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Annual Report

and Statement of Accounts

2021/22



PSNC

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PSNC's Chair and CEO reflect on the past year, and how things are shaping up for the next.

Comments from the Chair and CEO

Chair's Comment

The past couple of years have not been easy for anyone. The COVID pandemic has morphed into a cost-of-living crisis precipitated by an equally unexpected European conflict. As a result, community pharmacies, like so many other sectors, have been facing an unrelenting stream of financial and operational challenges. But unlike some other sectors, the demand for the advice and services you offer has remained unrelenting throughout. Yet through it all, you have continued to deliver what the NHS has asked of you and more, yet again demonstrating how important pharmacies are to the healthcare system and to our communities. I would like to think that the Government is beginning to understand what community pharmacy can bring to the table, and hope we will be able to turn that into something more tangible in the future.

Over the last year there have been a number of changes at PSNC. Simon Dukes resigned as our CEO last summer. We are grateful to Simon for all that he achieved for community pharmacy over his three years leading the PSNC team. In March we were delighted to welcome Janet Morrison to PSNC as our new CEO. She joined at a challenging time, but her impressive career history shows us that she has the skills to influence and lead effectively on behalf of community pharmacy contractors.

The work of the Pharmacy Review Steering Group (RSG) also concluded earlier this year and its recommendations for improving representation and support for community pharmacy were overwhelmingly supported by pharmacy contractors.

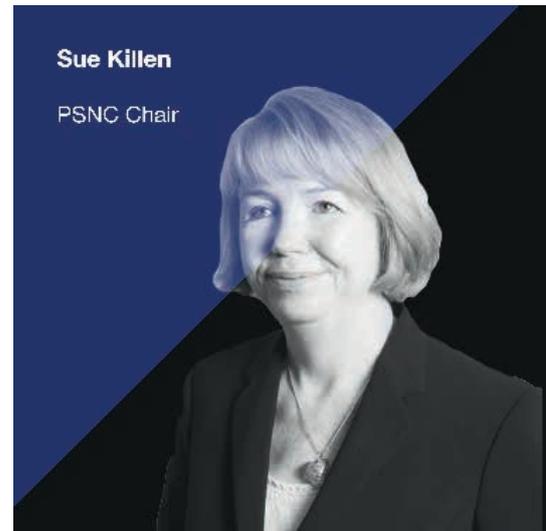
PSNC is committed to working with LPCs to take forward these recommendations with the aim of improving our negotiating capacity, strengthening the case we can make on behalf of contractors, enhancing our governance and transparency, and enabling us to work more closely with the LPCs to create a united voice for community pharmacy.

As well as dealing with current pressures, PSNC is increasingly focused on what happens after the end of the current five-year deal. It is vital that community pharmacy representatives are all working towards the same goals, and the RSG's proposals are a positive step towards making that happen more effectively.

Strengthening our governance, improving collaboration, aligning our ambitions with those of the NHS and the communities we serve, and ensuring contractors get the best value possible from their levy, are principles that would be difficult for anyone to argue against. These aims encapsulate PSNC's ambitions for the coming year.

Sue Killen

PSNC Chair



Chief Executive's Comment

It's a funny thing to be asked to contribute to an annual report about a year in which you were, for the most part, not here. I took up the helm at PSNC in March 2022, just as we were launching into negotiations on the Community Pharmacy Contractual Framework (CPCF), whilst the country emerged from the winter Omicron wave. But straightaway I got a good flavour for what was going on in the sector, and what PSNC had been doing about it, as the results of both the Pharmacy Advice Audit and the Pressures Survey landed on my desk, along with PSNC's funding and walk-in service bids. The audit and survey reports painted contrasting pictures – one of the phenomenal ways in which pharmacies help millions of people every year, despite not being properly funded to do so; but the second of the intolerable strain this was putting on pharmacy teams, owners and businesses. I know that this has not gone away.

PSNC's funding and walk-in bids were persuasive – they were backed with considerable evidence gathered from across the sector; supported by the analysis of our funding team; and set out how investment in pharmacies would lead to better outcomes for patients and value for the NHS and Government. Yet as we now know, they were not successful, as Government stood firm in their refusal to move away from the five-year deal, despite all our evidence that circumstances had changed beyond what was imaginable when PSNC first agreed it.

So where does this leave us as we look to the second half of this financial year? For pharmacy owners I know the prospect of winter is bleak, but helping you with this is our challenge, and one which we will work tirelessly to solve. Whilst signing off the CPCF arrangements, the Committee agreed we now needed to focus sharply on seeking further support for contractors: to help financially, to ease capacity constraints, and to put pressure on Government to resolve things like Price Concessions and the workforce crisis that is damaging your businesses in so many ways.

And that is exactly what we will be doing going forward – working to influence the new Government for the benefit of contractors in the short, medium and long-term. This includes immediate tactical work to ramp up our influencing and strengthen our evidence base; medium-term work such as developing a new vision and strategy for community pharmacy; and longer-term work to enhance our governance and create stronger local and national negotiators through the Transforming Pharmacy Representation (TAPR) programme.

I hope this report gives you a flavour of some of the work, much of it unseen, which goes on here. PSNC has a small but very expert team all of whom work closely with the contractors on the PSNC Committee for the benefit of all community pharmacy contractors. Over the next year we hope to have better news to report to you, and I personally look forward to meeting more of you and to working more collaboratively and openly with all of you as we progress our wider TAPR work.



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The **Pharmaceutical Services Negotiating Committee (PSNC)** promotes and supports the interests of all NHS community pharmacies in England. We are recognised by the Secretary of State for Health and Social Care as the body that represents NHS pharmacy contractors. We work closely with Local Pharmaceutical Committees (LPCs) to support their role as the local NHS representative organisations.

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We look back on the key events of 2021/22 for PSNC and for community pharmacies in England.

New services, new people, CPCF changes: the year at PSNC 2021/22

Here we look back on the key events of 2021/22 for PSNC and England's community pharmacy sector.

New services were launched, a deal for reimbursement of COVID-19 costs was reached, and measures were put in place to help pharmacy teams balance their winter workload.

APR 21 C-19 test distribution service

Over 90% of England's pharmacies sign up for the NHS community pharmacy COVID-19 lateral flow device (LFD) distribution service agreed by PSNC.

MAY 21 Parliamentary support

Led by the All-Party Pharmacy Group, over 30 politicians from across the parties call on the Government to urgently write off the £370m in COVID-19 loans granted to pharmacies and ensure sustainable funding for the sector.

JUN 21 COVID-19 costs

PSNC negotiates a revised and much improved HM Government offer on COVID-19 costs. Under the deal, contractors receive payments for their COVID-19 costs on 1st October, following a claiming period over the Summer.

AUG 21 Year 3 CPCF arrangements

Arrangements for the Community Pharmacy Contractual Framework (CPCF) for Year 3 (2021/22) are agreed. They include new services, expansion of the New Medicines Service and protection of Transitional Payments.

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visitors a minute
to the PSNC
website

SEPT 21 New pharmacy minister

Following a reshuffle, Maria Caulfield MP is named as the new minister with responsibility for pharmacy. Her official title is Parliamentary Under Secretary for Patient Safety and Primary Care. PSNC meets with the in the Autumn.

OCT 21 Hypertension Case-Finding service

The new Hypertension Case-Finding Advanced Service launches: 6,567 pharmacies sign up to provide the service by the end of 2021/22.

NOV 21 LPC conference

The November Meeting of LPCs and PSNC focuses on the challenges facing the community pharmacy sector and planning for 2022, recognising the workforce pressures on contractors.

NOV 21 Earlier advance payments

All contractors receive earlier advance payments, after agreement between PSNC and the Department of Health and Social Care (DHSC). This follows closure of the Pharmacy Earlier Payment Scheme (PEPS).

DEC 21 PQS deadline extension

PSNC makes the case for an extension of Pharmacy Quality Scheme (PQS) deadlines so that contractors can balance this work with the demands of winter and a new COVID-19 wave.



DEC 21 Lateral flow device (LFD) demand

PSNC engages urgently with the UK Health Security Agency on supply of LFD test kits. After reports of abuse of pharmacy teams, PSNC briefs national media that such behaviour is unacceptable.

JAN 22 Pharmacy Access Scheme

An updated Pharmacy Access Scheme (revised PhAS) begins, with payments now based on a bell curve distribution.

JAN 22 Pharmacy Pressures Survey

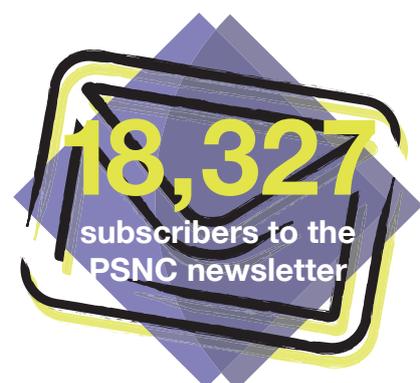
PSNC launches a Pharmacy Pressures Survey which confirms the serious impact that unsustainable pressures on community pharmacies are having on pharmacy teams' wellbeing and patient services.

FEB 22 Pharmacy Advice Audit

PSNC launches its third Pharmacy Advice Audit which confirms that pharmacies are saving some 32 million GP appointments every year. The data is used to push for a funded walk-in pharmacy advice service.

MAR 22 New CEO for PSNC

Janet Morrison OBE becomes the new Chief Executive of PSNC. Janet expresses her enthusiasm about representing the sector to policy makers, whilst recognising the challenges facing contractors.



MAR 22 Smoking Cessation Service

The new Smoking Cessation Advanced Service begins. This is an important service in terms of helping to embed pharmacies within wider healthcare pathways.

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PSNC has worked tirelessly to support England's network of community pharmacies.

Working to support England's pharmacies

PSNC worked tirelessly to support England's network of community pharmacies through the many challenges they faced. Some of the measures negotiated included: earlier reimbursement payments; temporary flexibility of service provision; an extension of the 2021/22 Pharmacy Quality Scheme deadline; and the waiving of some contractor audit requirements.

During the ongoing pandemic

As the COVID-19 pandemic continued to impact on the country, PSNC maintained its practical support for community pharmacy contractors and their teams. For example, we secured an extension to the

declaration of an emergency enabling the flexible provision of pharmaceutical services. This allowed pharmacies to make temporary changes to their opening hours or closures under certain specified circumstances. PSNC also reached an agreement with NHS England and the Department of Health and Social Care (DHSC) on a number of measures to help further alleviate the extreme pressure on community pharmacies. These included an extension to the deadline for meeting the requirements of the 2021/22 Pharmacy Quality Scheme (PQS). We also successfully pushed to have the requirement for pharmacy teams to complete 2021/22 national audit waived, as well as the requirements for contractors to complete the Community Pharmacy Patient Questionnaire and a contractor-chosen clinical audit.

Developing the CPCF

A key ambition when negotiating the 2021/22 Community Pharmacy Contractual Framework (CPCF) arrangements was that they would be as manageable as possible. As well as reducing the scope of (and extending the deadline for) PQS, PSNC's Negotiating Team pushed back on service proposals that were unworkable for the sector, extended Transitional Payments by a further year, and won concessions around planned changes to regulations. Our service development work resulted in the expansion of the New Medicine Service (NMS), with contractors now able to offer patients support when they are newly prescribed medicines to manage 13 additional conditions, including Epilepsy and Glaucoma. PSNC also secured an increase in the cap on the number of NMS that pharmacies can provide. These changes helped pharmacies offer support to over 2 million patients as part of the NMS during 2021/22.

Improving funding processes

Following a decision by DHSC to end the Pharmacy Earlier Payments Scheme (PEPS), PSNC secured an opportunity for all pharmacies to access earlier advance payments. Under the new arrangements, contractors

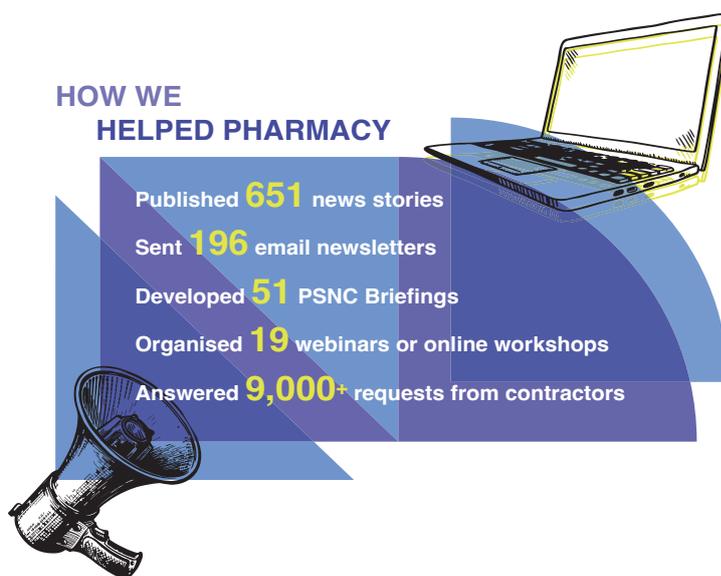
making their FP34C submission through the Manage Your Service (MYS) portal by the 5th of the month following that in which supply was made can now access advance payments approximately 20 days earlier than under the old payment timetable. By March 2022, over 9,600 pharmacy contractors had begun receiving earlier advance payments. January 2022 saw the introduction of a revised Pharmacy Access Scheme (PhAS) with payment based on a bell curve of dispensing volume.

Embedding new services

Year 3 of the CPCF launched new Hypertension Case-Finding and Smoking Cessation Advanced Services, which were important steps in building the vision for pharmacy services that PSNC has been advocating for many years. Following protracted discussions on the Hypertension Case-Finding Service, we gained agreement for additional incentive payments that would come from outside core pharmacy funding. We also provided a range of resources to support contractors providing or planning to offer these and other services, including hosting a joint webinar on the Hypertension Case-Finding Service with NHS England.

Improving digital capabilities

PSNC worked with the NHS and IT system suppliers to support developments to ease the workload of pharmacy teams. A significant workstream in 2021/22 related to supporting NHS Digital with the combining of two separate profile updaters (for the NHS 111 Directory of Services and the NHS website) into one tool. Numerous technological advances were introduced or expedited because of the COVID-19 pandemic, particularly in relation to the provision of remote consultations, going paperless, and accessing records. We successfully called for these developments to be kept beyond the official end of the pandemic as they brought benefits for both patients and pharmacy teams.



Working with LPCs

PSNC continued to convene regular fortnightly meetings of the PSNC and LPC Operations Team (PLOT) to discuss operational issues confronting contractors. The group saw PSNC and the LPCs working together to provide solutions where possible and share information and updates. We hosted various engagement events for LPCs during the year, including a National Meeting of LPC Treasurers, multiple LPC New Members Days, and several national meetings of PSNC and the LPCs. These events allowed delegates to discuss critical topics such as the transition to Integrated Care Systems (ICS) and how to encourage inclusion and diversity within the leadership of the sector. Alongside this, PSNC produced a wealth of resources to help LPCs to better support contractors in their area. These include hosting regional MP/LPC virtual briefings in place of the Parliamentary drop-in events of previous years; detailed guidance for LPCs on supporting the development of Pharmaceutical Needs Assessments (PNAs); and a toolkit designed to help LPCs engage better with commissioners. We also developed a suite of resources for LPCs to engage with their MPs locally, including updated guidance on how to host a pharmacy visit for an MP.

Giving pharmacy a voice

PSNC worked to brief politicians, journalists and others on pharmacy matters and concerns, securing national media coverage throughout the year. We partnered with other primary care professions to call for a greater say in the new ICSs. We responded to a vast array of consultations and calls for evidence, including on original pack dispensing and on hub and spoke dispensing, where we outlined the potential impact on community pharmacies. PSNC participated in cross-sector meetings to share intelligence and explore potential ways to mitigate the impact of fuel supply and cost issues and ease the burden on pharmacy teams.

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PSNC argued throughout the year for additional financial support for the sector.

Pushing for further investment

In recognition of the extreme financial and operational pressures facing community pharmacy contractors, PSNC consistently campaigned throughout the year for additional financial support for the sector.

COVID-19 costs

A key focus for PSNC during 2021/22 was ensuring that contractors were fairly reimbursed for the costs incurred as a result of the COVID-19 pandemic. After rejecting an offer to allow contractors to claim for only three months' worth of costs at a maximum of £120 million for the sector, PSNC campaigned for the Government to write off the £370

million of COVID-19 loans in full. A huge amount of work was undertaken with the support of LPCs and the other pharmacy bodies to drum up support from key stakeholders; meet with MPs, secure national media coverage; and raise public awareness.

After one MP engagement event, over 30 parliamentarians from across the political spectrum wrote to the Secretary of State for Health, the Chancellor of the Exchequer and the Chief Secretary to the Treasury, urging them to provide additional financial support for community pharmacies.

Tireless campaigning on this issue helped to turn the dial in our favour and, after several months of intensive discussions with the Department of Health and Social Care (DHSC) and NHS England, it was agreed that pharmacies would be able to claim for full reimbursement of their COVID-19 costs, with the first payment coming in October 2021. As well as producing a range of resources, we also ran two workshops to help make the claims process as simple as possible for pharmacy owners.

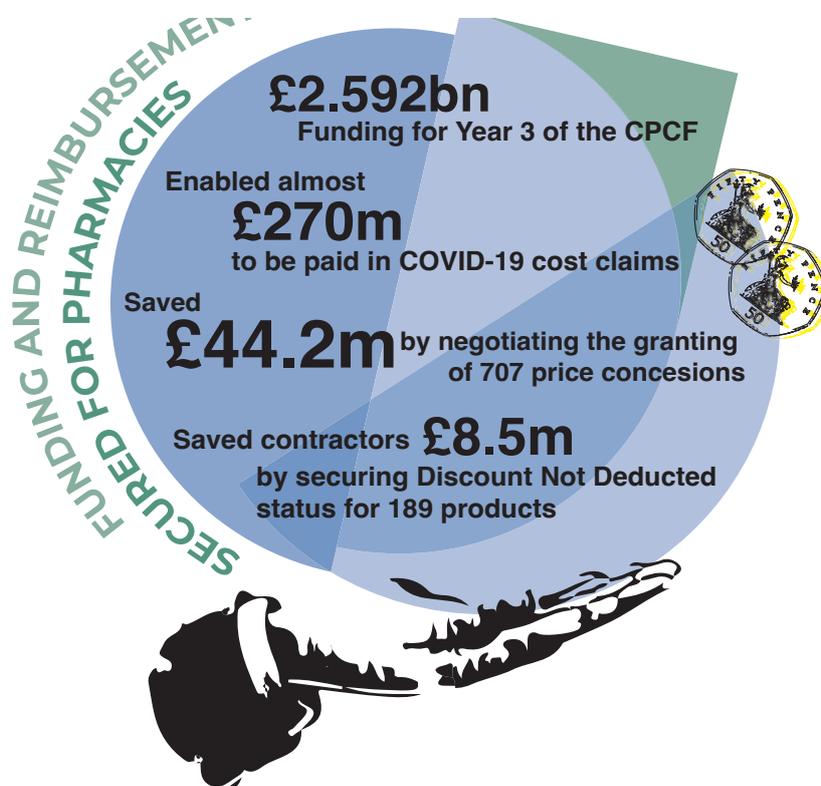
Funding bids

Given the immense pressures that community pharmacy businesses were under, PSNC submitted a comprehensive bid for an uplift to the Community Pharmacy Contractual Framework (CPCF) funding ahead of the Autumn Budget. The bid was timed to coincide with early cross-Government discussions on the Spending Review and included detailed analysis of pharmacies' increasing costs and of the efficiencies that pharmacy businesses had been forced to make as a result of the real terms decrease in funding for the sector since the cuts imposed by the Government in 2016.

Unfortunately, despite the weight of evidence submitted, neither the Autumn Budget nor the Spending Review brought any immediate financial relief for pharmacies. Later in the year we submitted further evidence supporting our request for an increase in funding, but by the end of 2021/22 we were still awaiting a formal response from the Government.

Reviewing progress

As part of the five-year deal, PSNC, DHSC and NHS England agreed to carry out joint annual reviews of the CPCF. In part due to the pandemic, the first annual review was not carried out until Autumn 2021. From the outset, PSNC's aim was to have an honest and open discussion about what had worked well, but more importantly, what was not working. We raised serious concerns around the capacity available in community pharmacies given the absence of planned efficiency gains, and about the unsustainable efficiencies that the past couple of years had required of the sector.



In all conversations, we made clear that without additional funding, the capacity of community pharmacies was unlikely to grow and would likely shrink. We presented a significant amount of high-quality data as part of the review process, but unfortunately the Government stood firm once again, rejecting our call for the introduction of urgent measures to address pharmacies' capacity and cost issues.

Protecting pharmacy payments

PSNC's ongoing mission to protect contractors from fluctuating medicines prices continued. As part of work to monitor Drug Tariff pricing, we successfully negotiated more than 700 concessionary prices as well as obtaining special container status for 10 products and Discount Not Deducted status for nearly 200. We also secured retrospective price adjustments for products such as Isocarboxazid tablets and Metformin oral solutions. The worsening situation has now led PSNC to call for an overhaul of the concessions system to better serve contractors. A series of improvements to paper prescription sorting and submission requirements were introduced in October 2021 to ease the administrative burden. The last paper FP34C submission documents were posted in February 2022 as monthly declarations moved to the Manage Your Service (MYS) portal.

The arrangements for Year 3 on the CPCF also brought a commitment to progress discussions on implementing reforms to community pharmacy drug reimbursement that had been delayed in part by the pandemic. The first of many expected changes was the launch of a new section of the Drug Tariff, Part VIIIID, from March 2022. This sets out payment arrangements for specials and imported unlicensed medicines (mainly tablets and capsules) to be paid relative to an identified pack size.

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PSNC captured a range of useful data from contractors during 2021/22.

Strengthening our evidence base

PSNC captured a range of useful data from contractors during 2021/22. This data, building on that collected in previous years, forms the backbone of the evidence we used to make the case for community pharmacy both through the Community Pharmacy Contractual Framework (CPCF) negotiations and more widely. Thank you to all contractors who took part in our surveys and audits.

Gathering operational data

Workload and financial pressures on community pharmacies increased significantly over the course of the year. PSNC quickly began compiling as much information as possible to help build up evidence of the scale

of these pressures and make the case that community pharmacies were at breaking point and needed urgent support. Ahead of a joint review of the first two years of the five-year CPCF, we gathered extensive data. PSNC's submission included our estimates of the efficiencies being made in the sector; analysis of service levels and capacity in pharmacies; data on walk-ins and pharmacy closures; analysis of current cost pressures (including labour costs) and profitability; and an assessment of the value that pharmacies offer for the NHS. Some of this was later used to develop briefing materials for use by PSNC, LPCs and contractors in discussions with advocates such as MPs.

Pharmacy Pressures Survey

In early 2022, PSNC sought to quantify the impact of the pressures on pharmacy businesses, teams and patients through the Pharmacy Pressures Survey. More than 400 contractors and Head Office representatives, between them representing more than 5,000 pharmacy premises, and over 1,000 pharmacy team members completed the survey. More than 90% of pharmacies said patients were being negatively affected by increased pressure on the sector. Rising costs and staff shortages have led to unplanned temporary closures of pharmacies, reduced access to medication and advice, and made less time available for pharmacy teams to provide health advice to the public. More than two thirds of pharmacies were forced to reduce the services they offer to patients, and 46% had to stop provision of non-funded services altogether.

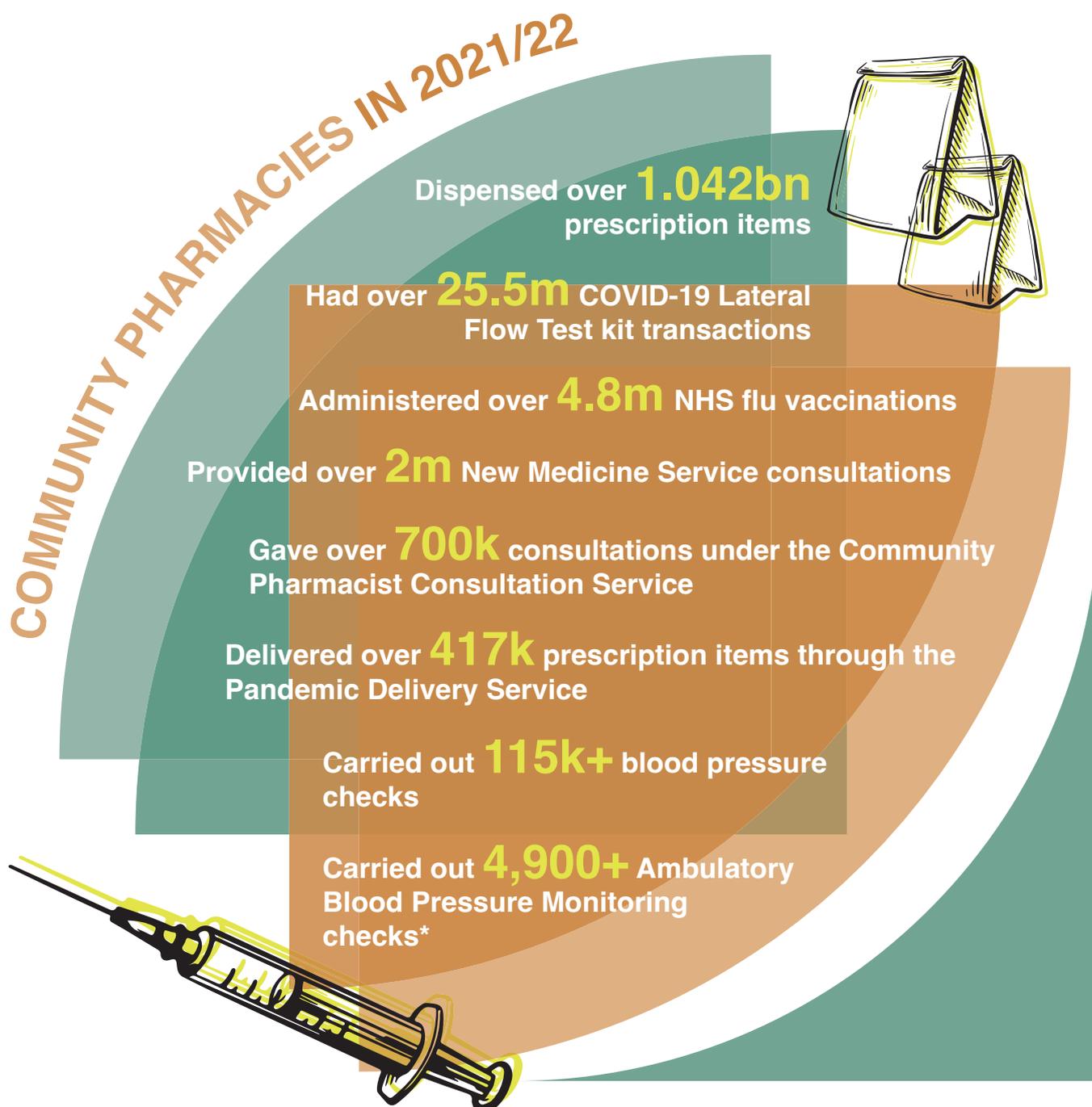
Medicines supply data

To inform PSNC's work on price concessions each month, we monitor the costs of generic medicines to independent pharmacies by gathering a considerable number of contractor and system-generated reports. We look at monthly price lists and price change notifications shared by various suppliers. PSNC also gathers contractor reports of any medicine supply disruptions and shortages which are then escalated to the Department of Health and Social Care (DHSC) for further investigation. Supply issues due to medicine quota allocations

from suppliers is another area where PSNC supported contractors. Throughout 2021/22, the monitoring of funding delivery and work to improve the margin survey methodology to ensure the accurate measurement of retained margin carried on in the background, and some of the proposed drug reimbursement reforms aim to help to improve fair access to retained margin for community pharmacies. The NHS Business Services Authority (NHSBSA) was held to account on payment accuracy by the ongoing work of the Pricing Audit Team.

Verifying pharmacy's value

PSNC once again conducted a temperature check on how people are continuing to rely on community pharmacies. We found that community pharmacies were providing 65 million informal healthcare consultations and saving 32.2 million GP appointments every year. The audit also enabled PSNC to assess, for the first time, the severity of the conditions with which patients were presenting in community pharmacies, and found that community pharmacists identify 2.5 million patients a year needing urgent assessment. The PSNC team used information from NHS England to monitor uptake and provision of services, sharing relevant data with LPCs to inform their work in supporting national service implementation and demonstrating all the work community pharmacies are doing.



*This service started on 1st October 2021 therefore data is not available for the whole of 2021/22.

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The 2021/22
PSNC Financial
Statements
were audited
and prepared by
our Chartered
Accountants Sawin
& Edwards LLP.

Annual accounts 2021/22

Income and expenditure account

Year ended 31 March 2022

	£	2022 £	£	2021 £
Income				
Levies from LPCs received and outstanding		3,342,198		3,342,216
LPC proportion - Independent review		-		55,243
RSG Income		90,000		-
		<u>3,432,198</u>		<u>3,395,459</u>
Administration				
Staff employment	2,255,787		2,053,745	
Rent, rates other property costs and interest	98,640		157,888	
Printing, stationery, postage and telephone	45,655		48,104	
Travelling and meeting expenses	95,888		63,576	
Sundry expenses	1,077		777	
	<u>2,497,047</u>		<u>2,324,090</u>	
Finance				
Audit fees	9,840		9,500	
Depreciation	122,141		121,750	
	<u>131,981</u>		<u>131,250</u>	
		(2,629,028)		(2,455,340)
		<u>803,170</u>		<u>940,119</u>
Service				
Professional fees	356,742		441,136	
Communications				
Public relations	80,010		40,080	
PSNC News	2,256		6,528	
Conferences	12,244		11,675	
	<u>94,510</u>		<u>58,283</u>	
		(451,252)		(499,419)
Operating surplus brought forward		351,918		440,700
RSG expenditure				
RSG member expenses	17,136		2,975	
RSG legal & consultancy costs	266,102		82,200	
RSG conference room & equipment hire	1,670		-	
RSG communication costs	32,397		5,500	
		<u>(317,305)</u>		<u>(90,675)</u>
Other income		34,613		350,025
Interest receivable	174		869	
		<u>174</u>		<u>869</u>
Surplus before tax		34,787		350,894
Tax charge		(33)		(165)
Surplus after tax		<u>34,754</u>		<u>350,729</u>

Balance sheet

As at 31 March 2022	Notes	2022		2021	
		£	£	£	£
Fixed assets					
Tangible assets			3,809,402		3,901,075
Investments			2		2
			<u>3,809,404</u>		<u>3,901,077</u>
Current assets					
Debtors		55,477		54,421	
Cash at bank and in hand		1,473,840		1,495,970	
		<u>1,529,317</u>		<u>1,550,391</u>	
Current liabilities					
Creditors; amounts falling due within 1 year		(553,998)		(630,228)	
Net current assets			975,319		920,163
Total assets less current liabilities			<u>4,784,723</u>		<u>4,821,240</u>
Creditors: amounts falling due after 1 year			(1,675,733)		(1,747,004)
Net assets			<u>3,108,990</u>		<u>3,074,236</u>
General fund					
Balance at 1 April 2021			3,074,236		2,723,507
Surplus for the year			34,754		350,729
Balance at 31 March 2022			<u>3,108,990</u>		<u>3,074,236</u>

Cash flow statement

Year ended 31 March 2022	2022		2021	
	£	£	£	£
Cash flows from operating activities				
Surplus for year before tax		34,787		350,894
<i>Adjustments for:</i>				
Depreciation		122,141		121,750
<i>Changes in:</i>				
Trade and other debtors		(1,056)		139,317
Trade and other creditors		(77,333)		69,072
Cash generated from operations		<u>78,539</u>		<u>681,033</u>
Tax paid		(33)		(165)
Net cash from operating activities		<u>78,506</u>		<u>680,868</u>
Cash flows from investing activities				
Purchase of fixed assets		(30,468)		(232,468)
Net cash used in investing activities		<u>(30,468)</u>		<u>(232,468)</u>
Cash flows from financing activities				
Repayment of bank loans		(70,168)		(69,065)
Net cash from financing activities		<u>(70,168)</u>		<u>(69,065)</u>
Net increase in cash and cash equivalents		(22,130)		379,335
Cash and cash equivalents at beginning of year		1,495,970		1,116,635
Cash and cash equivalents at end of year		<u>1,473,840</u>		<u>1,495,970</u>

Notes on the accounts

- The 2021/22 PSNC Financial Statements were once again audited and prepared by our Chartered Accountants Sawin & Edwards LLP. The above summarises PSNC's performance and financial position.
- The flat levy from LPCs continued, with LPCs also invoiced for their proportion of the £90k contribute towards the Pharmacy Representation Review Steering Group (RSG) project: all income was collected. PSNC has continued to focus on cost control with the Committee again challenging the office with a negative budget. This was over-achieved, with substantial savings primarily due to COVID-19 restrictions. PSNC's main source of income remained levies from LPCs, and the largest item of expenditure was administration costs.
- There was a sizeable increase in administration costs as more staff were employed during this financial year and an increased number of meetings were held face-to-face, resulting in higher venue costs being incurred compared to holding virtual meetings during pandemic restrictions.
- Professional fees reduced due to fewer specialised consultancy services being required this financial year. PSNC's balance sheet has strengthened, albeit at a much-reduced rate as the surplus was £35k for 2021/22 compared to £351k for 2020/21. The primary reason for the vast drop was the considerable expenditure incurred for the RSG project work, which was offset against the significant departmental savings from remote working. Debtors remained virtually unchanged; all levies were collected in full prior to the year end. Current liabilities decreased predominantly due to no consultancy provisions for the RSG project work being included within this set of year-end accounts.
- The basement and ground floor ceiling at the Hosier Lane office were damaged by a flood from a sump tank for connecting flats in January 2022. After the year end, the Committee entered into an agreement with a project management company for water damage reinstatement works to be carried out at the property. An insurance claim for the recovery of the full cost of these remedial works was approved after the year end and work has commenced.

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PSNC has a clear focus on its ongoing work to improve the funding and contractual arrangements for contractors.

Preparing for the future; PSNC's 2022/23 plans

With the CPCF arrangements for 2022/23 and 2023/24 very recently announced, PSNC has a clear focus on its ongoing work to improve the funding and contractual arrangements for contractors in the short, medium and long-term.

As the 2021/22 financial year came to end, negotiations on Year 4 of the five-year Community Pharmacy Contractual Framework (CPCF) agreement were just underway. These arrangements have now been settled, and while the benefits negotiated are not enough on their own to deliver what contractors need going into a difficult winter, they provide a platform for PSNC to build relationships with the new Government and to seek further support for the sector.

Alongside urgent work to seek more help for contractors in the short-term, including pressing Government to commission a fully funded Pharmacy First service, PSNC is also already looking to what changes the future might hold for contractors once the current CPCF runs its course.

To support future developments, the Transforming Pharmacy Representation (TAPR) programme is now underway. This sets out all the work that we will undertake to implement the proposals put forward for PSNC by the Pharmacy Representation Review Steering Group (RSG). It is a distinct programme being resourced from PSNC's reserves, but some of the workstreams are critical to the success of negotiations both now and in the future.

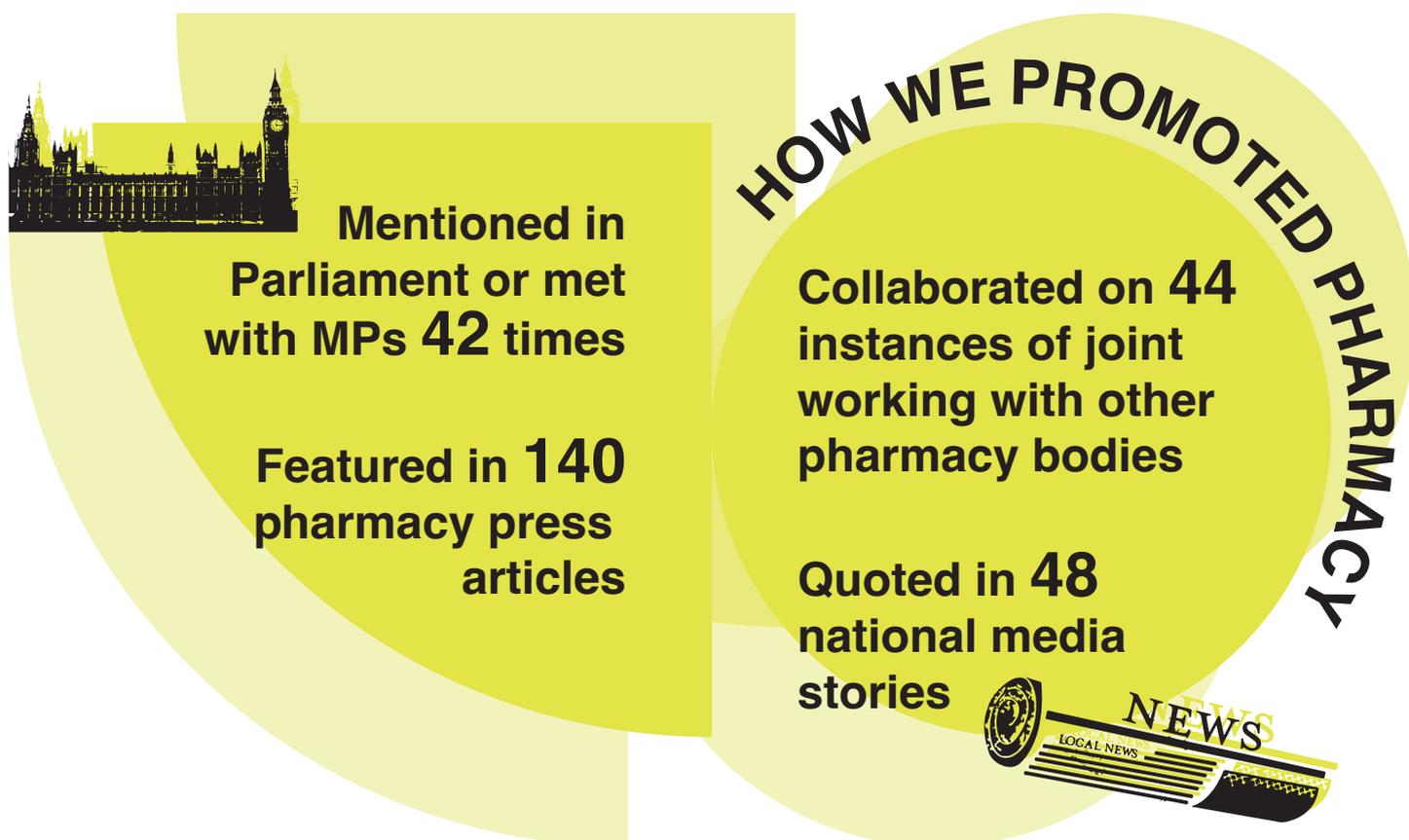
TAPR is still in its infancy, but as it progresses in the coming months it will answer questions about how PSNC's representative function will be strengthened. Contractors can monitor how we are progressing with the programme on the PSNC website and the first of a series of regular progress updates was published in September 2022. The TAPR programme will not take away all the external challenges that contractors face, but we hope it will be the start of an enhanced, more strategic, collaborative and ultimately effective process of negotiating at both local and national level.

Two TAPR workstreams focusing on 'Vision and Strategy', and 'Influencing and Negotiation' will underpin the work to influence Government. These workstreams are looking at the future of community pharmacy and how best to persuade policymakers to implement a shared vision. The objective is to put the sector in a stronger position going into future CPCF negotiations.

In the short-term, PSNC's objective is to seek additional resources and relief for the current funding crisis. We are seizing the opportunity to influence the new Prime Minister, the Secretary of State for Health and other Ministers, portraying community pharmacy as part of the solution for NHS access, but only if Government resolves the current frustrations of capacity and funding constraints.

The message is that pharmacies are willing and able to help meet Government objectives, such as Pharmacy First, if, and only if, they are properly funded. A new PSNC influencing strategy will also engage with wider stakeholders including Parliamentarians and other groups who can influence decision-makers, and we will be working with LPCs, other bodies and contractors on this. PSNC will also be seeking measures to relieve the financial pressures and capacity constraints faced by contractors. These could include:

- **Regulatory easing to enable relaxation on opening hours**
- **Business concessions, such as relief on business rates and caps on utility bills**
- **Help with workforce pressures and costs**



Medium term, PSNC is exploring ways to support contractors. We will be pursuing the promised efficiency reforms that have been discussed with Government. These include resolution of the supervision issue and skill mix, and appropriate use of original packs in dispensing.

An economic review to clearly establish the real costs and benefits of the services that pharmacies deliver is planned – as agreed in the latest CPCF negotiations – to support service developments and help make the case for proper funding. PSNC also proposes to investigate alternative models for the Drug Tariff and to explore options for developing models for local commissioning.

Our long-term objective is a complete re-think of the contractual framework and how community pharmacy operates as part of primary care. This will frame community pharmacy as a solution for two key policy challenges – access to NHS services and managing the nation’s long-term health. It will require a fundamental re-think of how community pharmacy is funded and will set out how contractors can plan for future sustainability. This is an ambitious approach, but one which PSNC hopes the sector can get behind.

Community pharmacy has a very compelling story to tell and with a unified voice, combined with a new vision and strategy for the sector, it should be possible to make much headway.



Pharmaceutical Services Negotiating Committee

Visit: <https://psncannualreport.com>

Telephone: 0203 1220 810 | **General enquiries:** info@psnc.org.uk

Media enquiries: commsteam@psnc.org.uk | **Address:** PSNC, 14 Hosier Lane, London, EC1A 9LQ

