vote in May, whether they should be taken forwards.

A 'yes' vote, will set a clear mandate for change. It will then be for PSNC and LPCs to respond to this and enact any constitutional or other changes.

RSG Members

Adrian Price *CCA, Tesco Pharmacy*
David Broome *Independent contractor*
Mike Hewitson *Independent contractor*
Sam Fisher *CCA, LloydsPharmacy*
Stephen Thomas *CCA, Rowlands Pharmacy*
Tricia Kennerley *CCA, Boots*
Aneet Kapoor *Independent contractor*
Mark Burdon *Independent contractor*
Peter Cattee *AIMP, PCT Healthcare*
Sandeep Dhami *AIMP, MW Phillips Chemists*
Sue Killen *RSG Convenor (non-member)*

‘Our proposals have been designed to give NHS community pharmacy owners in England stronger representation, better and more consistent support, and a more unified voice to Government and the NHS.

This will in turn help us all to serve our communities, being fully supported to offer a range of innovative services.’

Mark Burdon, Independent Contractor, **North East**

Taking on board all of its work and the feedback from contractors, this report sets out the RSG's final proposals for a way forward. **There are four key themes within the proposals.**

1. Stronger governance

The RSG is proposing that an improved governance system be rolled out across PSNC and the LPCs to introduce independence and audits across the system, standardise visibility of Key Performance Indicators (KPIs) and strengthen accountability. The RSG also accepts name changes as proposed by the Wright Review and has made proposals for how the voice of contractors can better be heard at national level.

2. Better alignment with the NHS

LPCs will be supported to become more efficient and to review their boundaries in line with NHS Integrated Care Systems (ICS) changes, subject to the view of local contractors and NHS England and NHS Improvement.

3. Appropriate resourcing

The RSG accepts the recommendation in the Wright Review that the current system of levy funding should be redirected towards representative activities which have the greatest impact, in particular national negotiation and policy development. This means adjusting how the levy is split between LPCs and PSNC – with a 13% redirection of the total annual contractor levy towards PSNC – to a balance that allows for improved negotiating capacity and capability, provides better local and national contractor engagement, and introduces shared services for local and national bodies.

4. Stronger collaboration

The RSG has set out proposals to increase efficiency and remove duplication across PSNC and the LPCs. At the centre, the PSNC Committee will review its size while maintaining balance between independents and multiples, and publish a transformation plan which will outline improvements in governance including greater transparency and a clearer separation between governance and advisory work.

There will be a renewed focus on bringing local and wider expertise to central decision-making, with PSNC working to a clearer Negotiating Strategy and a focus on how PSNC and the LPCs working with other relevant bodies can be better aligned to one vision and strategy for the sector.

Benefits and next steps

The RSG's proposals will provide a platform for stronger, more cohesive and forward-looking leadership for community pharmacy contractors, helping to get better recognition for the sector. The changes will ensure all contractors are supported to offer a range of innovative services, underpinning sustainable businesses and delivering high value patient services. Aligning pharmacy representation with NHS structures will help to further position the sector as a key frontline healthcare provider and recognised contributor to achieving NHS targets – strengthening local and national negotiating positions.

Contractors have a month to consider these proposals at which point they will be asked to vote on them in their entirety. You can find out about events taking place during this period on the **RSG website** →.

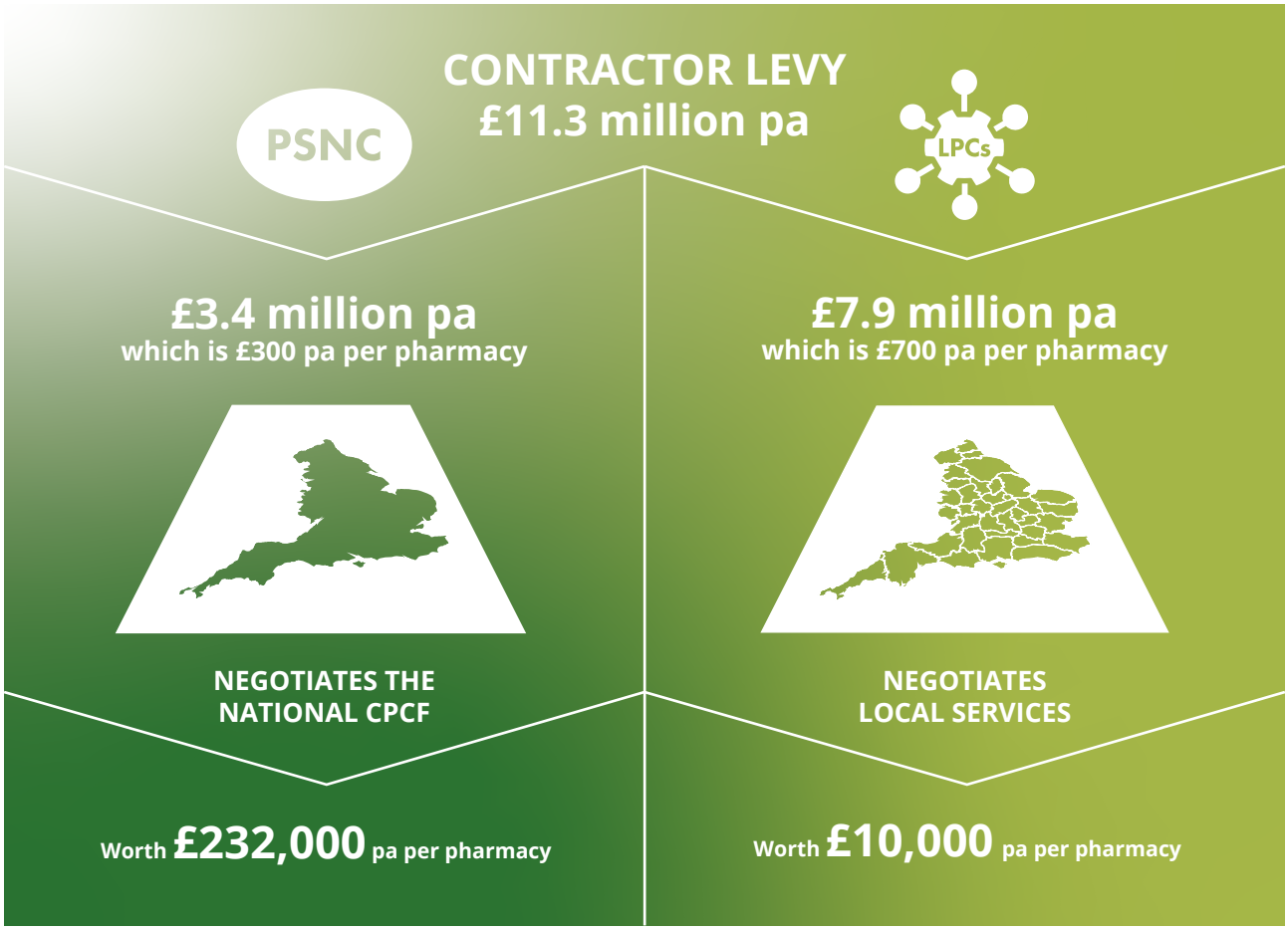
Further information on the vote, including what contractors will be asked and how it will be independently conducted and overseen, is included in this report. **Learn more** →

The case for change

PSNC and the LPCs

PSNC and LPCs work in partnership to support pharmacy owners across England, offering them a wide range of important services and support.

FIG 1 + How contractor levies are spent each year based on the average pharmacy



Other critical PSNC functions include:

Negotiations on margin, medicines supply and other issues to secure income e.g. **£140m reimbursement saved through price concessions.**

Providing **support and information** on the evolving CPCF and NHS matters.

Discussions and **negotiations on regulations** to ensure these are workable for contractors.

Other critical LPC functions include:

Supporting **implementation of the national contract**: £55m is currently spent on Advanced Services which LPCs support, and this will grow as new services are added to the CPCF.

Helping contractors with **local issues, disputes and workforce issues.**

Supporting delivery of the **Pharmacy Quality Scheme**, including helping PCN Leads.

PSNC represents pharmacies in national negotiations on pharmacy funding and services, providing guidance to help pharmacies provide NHS services. LPCs represent pharmacies in negotiations and support the implementation of local services, while also working with PSNC and the local NHS to support implementation of national services, and providing resources to help contractors on local matters. This close working relationship is crucial to effectively represent and support contractors, given that neither PSNC or LPCs are accountable to the other, yet both are accountable to pharmacy contractors.

Funding for PSNC and LPCs is generated via a contractor levy deducted as a proportion of NHS income with a percentage from each LPC being passed to PSNC. Given their critical roles, and the monies that contractors pay for them, it is important that LPCs and PSNC are both working as effectively and efficiently as possible: this means providing the best possible support for contractors, whilst delivering the best outcomes on funding and services.

Change is needed

The issues in the Wright Review that needed to be addressed can be summarised as:

1. **Representation and support organisations need strong and independent governance**
2. **PSNC must be appropriately resourced to carry out its full range of functions, and improve negotiating outcomes, on behalf of contractors**
3. **Community pharmacy needs a clear vision and strategy, and to speak with one voice**
4. **Contractors wanted to have a stronger voice across all levels of representation**
5. **Significant variation in LPC performance, costs and governance across the network**
6. **LPCs need to transform their structures to maximise the opportunities that ICS delegated commissioning affords**

As well as addressing these issues, closer and more effective working between LPCs and PSNC will help to better prepare both for some upcoming significant events.

At a local level, the introduction of NHS Integrated Care Systems (ICSs), will mean a simplification of commissioning organisations. Pharmacy's local representation and support structures, the LPCs, need to evolve alongside this to be best equipped to play a part in ICS work.

For LPCs working in isolation, funded by a small number of contractors, the RSG, in line with the Wright Review findings, believes it will be difficult to represent effectively in a cost-effective way. See our map of LPCs and contractor numbers for more information. **Learn more**

At a national level, PSNC is preparing for negotiations about what happens after the current five-year Community Pharmacy Contractual Framework (CPCF) deal ends. While some commissioning in future will be delegated to local systems, the core of the CPCF, delivering the majority of funding to contractors, will continue to be negotiated nationally.

Protection of this core funding is increasingly difficult as public finances tighten, but it is critical to the future success and development of community pharmacies: PSNC must have the right strategies and governance in place, as well as sufficient resources, to carry out this national representation role.

Note: LPCs and PSNC are independent organisations and make their own decisions for their contractors and employees. It is not for the RSG, or anybody else, to decide to merge or amend LPCs. LPCs represent contractors in accordance with their constitutions and have responsibilities to their staff in accordance with employment legislation.

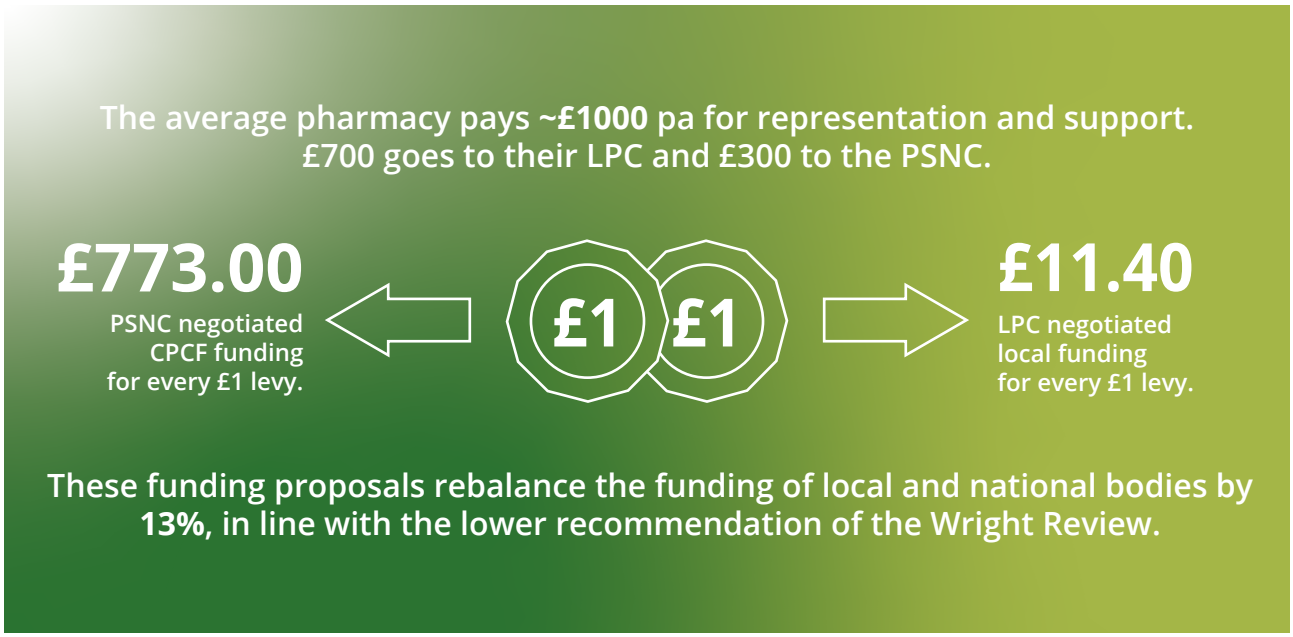
The benefits of change

The RSG has considered very carefully what the roles of the national and local representatives could be, working with the sector on these, and you can read the final agreed suggested roles **here** →. The RSG's proposals, also developed with the sector, set out ways to make sure these roles are carried out as effectively and efficiently as possible. The proposals seek to address the issues identified by the Wright Review and ultimately to ensure that future local and national representatives have the structure, skills and resources needed to provide stronger and more cohesive leadership for community pharmacies. **Learn more** →

The models being proposed by the RSG should provide:

- **Stronger and more cohesive leadership, advocacy and negotiating power**
- **A clear direction and vision for community pharmacy**
- **More consistent support for contractors**
- **Help for the sector to remain agile and responsive to future demands**
- **Better value for money from the levies that contractors pay, ensuring this is consistent across the country**
- **More unified representation working to improve funding, capacity and commissioning outcomes**

FIG 2 + Value of PSNC and LPCs



National contractor services

As well as negotiating a national contract worth £2.592bn, and securing that funding for a five-year period to give contractors a greater degree of certainty, PSNC - the national representative body - negotiates emergency funding and services, ensures regulations are workable and if possible helpful to pharmacies, negotiates all Advanced Services, and provides a wealth of support and information to contractors and to LPCs.

PSNC also ensures that all agreed national funding is correctly delivered, including monitoring the £800m margin delivery, and it negotiates price concessions to ensure contractors are not financially affected by medicines price rises.

The RSG is looking for a transformed PSNC to:

- **Set a clear direction and vision for community pharmacy**
- **Strengthen its negotiation processes and capacity, to support better outcomes**
- **Work with LPCs to give the sector a stronger voice, with more local input**
- **Work in closer partnership with LPCs to help improve all funding, capacity and commissioning outcomes**

To achieve this, the RSG recommends that the national representative body introduces independent governance as part of reformed governance structures, alongside measures to ensure it is better listening to the voice of contractors and working more closely with the LPCs. PSNC will be renamed and tasked with setting a clear strategic vision for the sector and for the national negotiations.

In line with the Wright Review, the RSG also proposes that LPCs re-route 13% of levy funding towards the national representative body: this will ensure that PSNC has the resources it needs to protect the critical CPCF income for the sector, at no extra overall cost to contractors.

FIG 3 + PSNC recent key work and other support

£3.1M saved via negotiations on the Disount Not Deducted list

£140M saved via price concession negotiations on medicines price rises

£370M secured in COVID related funding for contractors

£2.592BN assured contract annually until 2023/24

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699 news stories published for contractors in 2020/21

18,000+ people subscribe to PSNC's e-mail newsletter

3.1M people visit the PSNC website every year

All data relates to 2020/21

‘Given the significance of the rapid changes to the NHS structures, the importance of the national negotiations, as well as the issues identified in the Wright Review, doing nothing is not an option.’

Peter Cattee, CEO, PCT Healthcare

Local contractor services

LPCs negotiate and support services commissioned by local authorities and the local NHS for community pharmacies, as well as providing support to help embed Advanced Services so that local contractors can engage, deliver good patient outcomes and maximise their income from these services. LPCs represent pharmacy locally, interacting with a diverse network of stakeholders including NHSE&I, local public health teams and the emerging 42 ICS teams, to ensure that pharmacy has a voice where it needs it. LPCs also offer operational support, acting as a first port of call for many contractors on a wide range of issues.

Under the RSG's proposals, LPCs will have the flexibility to re-organise themselves to align with the new NHS structures, as they and their contractors see fit.

The proposals should lead to:

- **Stronger local bodies who can represent pharmacy locally, develop and influence local relationships and negotiate local contracts**
- **Less duplication of efforts and work across the network of LPCs and PSNC**
- **LPCs and PSNC working better together to improve service uptake and implementation**
- **Contractors getting the same services and value from their LPCs, wherever they are in the country**

To achieve this, the RSG recommends a uniform system of governance for all LPCs and PSNC that is effective, fit for purpose and accords with best practice. To address the Wright Review findings, the RSG also want to see a rationalisation of services that are currently being duplicated across LPCs to ensure the sector benefits from economies of scale and efficiencies.

The RSG is recommending better alignment of LPCs to developing NHS structures. There is much work to be done to influence locally at system, place and individual pharmacy and surgery level. LPCs will be critical to this, and if some LPCs merge and re-align to reflect local ICS footprints, while also harmonising their roles and strengthening the national support they receive from PSNC, the RSG believes LPCs will be more agile and focused to rise to these challenges. A reduction in duplication of the work being done by different LPCs across the country will extract the efficiencies needed to reroute some levy funding (an additional 13% of it) towards the national representative body.

Service commmissioning and support: Community Pharmacy Chesire & Wirral

Community Pharmacy Cheshire & Wirral LPC (CPCW) represents more than 270 contractors and works hard to maximise the value that its contractors get and to support them to embrace the evolving service agenda. In 2021/22 the LPC assured locally negotiated funding of around £638,413 pa (equivalent to around £2,364.49 pa per pharmacy), and supported the delivery of the national Advanced Services helping contractors to earn over £4m pa from these. CPCW also provides regular newsletters and local influencing for its contractors. 1193 episodes of ad hoc advice and support were provided to contractors locally in the 16 month period to April 2022, 67% related to local matters and 33% related to national service delivery, this is in addition to contractor drop-in sessions held on a regular basis.

PCN support and funding: North East London LPC

North-East London (NEL) LPC represents 317 contractors. It secured local funding to support the work of community pharmacy primary care network (PCN) leads: 41 pharmacists in the area. **£300,000 for 2 years has been secured from the ICS in North-East London equivalent to £7,317 per PCN lead**. Whilst not all LPCs secured additional local funding, it is also important for LPCs to support the mapping of PCNs and facilitate contractors coming together to get a lead in place: this critical work helped to build relationships and support delivery of the **Pharmacy Quality Scheme (PQS).**

‘These proposals can put contractors in control of the size and shape of LPCs at a local level, using the Wright Review’s substantial evidence base about the efficiencies available in the LPC network.

Analysis in 2020 estimated that up to £2.7m pa could be released from the LPC network to provide better contractor representation and support across England: as contractors, we absolutely must have our levy funding spent in the most effective way.’

Aneet Kapoor, Independent Contractor, **Greater Manchester**

The proposals

The RSG's **37 proposals are set out below in full**, showing how they **seek to address some key objectives**, including to introduce independent governance across PSNC and the LPCs; appropriately resource PSNC to improve negotiation outcomes; develop a national vision and strategy for community pharmacy; listen better to contractors; reduce variation across LPCs; and improve the efficiency, size and shape of the LPC network.

At the end of each proposal we have indicated whether they are primarily for PSNC or the LPCs, or both working together to implement. Some further detail and explanatory notes follow the proposals.

Independent governance of LPCs and PSNC

1. Organise pharmacy representation regions to match the 7 NHS regions: East of England, London, Midlands, North East & Yorkshire, North West, South East, South West. **[PSNC and LPCs]**

2. Limit membership for all committees and subcommittees to 12 years (three terms of four years) from April 2023 (to 2035). **[PSNC and LPCs]**

3. Introduce a new Governance Subcommittee to help set a governance framework for national and local organisations – this will sit alongside PSNC's working subcommittees, with membership drawn from PSNC and LPCs. **[PSNC and LPCs]**

4. Update policy and advisory subcommittees at PSNC to include the ability to hear from external (non-contractor) policy groups, experts and working groups when needed. **[PSNC]**

> ***Note:*** *As a general point of principle across LPCs and PSNC, the RSG believes that only elected contractors or nominated contractor representatives should have voting rights.*

5. Develop a transformation plan to implement an overall governance framework that incorporates good practice (in parallel to constitutional and rule changes). Publish progress reports to the sector. **[PSNC]**

6. Introduce immediate additional external independence into the governance structures at PSNC, including through an external independent member of the Review and Audit Panel (RAP). **[PSNC]**

7. Deliver improvements in oversight, internal processes and external transparency, through a governance framework to include: a code of conduct for all members, local and national Key Performance Indicators, and expectations regarding transparency and communication. **[PSNC and LPCs]**

> ***Note:*** *Examples of local KPIs could include average local service commissioning income per contract, LPC running cost per contract, committee and governance cost, staff costs.*

8. Build in a review of implementation of the overall proposals after 1-2 years to evaluate effectiveness and determine appetite in the sector for further changes. **[PSNC and LPCs]**

9. Reduce the numbers of PSNC members whilst maintaining the current balance between independents and multiples: maintaining unity and representation of all parts of the sector. **[PSNC]**

Appropriately resource PSNC to improve negotiating outcomes and carry out its full range of functions for contractors

Funding

10. Increase the contributions that LPCs make to PSNC, on a trajectory of an additional £1.5m pa by the levy year beginning April 2024. This will achieve a better distribution of the £11.3m pa paid into contractor representation and support. **[PSNC and LPCs]**

> ***Notes:*** **a)** *Begin with an additional £750,000 in 2023/24 and a further £750,000 in 2024/25 and then PSNC to develop a process to review annually, taking soundings from the national forum of LPC contractor representatives.* **b)** *PSNC will also need to better support LPCs to make efficiencies to release this funding without increasing the overall burden on contractors.*

11. Recalculate the levy apportionment, including examining levy distribution from DSPs and reallocating PSNC's total required funding across LPCs according to each LPC's latest share of total prescription items. **[PSNC]**

> ***Note:*** *This will be an implementation priority by Summer 2022, allowing LPCs time to prepare for the 2023/24 budget planning cycle.*

12. All LPCs to make payment to PSNC automatic and visible to contractors. **[LPCs]**

13. Ring fence a transformation fund: PSNC budget for 2022/23 allocates £250,000 op-ex to support initial change. LPCs self-fund local changes and transformation from excess reserves. **[PSNC and LPCs]**

Strengthen negotiations

14. Adopt a negotiation strategy to support delivery of the shared vision for the sector, focusing on tactical, political and influencing. **[PSNC]**

15. Strengthen activities which support the negotiating function such as health economics, project management, analytical and insights capability, and influencing, to contribute to the negotiating team's work. **[PSNC]**

16. Develop a bank of regular evidence and monitoring data to better support negotiating, implementation and evaluation of funding impacts and market trends – for example market data, pressures surveys, patient surveys, public opinion polling. **[PSNC]**

> ***Note:*** *Further information on how PSNC's negotiating capacity and strategy will be strengthened is included in the Case for Change and Explanatory Notes.*

17. Retain existing negotiating team functions but seek to better define executive and non-executive (contractor) roles more clearly. **[PSNC]**

Provision of support for contractors and LPCs

18. Provide further support for all LPCs by increasing central service development and support capacity, advice and information sharing. **[PSNC]**

19. Provide support that standardises practices across the LPC network in line with good practice on HR and finances. **[PSNC]**

20. Work more closely with networks of LPC members (e.g via the trade bodies) to promote changes at a local level through their reach across England. **[PSNC]**

21. Develop an effective network for LPC Chief Officers to enable sharing of good practice and to provide peer support, interfacing with the PSNC executive leadership team. **[PSNC]**

Develop a new national vision and strategy for community pharmacy

22. Rename PSNC committee and executive as 'Community Pharmacy England (CPE)'. **[PSNC]**

23. Remove the term 'Chemist' in general communications where possible and replace with 'Community pharmacy or pharmacist' as appropriate (not feasible for all legal and regulatory references). **[PSNC and LPCs]**

24. Working with the other national pharmacy bodies and with LPCs, shape the development of a new national vision for community pharmacy in England, including all key internal and external stakeholders and negotiating partners. There should be a regular review process in place for this strategy. **[PSNC and LPCs]**

25. Formalise new joint working arrangements for work with the other national pharmacy bodies and LPCs to develop and deliver a programme of advocacy work that supports this shared vision, by shaping and influencing policy, patient and public opinion. **[PSNC]**

Listen better to contractors so their voices are better heard at all levels

26. Create a national forum of LPC contractor representatives, to help further advise PSNC on local matters, bring a stronger local voice to national work, and join up areas of mutual interest such as governance and levy setting. **[PSNC]**

27. Livestream open PSNC meetings, and provide guidance on visibility of meetings to LPCs. **[PSNC]**

28. Build in systems to allow PSNC subcommittees to hear from wider contractor voices (such as on rural issues, DSPs) including working groups when required and cross-sector policy groups, that can help to inform policy and decision making. **[PSNC]**

29. Better define the role of PSNC Members to include clear standards for how Committee Members will engage with contractors and the wider sector. **[PSNC]**

30. Scope and launch a regular programme of PSNC events for contractors that allow for two way dialogue and strengthen the voice of all contractors at the heart of PSNC. **[PSNC]**

31. Work with Community Pharmacy Wales to define their future representation and support requirements. **[PSNC]**

Reduce variation between LPCs, improve their efficiency and focus their activities

Governance

32. Rebrand all LPCs to be known as Community Pharmacy <Local> (CPL). **[LPCs]**

33. Reduce LPC committee sizes to a range of 10-12 members whilst maintaining local proportional representation. **[LPCs]**

34. LPCs to adopt a new model constitution that focuses levy-funded activities on a core scope of activities and is in line with the new cross-sector governance framework. **[LPCs]**

Note: *This will need to leave flexibility for LPCs to provide further enhanced contractor support providing it is funded outside of the levy and is available equitably to all local contractors.*

Efficiency, size and shape of the LPC network

35. LPCs to drive efficiencies by reviewing boundaries and committee sizes, considering NHS changes with the aim of:

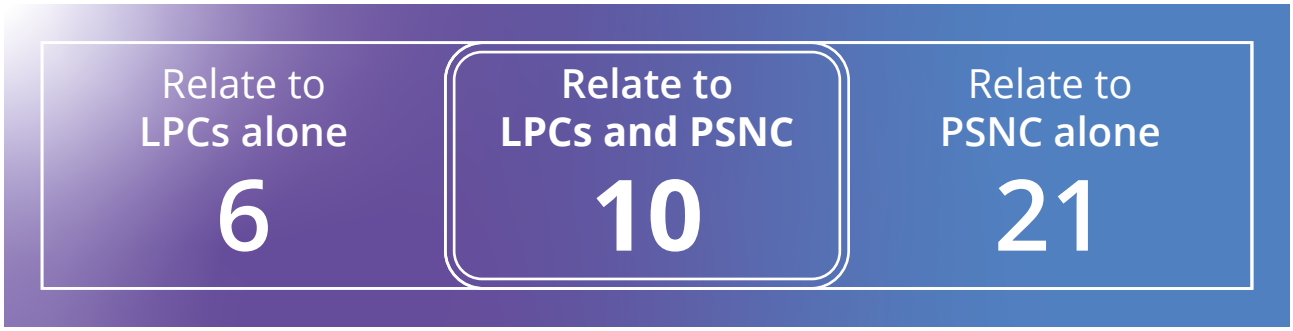
- Being able to meet increased contributions to PSNC, without having to increase contractor levies
- Having a representation and governance structure (LPC members) at a system level, allowing for investment in executive resource to undertake system and place-based work. **[LPCs]**

36. LPCs to more closely align with NHS Integrated Care Systems (ICS) and to reconsider their size (in terms of numbers of contractors represented) in line with the Wright Review recommendation that LPCs with a minimum of 200 contractors provide better value. Any changes would be subject to the views of contractors via a local vote, which might ultimately lead to 39-42 LPCs. **[LPCs]**

Note: *PSNC to introduce a toolkit and practical implementors to support LPCs to change and offer support at a regional level (7 NHS regions).*

37. Ensure every LPC has access to the existing network of provider companies if needed locally. **[PSNC and LPCs]**

FIG 4 + Summary of proposal impact



Explaining the RSG proposals

Contractors are encouraged to attend the upcoming **RSG events** → to learn more about the proposals and to ask questions. But here we explore some of the key issues and first questions that arose when the RSG shared its final proposals with the LPCs and with PSNC.

Q. How did the RSG come up with these proposals?

The starting point for the RSG's work was the 33 recommendations of the Wright Review. Over the course of 15 months the RSG has explored these in detail – both as individual proposals and in the round – to consider their feasibility for the sector and the benefits that they might bring. Work to engage with all parts of the community pharmacy sector has focused on reaching a consensus and on what is best for contractors, leading to this set of proposals.

Q. Why are we not implementing all of the Wright Review proposals?

An initial review of the Wright Review proposals (by PSNC and the LPCs) in November 2020 had showed that there were differences in opinion across the sector on **19 of the 33 recommendations**.

As the RSG concludes it work, significant progress on reaching consensus has been made.

The RSG and sector are now in agreement on 28 of the Wright Review proposals:

24 of these have been accepted, and they are addressed in the RSG proposals (either by direct inclusion, or through alternative proposals)

4 of these have not been taken forward because the sector is agreed that they should not be. Some of these were not feasible, or the issues have been addressed in other ways through the RSG's proposals.

That leaves just five of the Wright Review recommendations on which issues remain across the sector: these have been left out of the RSG's proposals.

All of these five recommendations were ultimately rejected by the RSG because they involved differences in opinion on the principles that would be required to underpin large-scale changes to central governance structures (i.e. the Wright-proposed move to a Board and Council). Different parts of the community pharmacy sector had opposing views on things like composition and the appointments process, and these could not be reconciled.

Instead, the RSG has focused on the areas of consensus within the sector. The proposals set out will work within the existing established and accepted governance structures at national and local level.

Q. Do these proposals address all the issues brought out in the Wright Review?

The issues in the Wright Review that needed to be addressed can be summarised as:

1. **Representation and support organisations need strong and independent governance**
2. **PSNC must be appropriately resourced to carry out its full range of functions, and improve negotiating outcomes, on behalf of contractors**
3. **Community pharmacy needs a clear vision and strategy, and to speak with one voice**
4. **Contractors wanted to have a stronger voice across all levels of representation**
5. **Significant variation in LPC performance, costs and governance across the network**
6. **LPCs need to transform their structures to maximise the opportunities that ICS delegated commissioning affords**

The RSG has set out proposals to address each of these points individually: some will fall to PSNC to resolve, others to LPCs, and some to both working together.

Q. What happens next – if contractors vote yes?

An approving contractor vote on the RSG proposals will set a path to change. Both PSNC and the network of LPCs will be invited to respond to the RSG proposals and start to implement any changes from July 2022. It is anticipated all changes will have been implemented by the end of 2023/24. It will not be for the RSG to implement the changes, as the group has now concluded its work.

Q. And what happens next – if contractors vote no?

A no vote would mean that the issues diagnosed in the independent Wright Review remain unresolved and representation and support structures – PSNC and the LPCs – remain as they are. This is likely to result in sub-optimal outcomes for contractors going forward.

Q. When will all these changes happen?

Assuming contractors vote in favour of the changes, the RSG envisages that a programme of change will begin from July 2022 through to the end of 2023/24. Any changes will be implemented in a controlled and measured way, led by PSNC and the LPCs. As part of this, and early on in the process, PSNC will produce a toolkit and practical implementors to support LPCs to change and offer them support at a regional level (7 NHS regions), starting with LPCs in the ICS early adopter regions. PSNC will look to introduce changes as its additional funding comes on stream over the next two years; the full transfer of additional funding to PSNC will not be complete until 2024/25.

Q. What does this mean for my local LPC?

There are 68 LPCs in England. The geographical boundaries of these LPCs are not set to be coterminous with those of any NHS commissioner or provider bodies, although committees are representative of pharmacy contractors mapped to one or more Health and Wellbeing Board (HWB) boundaries. There are 153 HWBs in England. The Wright Review found duplication of efforts on some tasks across LPCs, as well as varying value for contractors from their LPCs, and it supported rationalisation of the LPC network to free resources for more local and national activity, in doing so considering NHS geographical footprints, value for money and numbers of contractors represented by each LPC.

The NHS landscape is changing, with 42 new NHS Integrated Care Systems (ICS) being set up regionally to plan and commission services, and they will have delegated responsibility for pharmaceutical services from NHS England (although this does not mean they will negotiate the CPCF – this will continue to be negotiated nationally). LPCs have an important role going forward, and it is essential that they reform to respond to these regional changes to ensure effective engagement with ICSs and more efficient and consistent delivery of support to contractors. Fewer but better resourced LPCs operating at a regional level are more likely to deliver impact for contractors in how the NHS is organising itself. In practice, what the proposals will mean, is that LPCs will all be invited to consider locally how they can become most efficient, and for many this is likely to involve discussions about possible mergers or other ways to make efficiencies. Contractors can expect to hear from their LPCs about this over the next year.

Q. Why are these changes being proposed for LPCs?

The main objective of the changes the RSG is proposing for LPCs (which are in line with the Wright Review) is to ensure that all LPCs have the resources and expertise to represent, advise and support contractors locally, and to release levy monies to fund critical national work to drive greater overall value from the levy. A significant body of evidence in the Wright Review pointed to lower levies and improved efficiencies once the number of contractors represented by an LPC passes 200.

‘These proposals will not go far enough for some, and they will not be exactly what every individual contractor wants to read. But what these proposals do is reflect a consensus – a middle-ground.

The RSG’s challenge was to find a way through conflicting views across the sector to find consensus that we could turn into a plan. We hope contractors agree that these proposals are a positive and bold first step in the right direction.’

Tricia Kennerley, VP, Director International Public Affairs, **Walgreens Boots Alliance**

| Q. How could the LPC changes be made?

Any changes would be subject to the views of contractors via a local vote, which might ultimately lead to a reduction to 39-42 LPCs. This **map** → illustrates the LPCs in relation to the corresponding ICS. These figures have been provided by the NHS Business Services Authority (NHSBSA) and are accurate as of February 2022. This is provided to encourage discussion amongst contractors and LPCs at a local and regional level.

As part of signing up to the new model constitution and to be able to benefit from centrally provided services as well as access the Chief Officers forum and the national forum of LPC representatives, LPCs in future will need to:

1. Agree that payment to PSNC is automatic and visible to contractors

2. Meet revised levy contributions

3. Adopt the wider governance framework

4. Opt-in to use the standard HR and finance practices offered to LPCs

| Q. How can LPCs potentially make savings?

There are several ways for LPCs to potentially increase efficiencies, LPCs may use one or a combination of the following:

- Merge with other LPCs
- Share services or federate with contiguous LPCs
- Reduce governing costs by reducing committee sizes
- Make operational cost savings

The Wright Review recommended these measures, following its extensive review and engagement with the sector including through an LPC survey. Levies from merged LPCs yield greater income from a greater number of contractors. Savings could therefore come from reviewing LPC office operations, and possible reductions in meetings, meeting format and times.

FIG 5 + What will this means for LPC numbers?

What could LPCs do differently in the future?

Stop	Start	What this means?
Broad based training offers relating to local or national contractual matters.	Provide information and briefings to contractors on matters relating to the local commissioning of NHS services or other elements of the local NHS environment.	Signpost contractors to training providers, trade bodies, head offices who already provide support.
	Negotiate and develop local contracts based on national templates and frameworks Support local innovation, where aligned with overall community pharmacy vision.	Service development and evaluation supported from the national organisation to support LPCs to create new service specifications and to support service design and analysis.
Responding to national consultations.	Respond only to local consultations by NHS ICS and Health and Wellbeing Boards on behalf of local contractors.	Less duplication and greater collaboration between local and national organisations.
	Demonstrate local value and impact.	Assessment of performance against standard KPIs, published to contractors.
Joint executive and non-executive roles.		Ensure that the Chair and executive roles are separated.
Compliance support at the individual contractor level to help delivery against the CPCF.	Provision of data to contractors to assist compliance with CPCF more broadly. Signposting to trade bodies for general business advice and to PSNC for non-local NHS / CPCF matters.	LPCs will support contractors on the development of local services, local NHS matters and engagement with the local NHS on their behalf to support implementation of some CPCF elements.

Q. Why is the RSG not proposing an ideal number of LPCs across the country?

It is not for the RSG, or anybody else, to decide to merge or amend LPCs – only LPCs can decide to do this for themselves, if the contractors they represent want it. This is because of the NHS legislation. This legislation allows for the establishment of LPCs by community pharmacy owners providing NHS pharmaceutical (pharmacy) services (i.e. contractors) and says that the Secretary of State may recognise a national organisation as representative of the sector (this is PSNC).

LPCs must decide to amend their constitutions in order to merge or make significant changes.

The reason the NHS legislation does this is because these organisations serve a purpose for the NHS - NHS staff cannot realistically discuss and negotiate contractual matters with each independent business/contractor. Only local contractors decide the size of their LPCs – creating any new LPC will need the agreement of two-thirds or more of local contractors and the agreement of NHSE&I. Leaving local decisions about LPCs to LPCs and contractors was also important to the RSG to allow for flexibility locally.

Q. Where will the extra funding for PSNC come from?

These proposals seek to rebalance the funding of local and national bodies by just 13% (£1.5m pa) in line with the lower estimate recommended by the independent Wright Review. PSNC's income from LPCs has stayed flat for the past seven years, representing a cut in income in real terms. The additional funding to PSNC will come from asking LPCs for increased contributions to fund national work from April 2023 on an increasing trajectory to 2024/25. This will require the LPC network to change and work in a different way to free resources. Previous estimates suggest that up to £2.7m could be released from the operational cost of running the current LPC network. Where LPCs are resistant to change locally, or this is not supported by contractors at a local level, they will still have to meet the increasing contributions to fund PSNC. This may require LPCs to decide to raise the contractor levy in exceptional cases where demonstrably below the national average – from 2020/21 FY analysis there is a range of £250 to £2084 for contractor representation costs (levy) pa / per contract between LPCs. The average in 2020/21 was £740 pa per contract, lower than previous years due to cost savings during the first part of the pandemic. However, a key principle for the RSG was that any changes it recommended must not increase overall costs for contractors, and the RSG believes efficiencies and changes within LPCs will be sufficient to cover this shift in funding streams.

How will governance be transformed?

The RSG wants both PSNC and LPCs to strengthen their governance. This will involve implementing additional governance systems and processes, with the adoption of increased oversight, underpinned by checks and balances across national and local organisations. A summary of changes that will improve oversight, put in place stronger internal processes and improve external transparency is set out below.

Oversight	Internal processes	External transparency
Better define the distinct representation and governance roles of the PSNC Committee, Negotiating Team and subcommittee structure, including updates to PSNC rules.	Better define the distinct representation and governance roles of the PSNC Committee, Negotiating Team and subcommittee structure, including updates to PSNC rules.	Overall greater transparency in the system, such as streaming of certain meetings online and increased visibility of contractor funds spent on representation and support by providing a standardised approach to reporting PSNC and LPC finances.
Build up audit and risk functions at PSNC further and monitor the delivery of good practice changes.	Mandatory training for members and employees of PSNC and LPCs on GDPR, equality and diversity, risk, competition law, valuing difference.	Publication of KPIs and communication of progress against them at a national and local level.
Amendment to PSNC rules to allow external experts to join discussion where required.	Seek to separate out governance and advisory work at PSNC.	Regular review of ownership information in the sector and for the information to be published for future reviews of the representation and support system.
PSNC Review and Audit panel to have external independent member to support monitoring governance and performance.	As part of the transformation plan to implement an overall governance framework update to the constitution and rules.	

Q. What does the RSG want PSNC to do with the additional money?

In line with the Wright Review, the RSG considers that the shift of 13% of contractor levy funding to PSNC is needed to appropriately resource PSNC to carry out national representation functions for the sector. The RSG wants to see PSNC using the money to strengthen negotiating capacity and strategy, raise awareness of the community pharmacy contribution to patients and the NHS, and to protect pharmacy funding and improve commissioning outcomes.

In addition, the RSG's proposals set out some specific actions for PSNC around transforming and strengthening governance, and developing a clear vision for the sector.

PSNC will also need to provide support to LPCs: in the short-term to help re-organise and release efficiencies, and to standardise practices across the LPC network in line with good practice on HR and finances; and in the medium to long-term to provide further support to LPCs by increasing central service development and support capacity, advice and information sharing.

Q. How will this all lead to improvements for contractors?

The proposals seek to address the issues identified by the Wright Review and ultimately to ensure that future local and national representatives have the structure, skills and resources needed to provide stronger and more cohesive leadership for community pharmacies.

The models being proposed by the RSG overlay the findings from the Wright Report with the required key outputs from the initial Terms of Reference to ensure that what will be implemented has the effect of:

- Reduced duplication across the contractor support estate;
- Better joint working with key customers;
- Effective and transparent governance;
- Enhanced agility to respond to the future commissioning environment;
- Better use of the current workforce at LPCs and PSNC; and
- Better use of resources

Effective support structures working well together will enable the sector to be more agile and responsive to future demands, meaning community pharmacy owners will have:

- Stronger representation;
- Better and more consistent support; and
- A more unified voice to Government and the NHS

Improved models for representation and support will provide better value for money for the levies that contractors pay, and ensure this is consistent across the country. Aligning pharmacy representation more closely with NHS structures will help to position community pharmacy as a key frontline healthcare provider and recognised contributor to achieving NHS targets – this too will support wide-ranging negotiations.

Q. How will we measure success?

Embedded in the proposals is a commitment to review implementation of the overall changes after 1-2 years to evaluate effectiveness and determine appetite in the sector for further changes. Over that time, transparency will be improved through a series of measures, including publication of KPIs and communication of progress against them at a national and local level.

How we got here

Since its formation in late 2020, the RSG has **undertaken an ambitious programme of work** to both engage with the sector and explore options for the future.

The RSG's task

As set out earlier in this report, following publication of the Wright Review findings, in late 2020 the Review Steering Group (RSG) was set up to explore Professor Wright's 33 recommendations.

RSG members were appointed by AIMP, CCA and PSNC's Regional and NPA representatives, and the Group's task was to look at the Wright Review recommendations from the perspectives of feasibility of delivery, cost, benefits to contractors and timelines, and to come up with proposed plans for contractors to decide upon; this report sets out those proposals and represents the close of the RSG's work.

In doing their work the RSG drew on expertise from The Berkeley Partnership, who are change specialists with experience in helping organisations transform. The RSG also appointed a programme manager and relied on Secretariat support provided by PSNC staff. The RSG carried out an extensive engagement programme with the sector (See 'How we talked to the sector') as it explored a range of options for representative body structures and governance.

The RSG also had to consider how a decision-making process on its proposals would function and the contractor vote is the outcome of that work. All of this work was funded by PSNC and the LPCs.

RSG principles of working

Initial tasks for the RSG were to adopt its Terms of Reference and launch a website. After this, the Group focused on an early round of engagement with the sector, including setting up a Contractor Forum, and it appointed the Berkeley Partnership as programme management advisors.

An important early piece of work was to set the Design Principles: this was a set of principles that would guide the RSG's work, and they came alongside a workplan and a high-level timeline.

The principles included:

- **Working collaboratively and inclusively on proposals that would lead to better services for all community pharmacy contractors.**
- **Trying to build consensus after hearing from all parts of the sector. The RSG recognised that its plans could not be in line with the views it heard from every single individual, but has sought to find solutions that compromised between the different views.**
- **The RSG will work to find balanced answers which recognise the different segments of the sector without reinforcing divisions.**
- **Changes will be two-fold: making systems work more effectively together, and making changes to those systems such as to improve governance.**

Having set these overarching principles, the RSG worked with the sector to define the roles for national and local support.

This was complex work, and the RSG first examined what the functions of the national and local representative bodies should be in the future.

Once the sector and RSG were clear on what jobs needed to be done (the 'what'), the RSG considered what the best structures would be to deliver that work (the 'how').

This involved lengthy discussions and much analysis of other models for representation, governance and best practice.

Ultimately, the sector was unable to agree on what radical changes to central structures should look like – including how a Council of LPC Chairs would work and be governed – so instead the RSG has put forward proposals that will resolve the issues identified in the Wright Review without needing major structural changes immediately. This keeps in place the established representative structures that are already in place centrally – including the election of Regional Representatives to PSNC by each region – and it will of course be subject to further review, in time.

For LPCs, much analysis took place to consider maps of local NHS structures along with contractor numbers, as well as ongoing dialogue with LPCs. The RSG's proposals should improve the function of LPCs, while leaving it to contractors locally to make the final decisions on structures.

The RSG knew that any changes it proposed would eventually need to be accepted (or rejected) by community pharmacy contractors. It decided that the approval of the sector would be sought via a vote and worked up a model for this. **Learn more**

FIG 6 + How we talked to the sector

2 Pharmacy Show keynotes

20 contractor focus groups

50+ LPC meetings attended

6,000+
people opening email newsletters

22,000+
views of the RSG website

Consultation and engagement

Contractors have been involved in shaping the proposals set out in this report through an open and iterative process from the beginning of the RSG's work. The RSG has worked proactively to engage with as many contractors as possible, given the constraints of the pandemic. This took place via a variety of channels including: the website, email newsletters, podcasts and video blogs, FAQs, focus group events, webinar updates, via trade associations and other groups, at events such as the Pharmacy Show, and regular presentations at LPC meetings.

Alongside all of this, the RSG has remained in close dialogue with the contractor trade associations: the CCA, AIMP and the NPA. All three have fed in views on the proposals on behalf of their members over the past 15 months.

RSG Programme timeline

Jan - Feb 2021
RSG set up and terms of reference published. James Wood, Director of Contractor and LPC Support, joins as RSG Secretary.

Mar - April 2021
The Berkeley Partnership appointed to support programme delivery. Programme plan published by RSG.

May - June 2021
RSG engagement with the sector on the draft plans. Contractor webinar to present the plan.

July - Nov 2021
Focus groups: local and national roles (Summer); representation and structure (Autumn). Approach for contractor voting. Sector updates at national conferences.

Dec 2021 - Feb 2022
Key proposal elements reviewed at contractor engagement events and PSNC committee. RSG agrees contractor proposal outline.

Apr - May 2022
Proposal put to contractors. Contractors vote. Announcement of result and next steps.

How to vote

Contractors have **a month to consider these proposals** (from publication) at which point they will be asked to **vote on them in their entirety**. A **three-week voting window** will open in May during which votes can be cast, **one-vote per contract held**, through a secure and independent online voting system. **Instructions will be sent in April to contractors** via post and electronically to pharmacy premises NHSmail email addresses, with instructions about how to prepare for voting online.

What happens next?

End April 2022: Proposals published, and a four-week pre-voting period begins.

It is important that contractors have enough time and opportunity to understand the proposed changes on which their vote is being sought.

During this period, the RSG will hold a series of online events to brief contractors about the proposals and why they matter to the pharmacy sector and to individual contractors. These events will give a chance for questions and to hear from those who have worked on the proposals.

A pre-vote notice will be sent in April to contractors via post and electronically to pharmacy premises NHSmail email addresses, with instructions about how to prepare for voting online. For CCA multiples and some of the largest non-CCA multiples, these will be sent to head office contacts.

End May 2022: Three-week contractor voting period begins.

Contractors will then have a three-week voting window during which they can cast their vote using a secure and trusted online voting system. The vote will be managed and overseen by Civica Election Services, also acting as Independent Scrutineer, to ensure the impartiality and integrity of the process.

June 2022: Results announced.

The results of the ballot and independent scrutineer's report will be published to the sector.

Contractor briefing events

To help contractors to understand these proposals, the RSG will hold three online national contractor briefing events and seven online regional briefing events: one per NHS region. These events will be an opportunity for contractors to hear directly from RSG members about the proposals, and to ask them questions.

National briefing events

National Contractor Briefing Event: Tuesday 3rd May, 7-8pm
National Contractor Briefing Event: Wednesday 4th May, 12-1pm
Timing of third event, by early June TBC.

Regional briefing events

South East Regional Contractor Briefing Event: Wednesday 4th May, 7-8pm
London Contractor Briefing Event: Thursday 5th May, 7-8pm
Midland Contractor Briefing Event: Monday 9th May, 7-8pm
South West Regional Contractor Briefing Event: Monday 9th May, 8-9pm
North East and Yorkshire Contractor Briefing Event: Tuesday 10th May, 7-8pm
North West Contractor Briefing Event: Monday 16th May, 7-8pm
East of England Contractor Briefing Event: Monday 16th May, 8-9pm

Contractors can register on the **RSG website** →

Voting parameters

The RSG intends to hold a single vote

Contractors will be asked in a single vote to approve (or not) the proposals for future contractor representation and support.

All contractors will be eligible to vote

One vote will be permitted per contract owned (i.e. one vote per ODS code), and all votes will be equally weighted.

Contractors will be asked to vote on a binary question

The vote will pose a binary question with a response to accept or reject these proposals in their entirety. Contractors will not be asked to choose between several options as it is crucial that the outcome is a clear decision to either proceed or not.

Voting thresholds

1. The result will be measured on the percentage of all votes cast

2. A two-thirds majority of all those casting a vote is required to approve the vote

3. The target voter turnout will be two-thirds of the contractor base

It requires a significant majority of contractors to vote, and a significant majority to vote in the same way, to approve the vote.

Common questions about voting

Further information about the design of the contractor decision-making process can be found on the RSG website. **Learn more** →

Appendices and links

Appendices and links

If you are viewing the original electronic version of this document you can click on an arrow in the list of links below and navigate to the appendix or external reference.

Appendices

Appendix 1: Commentary against the 33 Independent Review recommendations

Appendix 2: Map of LPCs and ICS in England

Appendix 3: Levy and funding analysis

Appendix 4: Overall system organisation chart

Appendix 5: Indicative implementation plan

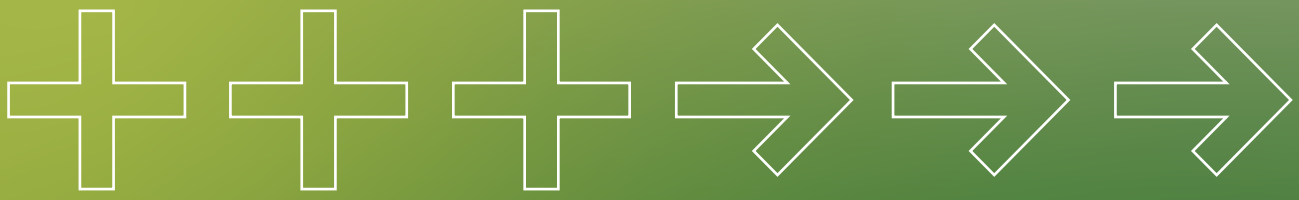
Links

1. **Independent Review of Community Pharmacy Contractor Representation and Support: providing best value for contractors – the Wright Review**

2. **Independent Review of Community Pharmacy Contractor Representation and Support: providing best value for contractors (Report Overview)**

3. **Pharmacy Representation Review Steering Group Website**

4. **Upcoming RSG events**



Setting the direction for pharmacy representation

Background, proposals + how to vote as a contractor

REVIEW STEERING GROUP

https://pharmacy-review.org