

Pharmaceutical Services Negotiating Committee



Annual Report and Statement of Accounts 2018/19



Message from the Chief Executive

I arrived as the new PSNC Chief Executive in May 2018. Coming from outside the sector, I embarked on many rounds of meetings and introductions and, importantly, the first of many visits to community pharmacies. For me, never have Malcolm Gladwell's words been more apt: "You can learn as much – or more – from one glance at a private space as you can from hours of exposure to a public face."

Over the years, I had visited many community pharmacies as a patient, but never ventured behind the counter and experienced a pharmacy from the perspective of the pharmacy team. The potential for the NHS to use community pharmacy to a fuller and more clinical extent was very clear – but so were the challenges for the sector: the need for a multi-year deal as a platform for change; the necessity to somehow build capacity within pharmacy businesses to allow them to do more clinical services; the requirement to review and renew the funding and remunerations structures; and the requirement to repair a fragmented sector with damaged relations with HM Government, and representative bodies lacking trust in each other.

Not all of these challenges can be solved by PSNC alone, but we can and should be a catalyst for encouraging collaboration, building trust and working towards a joint vision – only then can we negotiate a future for our undervalued sector. During the period of this review, with the fantastic support of the Committee and Executive Team, we have embarked upon tackling the challenges before us: bolstering existing alliances, building new relationships, gathering data on the state of the sector from costs and capacity to the financial and mental stresses of pharmacy businesses and their owners.

Gladwell's words also hold true for the PSNC as an organisation. A hardworking and dedicated corps of experts in their fields who collectively provide amazing value for money for contractors. For under 80 pence per day per pharmacy in 2018/19, PSNC checked the accuracy of over 1.5 million prescriptions to ensure reimbursement accuracy – highlighting thousands of errors to the NHS; negotiated over 700 price concessions with the Department of Health and Social Care (DHSC) – preventing the loss to contractors of over £300m; and provided invaluable guidance, advice and assistance to front-line contractors and Local Pharmaceutical Committees on a panoply of topics including pharmacy services and commissioning, funding enquiries, regulatory, dispensing and legislative issues, and clinical governance and IT matters. All of these being available through the PSNC website and visited by a community pharmacy team member the equivalent of once every 15 seconds, 24 hours per day, seven days per week. In addition, during the year, PSNC lobbied, campaigned and helped to develop new services as well as interpreting the impact of wider legislative changes affecting the sector and seeking to influence this.

However, the clue is in the name, and at the heart of what PSNC does is 'negotiation'. The Judicial Review process significantly hampered our ability to embark on negotiating a new Community Pharmacy Contractual Framework, but since August 2018 we have been able to get back on track of sorts – hampered instead by the extraordinary amount of work being undertaken by Government to plan for the UK's exit from the EU. With a finite number of people available within DHSC, and many



of them key to both community pharmacy and Brexit negotiations, we have been collectively slow out of the starting blocks. Negotiation for a new Contractual Framework should have begun in October 2018, but only actually began on the last day of this Annual Report period in March 2019.

In addition to the Executive team and the Committee, I would like to thank two other people: my predecessor, Sue Sharpe who has done so much to guide and shape, not just PSNC, but also the sector over the past decade – she will be a hard act to follow; and also Sir Mike Pitt who has been a font of advice and good judgment in my first few months. Sir Mike has indicated that this will be his last full year as Chair of PSNC, and the Committee in particular will miss his calm hand on the tiller and his consensual approach to Committee meetings and debate.

Finally, at the core of PSNC are the contractors we serve: they pay the levy to the LPCs which in turn fund PSNC. The parlous financial state of the sector has meant that many of our contractors have had to look at cutting costs, and PSNC is no exception. As you will see in the financial section to this report, I have embarked on cost cutting during this year and I will continue to do so in the years ahead. But without a levy increase or different approach to the way we support our contractor base, PSNC's ability to continue to provide the first class standard of service outlined in this report will be under threat.

Simon Dukes
PSNC Chief Executive



Sir Mike Pitt
PSNC Chair

PSNC Chair's Statement

As Chair of PSNC since 2015 it has been a great pleasure to get to know the community pharmacy sector better. The work that pharmacies do for patients and to support NHS colleagues, on a daily basis, is vital: you are absolutely key players in primary care. Yet over the past three years I have seen that it doesn't always feel that way – the pressure on pharmacies is immense, and there are greater changes to come if the sector is to transform and play the more clinical role that it wants to.

PSNC is and will remain at the forefront of that change, and the organisation's expertise, support for pharmacies, and renewed focus on collaborative working will undoubtedly be key assets. I would like to say a big thank you to all the PSNC Committee and staff, in particular Sue Sharpe who we have said goodbye to this year, and I hope that this report helps to explain just some of the crucial work that they are all doing to champion the sector, as I have seen first-hand.



Bharat Patel
*PSNC Vice Chair
and an independent
community pharmacy
contractor*

A message from the Vice Chair

It was a privilege to be elected as Vice Chair of PSNC, an organisation which has been and will remain at the forefront of discussions on the future of our sector. Like all the other independent contractor members of PSNC, I am acutely aware of just how much pressure all pharmacy businesses and teams are under, and getting the best for you is at the heart of every decision that we make and every piece of work that we do. That will continue to be the case in what will undoubtedly be another busy year for both Committee Members and the dedicated team at PSNC.



Alice Hare
*PSNC Member and
Head of Specialist Care
at Well Pharmacy*

View from a new Committee Member

As a newly elected member of PSNC this year I have been impressed with both the volume and the complexity of the work that goes on here, as I hope this report shows. The strength of the Committee I believe lies in our consensual nature – although all PSNC Members come from very different businesses, we try to come together to find compromises and the best solutions for everyone in the sector. Although the work is never easy, there is a real commitment to wanting to help all pharmacy businesses to be the best that they can be.

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The Year at PSNC

PSNC worked hard to support community pharmacy teams in 2018/19, including securing funding levels and producing numerous guidance materials. A core function of PSNC is to help community pharmacies to fulfill their healthcare role for the NHS; here are some ways we did that this year.

Funding negotiations

Negotiating fair funding for all the work that community pharmacies do as part of their NHS contract, and ensuring that funding is delivered in full and fairly to contractors, is a crucial part of PSNC's role. Contractor costs and the manageability of the services they have to offer are central to all our funding discussions and we use financial modelling and analysis to show the rising pressures on the sector and to support our case to Government.

The settlement we reached with the Department of Health and Social Care (DHSC) and NHS England in October 2018 maintained funding levels at £2.592 billion, thereby stopping a planned cut of £33 million and protecting contractor funding as much as possible. Reaching an agreement also allowed us to start rebuilding constructive working relationships with HM Government.

Prior to October 2018, we also protected pharmacy funding distribution by keeping the Single Activity Fee (SAF), Establishment Payments and Pharmacy Access Scheme (PhAS) payments the same as the previous year. Then with mounting pressure on pharmacies' cashflow, PSNC's representations to DHSC secured a reduction in the level of margin recovery through a £15 million increase in Category M prices over the summer.

KEY DEVELOPMENT: FLU VACCINATION

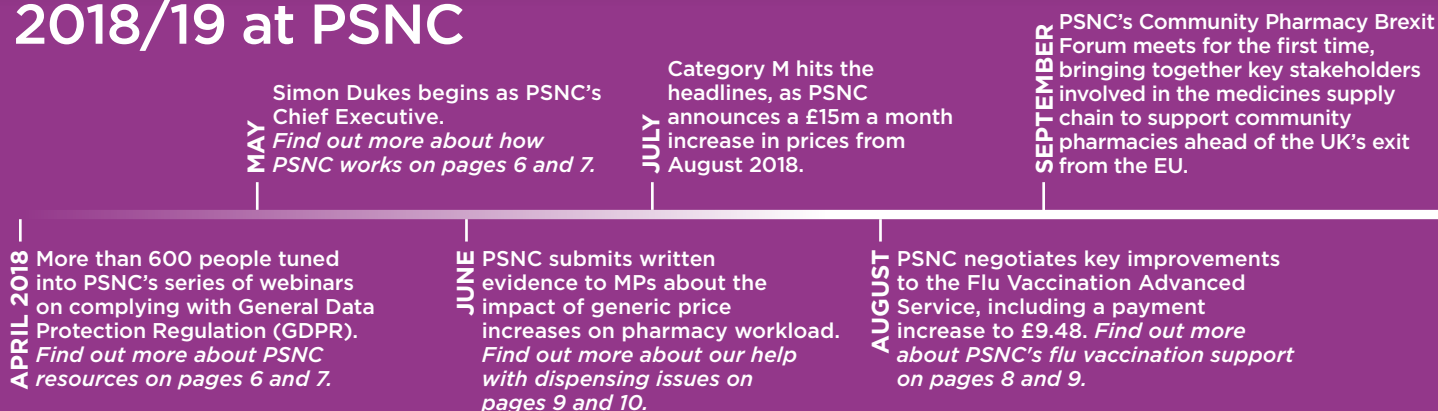
The Community Pharmacy Flu Vaccination Advanced Service was once again commissioned for the 2018/19 flu season. PSNC negotiated an uplift in fees for the service, with pharmacies receiving £9.48 per flu vaccination administered. We also streamlined some of the processes for pharmacies, for example by securing the removal of the requirement for pharmacies to register with the NHS Business Services Authority (NHSBSA) before providing the service and making provision for patients to be vaccinated at home. Other improvements related to payment processes and training requirements.

Practical support

Recognising the immense pressure on pharmacies, PSNC is continually working to ensure that healthcare developments are as practical as possible for busy community pharmacy teams. This year we pressed for improvements to be made to NHSmail and helped NHS England and Primary Care Support England (PCSE) – managed by Capita – to address issues relating to market entry and the delivery of NHS stationery for the community pharmacy sector.

We also made sure that lessons were learnt from pharmacies' experiences of the Electronic Prescription Service (EPS), and secured a route for pharmacies to appeal against overpayment decisions as part of the new post-payment verification process.

2018/19 at PSNC





KEY DEVELOPMENT: QUALITY PAYMENTS SCHEME

We worked with DHSC and NHS England on improving the Quality Payments Scheme and, for the second scheme of 2018/19, a correction period was agreed for any pharmacies found not to be meeting the gateway criteria in the first instance. This gave pharmacies another chance to meet the gateway criteria, rather than simply losing out on all their Quality Payments.

Representation on key topical issues

Recommendations for the 2018/19 Flu Vaccination Advanced Service included a new product for those aged 65 and over: the adjuvanted trivalent influenza vaccines (aTIV). Once it became clear that the sole manufacturer, Seqirus, would struggle to meet demand, PSNC was keen to secure an equitable distribution of aTIV between GP practices and pharmacies. We met with DHSC and NHS England throughout the flu season to monitor the situation and make representations to them on how the phased delivery system was impacting on pharmacies' ability to provide the service.

The second half of 2018/19 saw a surge in Brexit related work, particularly contingency planning for a possible no-deal scenario. PSNC formed the Community Pharmacy Brexit Forum to bring together all the relevant parties, including DHSC, to discuss the issues affecting pharmacy. The Forum shared messaging from Ministers and gave details of actions to take where possible.

KEY DEVELOPMENT: INFORMATION GOVERNANCE TOOLKIT

As part of an overhaul of the NHS Information Governance (IG) requirements, we worked closely with NHS Digital to develop a new Toolkit for pharmacies' 2018/19 IG return. We secured auto-completion of around half of the questions for those who had completed PSNC's Workbook on General Data Protection Regulation (GDPR) earlier in the year, and we initiated plans for PMR suppliers to provide answers for 12 technical questions – all making it easier for contractors to make their IG returns

Giving pharmacy a voice

In 2018/19 we responded to more than 10 major consultations on contractors' behalf. Our responses addressed the types of items prescribed on NHS prescription, regulation of registered pharmacies, safe custody of controlled drugs (CDs), decriminalisation of inadvertent dispensing errors, and the rural economy. In particular, our representations led to the exemption of pregabalin and gabapentin from the safe custody regulations when they become Schedule 3 CDs so that pharmacies were not required to keep these commonly dispensed drugs in the CD cabinet.

As NHS England worked on its Long Term Plan, we collaborated with the other national pharmacy organisations to feed into the various working groups. We provided detailed briefings on how community pharmacies could be better enabled to help the NHS, highlighting innovations already taking place across the country.

OCTOBER

Funding for 2018/19 is agreed, with PSNC preventing a planned cut of £33m and so retaining it at a level of £2.592bn.

NOVEMBER

More than 1,000 people register for PSNC's webinar on the introduction of the Falsified Medicines Directive (FMD), which explained how pharmacies' day-to-day work might be affected.

JANUARY 2019

The PSNC website attracts 35,000 visits in one day following a BBC News article on generic medicines shortages, which PSNC contributed to. *Find out more about PSNC resources on pages 6 and 7.*

MARCH

The Pharmacy Minister addresses LPC Chairs and Chief Officers at the National Meeting of LPCs in London. *Find out more about our support for LPCs and local services on pages 8 and 9.*

DECEMBER

As concerns around Brexit heightened, PSNC meets with the Chair of the Health Select Committee to discuss concerns about the impact of a no-deal Brexit on medicines supply.

FEBRUARY

PSNC agrees its strategic plan for 2019/20, which includes supporting local service development and establishing a Technology Working Group. *Find out more about PSNC's Vision for 2019/20 on page 15.*

How **PSNC** Works

PSNC is the only organisation that represents all NHS community pharmacy contractors in England. Our Committee of 31 of the most senior pharmacists in England meets regularly to oversee the work of the small Executive Team.

About PSNC

The Pharmaceutical Services Negotiating Committee (PSNC) represents all c.11,600 community pharmacies in England on NHS matters. We are recognised by the Secretary of State for Health and Social Care as the body that represents NHS pharmacy owners (known as contractors) and which negotiates their NHS contract with the Department of Health and Social Care (DHSC) and NHS England.

PSNC negotiates the contractual and financial terms for the provision of national NHS community pharmacy services. Our goal is to develop the NHS Community Pharmacy Contractual Framework (CPCF), to enable community pharmacies to offer an increased range of high quality and fully funded services that meet the needs of their local communities and provide value and good health outcomes for the NHS and the public.

As well as negotiating these details, PSNC carries out a wide range of other tasks ranging from the provision of training and guidance to contractors and Local Pharmaceutical Committees (LPCs) to national representative and influencing work for the sector. PSNC's funding comes through levies from LPCs (with LPCs collecting levies from contractors) and our annual income is small, relative to the amounts of money that we are negotiating for the sector, and given the important role that we have to carry out.

The PSNC Committee

The Committee comprises 31 senior community pharmacists, plus a non-executive chairman, and it met six times in 2018/19, as well as being in regular contact via technology over key issues. All PSNC Members have been either regionally elected or nominated to represent different parts of the community pharmacy sector.

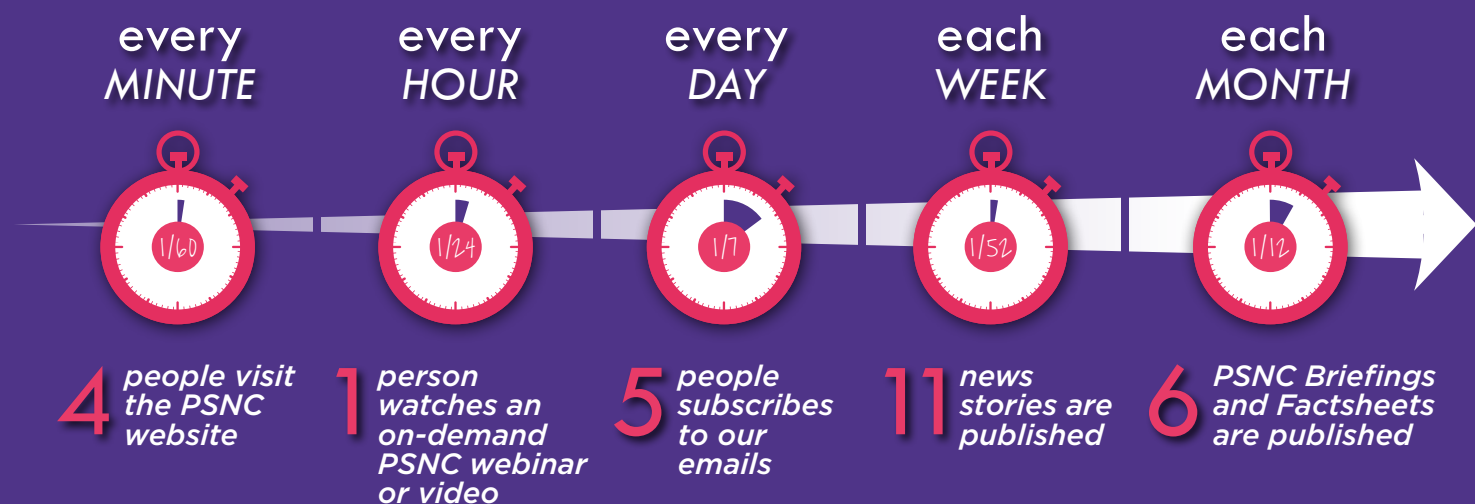
PSNC comprises:

- 13 independent contractors who are regionally elected to represent different English regions
- 12 pharmacists are nominated to represent the Company Chemists' Association (CCA)
- 3 pharmacists are elected to represent the non-CCA multiples
- 2 pharmacists represent the National Pharmacy Association
- 1 contractor represents Community Pharmacy Wales

PSNC Subcommittees

Although many PSNC decisions are made and much discussion had by the full Committee, six PSNC subcommittees also exist to examine specific community pharmacy issues in more detail: Funding and Contract; LPC and Contractor Support; Resource Development and Finance; Communications and Public Affairs; Legislation and Regulatory Affairs; and Service Development.

PSNC Resources in 2018/19



The work of these subcommittees includes advising on relevant policy issues and monitoring the performance of PSNC, and all subcommittees make recommendations to the main Committee. Subcommittee members are all members of PSNC.

Summaries of all PSNC's meetings, including subcommittee meetings, are available on our website at psnc.org.uk

The PSNC Executive Team

PSNC employs just 30 people, making us one of the smaller pharmacy representative bodies, despite our important role. The team works across four Directorates: Pharmacy Funding, Regulation and Support, NHS Services, and Communications and Public Affairs.

Together these Directorates lead and carry out the full range of PSNC's work as steered by the Committee and in accordance with an annual strategy, as well as providing the Secretariat function for the Committee.

Our Role

Pharmacy teams have a positive impact on the communities they serve every day, but in recent times this has come at an increasing personal cost to their teams and owners as many pharmacies struggle with financial and capacity pressures. PSNC's priority is, and always will be, getting the best possible outcome in Government negotiations for community pharmacies. All members of the Committee are owners or representatives of pharmacy businesses, and this need to find the best result or solution for pharmacies is at the heart of every decision they make. Committee Members provide valuable insight from pharmacy businesses which is at the heart of those decisions and also helps to inform and steer work the Executive Team are doing to support pharmacy teams.

PSNC works collaboratively with all partners, including the other national and international pharmacy organisations, HM Government and the NHS, and a range of external stakeholders who we think can strategically influence on pharmacy's behalf, such as charities and Parliamentarians.

Our role as the only representative of all NHS community pharmacies means that we often act as the catalyst for collaboration within pharmacy at the national level, and we also work very closely with LPCs to support their role as the local NHS representative organisations who negotiate the commissioning of local pharmacy services.

More than 60,000
people visited the
PSNC website for GDPR
information and guidance in
2018/19

1.4 million
NHS flu vaccinations
administered in community
pharmacies

**10,678 community
pharmacies**
took part in the Quality
Payments Scheme, with
PSNC providing news articles,
detailed briefings and email
alerts to support them to do so

**Feedback on GDPR
webinar session:**
"Just at the right pace and
not too much detail, with
the emphasis on what is
important and how it affected
day to day pharmacy."

**Feedback on Flu
Vaccination Advanced
Service webinar:**
"I think you did a great job
explaining the new changes
so quickly after they were
announced."

**Feedback on
Endorsing webinar:**
"Informative, straight to the
point, good examples!"

Supporting LPCs and Local Services

Local Pharmaceutical Committees (LPCs) are the local representatives of community pharmacy owners. There are 70 in England. PSNC works closely with the LPCs to help them in their local service negotiations and to make the case for community pharmacy to commissioners and MPs.

Ruth Buchan, Chief Executive Officer, Community Pharmacy West Yorkshire

"Everyone at PSNC is really helpful. I know that I as Chief Officer am in touch with PSNC at least once a week, and other members of my team regularly ask for their guidance too. I have also found it useful to bounce ideas off various people.

We find it useful to be able to connect our contractors with PSNC resources such as those around the Quality Payments Scheme and on complicated regulatory matters like GDPR. It saves our LPC time, avoids duplication of work and helps with consistency across the country.

Other resources such as the MP visit guidance helps by demystifying the process a bit. All the template letters etc. are much appreciated in making contact with them.

I'm looking forward to PSNC doing more to facilitate collaborative working not only to stop LPCs reinventing the wheel but also to help with consistency in how things are done. Particularly with our work to engage with PCNs, it will become more important to learn from each other's successes."

Local pharmacy services

Developing local services is at the heart of what all LPCs do but this is becoming increasingly challenging as the landscape of local commissioners becomes ever more complicated. Pharmacies can now provide services that are funded by NHS England, local authorities (Councils), Clinical Commissioning Groups and more. In the future, the list of local stakeholders will expand further to include, for example, Primary Care Networks (PCNs).

PSNC works to support LPCs in this changing commissioning environment. As well as running face-to-face workshops to help LPCs navigate the local landscape, and to prepare bids and business cases, we send email updates to all LPC Members and have a range of guidance documents and resources for them. We have an LPC training programme and also offer webinars and facilitate an email chat group of LPC Chief Officers to help LPCs to learn from one another. The PSNC website hosts a wealth of information for LPCs including a Services Database which enables them to search for service examples from across the country.

The PSNC website also has information written specifically for commissioners so that LPCs have somewhere to direct local contacts to. Around a thousand of these commissioning contacts received nine pharmacy service-related email updates directly from PSNC in 2018/19.

PSNC-LPC COLLABORATION CASE STUDY: WELLBEING WORKSHOPS

Community pharmacy owners were under immense financial pressure in 2018/19, with everyone in community pharmacies working flat out to ensure that patients got the medicines they needed and were offered the full range of NHS pharmaceutical services. Recognising the stress that some pharmacy contractors were under, PSNC wanted to work together with LPCs, who have closer contacts with local contractors, to offer some support for this. To that end, in 2018/19 we partnered with the charity Pharmacist Support to help LPCs to enhance the pastoral care that they can provide for community pharmacists. PSNC has arranged for the profession's only independent charity to offer its 'Wellbeing Workshops' free of charge to LPCs who can host these events for their local pharmacists.

LPC communications

It is vital that LPCs can communicate effectively with the pharmacy owners they represent and PSNC helps them to do this by providing template communications policies and other resources. Throughout 2018/19, we provided ongoing assistance to the three out of four LPCs who have taken up our offer of a free website template, as well as advising on sending email newsletters and using social media.

PSNC also creates briefings, leaflets and infographics to help LPCs to promote community pharmacy more widely. During 2018/19 we published a range of resources including an updated guide to hosting MP visits; and, with input from Hertfordshire LPC, a new template communications strategy to help LPCs to think about their target audiences and the best ways of reaching them.

LPC operations

PSNC helps LPCs with their back-office functions in a number of ways. In August we launched a series of HR support packages for LPCs. We also provided an LPC self-evaluation assessment dashboard so that LPCs could check and rate their performance. Alongside this we offered template job descriptions for some of the key LPC roles.

In response to significant demand, we held training days for LPCs on the NHS regulations and other legislation impacting on community pharmacy in 2018/19. These were supplemented by regularly updating our guidance and providing support to LPCs in relation to specific cases.

While PSNC gave general ad-hoc guidance on many areas of LPC business and administration in 2018/19, we also continued to work with a number of partners to provide business services to support LPC administration. These ongoing arrangements include offering insurance and business banking.

Informing LPCs

In 2018/19, PSNC produced briefings for LPCs on a range of national healthcare topics that are relevant to their work. These included summaries of the NHS mandate, the Government's 'Prevention is better than cure' vision, the NHS Long Term Plan, the NHS Operational and Contracting Guidance, and the GP Contract. We also provided more in-depth guidance on PCNs which will bring transformative change to the whole of primary care in the coming years.

PSNC-LPC COLLABORATION CASE STUDY: FLU VACCINATION SUPPORT

Each year PSNC and the LPCs work together to help pharmacies to make the Community Pharmacy Flu Vaccination Advanced Service a success. PSNC's role includes finalising the service specifications with NHS England; providing public-facing communications materials for pharmacies; and issuing guidance for pharmacy contractors. Many LPCs make use of and supplement these resources, for instance funding local advertising campaigns and running contractor training events.

This year more than 1,700 people accessed PSNC's Flu Vaccination Advanced Service webinar. More than 1.4 million flu vaccinations were administered by pharmacy teams in 2018/19. This is a phenomenal achievement of which the entire sector should rightly be proud.

3 out of 4
LPCs use PSNC's
LPC website
template



1,700
LPC members
receive our LPC
email newsletters



15
LPC training events
were hosted by
PSNC



1,200
services were
listed on the PSNC
Services Database



Help with Dispensing

PSNC's Dispensing and Supply team help contractors and everyone working in community pharmacies to carry out all tasks related to dispensing medicines. The team are available on the phone or by email and can help with anything from day-to-day enquiries about endorsing to more complex policy queries about medicines supply.

Information and knowledge

The NHS Terms of Service for community pharmacies are complex, and the monthly Drug Tariff is a very technical document. PSNC works to translate this information into more manageable chunks to help community pharmacy teams to make sense of it.

We published monthly factsheets last year to explain a number of dispensing themes encountered by pharmacy teams every day. These included discount deduction, prescription submission, prescription endorsements, and exemptions from the NHS prescription charge. Longer briefings were available on some topics, such as the availability of gluten-free foods on NHS prescription, and five PSNC webinars made information more accessible and meant pharmacy teams could have their questions answered live.

KEY TASK: COLLABORATION WITH NHSBSA

PSNC works with staff at the NHS Business Services Authority (NHSBSA) to improve the information being provided to community pharmacy teams about dispensing, claiming payment for and processing prescriptions. With a particular focus on digital developments, NHSBSA staff co-presented three PSNC webinars in 2018/19.

Supply issues and price concessions

Medicine supply disruption and pricing issues remain a serious concern for community pharmacies and PSNC continues to work to find solutions to this complex issue. In 2018/19 PSNC reviewed thousands of reports of shortages and pricing issues from pharmacies and we secured 767 price concessions in total. We estimate that last year alone, PSNC prevented potential losses to pharmacies of some £330 million through our negotiation of concessionary prices.

However, there were times when concessions were imposed and PSNC felt the need to push back even after the imposition. Following additional representations, coupled with the provision of more evidence, we managed to increase August's concession of £8.91 for Buprenorphine 8mg sublingual tablets to £15.74 in September. And, in October, the Department of Health and Social Care (DHSC) made the unprecedented decision to increase the previously announced concession of £1.80 for Risperidone 2mg tablets to £20.00.

To ensure pharmacy teams had access to the latest list of agreed concessions as soon as was possible, we sent 35 email news alerts about updates to the price concessions list.

We also developed a range of resources to support community pharmacy teams and LPCs in discussing supply issues with patients, prescribers and others. These included a leaflet to give patients affected by medicine shortages, a briefing for prescribers, and a factsheet on how the price concession system works.



Drug Tariff changes

Any change to the Drug Tariff has the potential to have a significant impact on contractors' NHS payments. PSNC reviews the possible consequences of proposed changes and in 2018/19 we opposed changes, for clinical and patient safety reasons, to reference products from a brand originator or one with greater market share to a branded generic. PSNC also resisted the addition of food supplements where a licensed equivalent or unlicensed medicinal product was available.

Lobbying for system improvements

Throughout 2018/19 PSNC held regular discussions with DHSC to try and improve the price concession system. These were based around a set of key principles to ensure that hard working pharmacies did not face unfair risks, and that the impact of supply problems was not passed on to them or their patients.

Both the National Audit Office and the Public Accounts Committee investigated the rise in generic medicine prices that had occurred in 2017, and PSNC provided written and oral evidence, highlighting the impact that the generic shortages and price rises were having on community pharmacies, as well as describing all the work that pharmacy teams were doing to ensure that no patients are harmed.

KEY TASK: PAYMENT SCRUTINY

PSNC's Prescription Pricing Audit Centre undertakes audits of the pricing of NHS prescriptions to assess the accuracy of the payments made to pharmacies. PSNC also audits the community pharmacy annual margins surveys. In 2018/19, approximately 1.5 million prescription items were checked and nearly 4,000 errors were identified – this is a vital task in protecting contractors' income. We also supported numerous individual contractors to reclaim missing or delayed payments for Advanced Services and to resolve other reimbursement issues.

JUL 2018

PSNC warns cross-party MPs on the Public Accounts Committee about the impact of generic price increases on pharmacy workload.

OCT 2018

Following PSNC representations, DHSC makes the unprecedented decision to increase the concession for Risperidone 2mg tablets to £20.00.

NOV 2018

PSNC provides guidance on the restriction of gluten-free foods on NHS prescription.

DEC 2018

PSNC writes to the Health Select Committee highlighting concerns about how a no-deal Brexit could impact medicines supply, and stressing the need for protection for pharmacies.

MAR 2019

As pregabalin and gabapentin are reclassified as Schedule 3 Controlled Drugs, PSNC produces guidance to explain what the amendments would mean for pharmacies.

3



webinars co-hosted with the NHSBSA

767

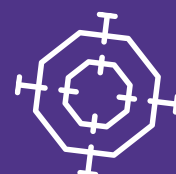


price concessions agreed in 2018/19

918



people watched our Endorsing Webinar



1.5 million

payment accuracy checks carried out at PSNC's Pricing Audit Centre

PSNC Annual Accounts 2018/19

Income and Expenditure Account

Year ended 31 March 2019

	2019	2018
	£	£
Income		
Levies from Local Pharmaceutical Committees received and outstanding	3,343,236	3,343,226
Expenditure		
Administration		
Staff employment	2,155,708	2,007,681
Rent, rates, other property costs and interest	180,637	156,259
Printing, stationery, postage and telephone	55,005	60,144
Prescription collection and carriage	-	135
Travelling and meeting expenses	183,650	335,570
Sundry expenses	3,688	(22,798)
	2,578,688	2,536,991
Finance		
Audit fees	8,820	8,400
Depreciation	164,892	181,202
Profit on disposal of fixed assets	-	(14,061)
	173,712	175,541
	(2,752,400)	(2,712,532)
	590,836	630,694
Service		
Professional fees	263,493	245,574
Communication		
PR, PSNC News, Conferences	13,939	76,817
	(277,432)	(322,391)
Operating surplus / (deficit)	313,404	308,303
Special Levy for Judicial Review		
Deferred Income Brought Forward	18,937	152,151
Income for the Year	-	-
Judicial review costs	(69,674)	(133,214)
	(50,737)	18,937
Special levy income deferred	-	(18,937)
	(50,737)	
Other Income		
Interest receivable	2,188	1,471
Net trading (deficit) / income	(2,830)	(2,830)
Other income	3,169	-
Surplus / (deficit) before tax	265,194	306,944
Tax charge	(482)	20,473
Surplus / (deficit) after tax	264,712	327,417

Notes to the accounts

The 2018/19 Financial Statements for PSNC were audited and prepared by our Chartered Accountants Landau Morley LLP. The above is a summary of the performance and position of the organisation.

PSNC's accounts show a surplus of £265k in 2018/19 compared to £327k in 2017/18. This is despite having a flat levy from LPCs in both years and is due to acute cost control across the

organisation. In fact, for both years the Committee challenged the office with a negative budget, which has been over-achieved. PSNC's main source of income remains levies gathered from LPCs on a six-monthly basis. All LPCs have paid their invoices in full. Other income generated is minimal.

The largest item of expenditure has remained our 'Administration' costs and in particular 'staff employment'. Costs savings have

Balance Sheet

as at 31 March 2019

	2019 £	2018 £
Fixed assets		
Tangible assets	3,898,493	4,067,335
Investments	2	2
	3,898,495	4,067,337
Current assets		
Debtors	128,516	226,882
Cash at bank and in hand	1,008,367	852,670
	1,136,883	1,079,552
Current liabilities		
Creditors: Amounts falling due within one year	663,205	976,815
Net current assets	473,678	102,737
Total assets less current liabilities	4,372,173	4,170,074
Creditors: Amounts falling due after one year	(1,884,470)	(1,942,745)
Provisions for liabilities and charges		
Deferred tax	(3,655)	(7,993)
Net assets	2,484,048	2,219,336
Represented by:		
General fund		
Balance at 1 April 2018	2,219,336	1,891,919
Surplus / (deficit) for the year	264,712	327,417
Balance at 31 March 2019	2,484,048	2,218,336

Cash Flow Statement

Year ended 31 March 2019

	2019 £	2018 £
Cash Flows From Operating Activities		
(Deficit) / surplus for year before tax	265,194	306,944
<i>Adjustments for:</i>		
Depreciation	187,722	204,032
(Profit) / Loss on disposal of fixed assets		(14,061)
<i>Changes in:</i>		
Trade and other debtors	98,366	297,213
Trade and other creditors	(313,610)	(690,282)
Cash generated from operations	237,672	103,846
Tax paid	(4,820)	16,136
Net cash from operating activities	232,852	119,982
Cash Flows From Investing Activities		
Purchasing of fixed assets	(18,880)	(56,796)
Proceeds from sale of fixed assets	-	26,400
Net cash used in investing activities	(18,880)	(30,396)
Cash Flows From Financing Activities		
New bank loans raised	-	-
Repayment of bank loans	(58,275)	(64,209)
Net cash from financing activities	(58,275)	(64,209)
Net (Decrease) / Increase in Cash and Cash Equivalents	155,697	25,377
Cash and Cash Equivalents at Beginning of Year	852,670	827,293
Cash and Cash Equivalents at End of Year	1,008,367	852,670

been made in these areas for example by agreeing more beneficial contract terms for energy supplies and holding fewer PSNC meetings, as well as increasing the number of meetings being held at PSNC's Office.

PSNC's balance sheet has strengthened as a result of the cost savings made across the organisation.

Debtors have reduced due to more prompt settling of levy

invoices. 'Other debtors' were much larger in 2018 accounts reflecting the timing of recharges from PSNC Data Systems Ltd. Current liabilities have reduced because of lower levies received in advance and lower trade creditors as supplier payments are more up to date at the year end. Lower provisions were required for Committee Member expenses and legal consultancy costs.

Promoting Community Pharmacies

To influence policy, pharmacy must have supporters. PSNC works closely with the other national pharmacy organisations to ensure that as many people as possible, from MPs to patient representatives, are advocates of the sector.

Parliamentary work

PSNC works in collaboration with the other national pharmacy bodies to engage with MPs and Peers across all political parties. This work includes writing briefing materials and meeting with MPs; drafting Parliamentary Questions; providing information for MP speeches and debates; and giving evidence to Parliamentary consultations and inquiries.

PSNC also helps LPCs to build relationships with MPs, and we co-sponsor the provision of a Secretariat function for the All-Party Pharmacy Group (APPG). This gives the MPs on the APPG the support they need to host meetings in Parliament and to raise issues of importance to the sector, helping to ensure that community pharmacy is well represented and has advocates in Parliament.

This influencing work has often resulted in Parliamentary support for community pharmacy, with some mentions in 2018/19 including:

Community pharmacies play a vital role in our health service but we know they can do more and we are determined to see them do more to keep people healthy.

Matt Hancock, Health and Social Care Secretary
Health Questions, November 2018

In my constituency of Mid Derbyshire, there is an amazing group of community pharmacies that are saving people going into hospital and getting them out quicker.

Pauline Latham, MP for Mid Derbyshire
Comment made in Parliament in November 2018

@PSNCNews Pleasure to meet – in person and in mind. Positive mindset so welcome.

Steve Brine, Parliamentary Under Secretary of State for Public Health and Primary Care
Comment made on Twitter, September 2018

PSNC also collaborated with the Pharmacy Minister Steve Brine and his team on Brexit planning providing support via the Community Pharmacy Brexit Forum which was much appreciated by Government at a crucial time, just ahead of pharmacy funding negotiations.

Media coverage

PSNC provides media comments to a wide range of national media outlets. Access to medicines was the biggest national media topic of 2018/19, following a letter drafted by Chief Executive Simon Dukes to

Pharmacy Parliamentary drop-ins

Parliamentary briefing events help keep community pharmacy in the minds of politicians. In July 2018, 35 MPs and 7 Parliamentary researchers attended a drop-in event that promoted the role that community pharmacies could play in managing long-term conditions.



the Chair of the Health Select Committee, Dr Sarah Wollaston. PSNC featured across a number of media outlets on this topic including: Channel 5 News; the BBC website and local radio stations; The Daily Telegraph; The Guardian; and BBC Radio 5 Live's 'Wake Up to Money' programme.

Wider influencing work

PSNC also works to collaborate with a range of other stakeholders including charities and patient representatives, and the national GP organisations. This work often involves meeting with charities and educating them about pharmacy services; contributing to newsletters; and providing briefing materials.

We also collaborate beyond England with pharmacy colleagues, holding quarterly Quad meetings with the community pharmacy negotiators in Scotland, Northern Ireland and Wales. In 2018 the four negotiators also exhibited at the annual conference of the Royal College of General Practitioners. PSNC is also a member of the World Pharmacy Council, allowing the exchange of information and ideas with pharmacy colleagues from around the world.

The Year Ahead: **PSNC's vision for 2019/20**

PSNC's primary ambition is to develop the community pharmacy contractual arrangements to support a robust and sustainable community pharmacy network, providing a wide range of services that meet the needs of patients, the NHS and HM Government.

Pharmacy funding: a multi-year deal

Embarking on the year ahead, PSNC is very mindful of the incredibly difficult financial situation that many pharmacy contractors now find themselves in. Pharmacies are valuable resources to the NHS and as such the network must be adequately funded; we will make strong representations to HM Government on this point.

To give pharmacy owners some greater degree of certainty about the future and the confidence to invest in their businesses, we will in particular be seeking a multi-year funding settlement in 2019/20. We will also continue to seek a fair and transparent approach to pharmacy funding distribution that doesn't expose individual pharmacy owners to unreasonable risks.

Collaboration with our customer and beyond

Following the conclusion of the Judicial Review process in August 2018, we want to build on work done in recent months to start to work more collaboratively with HM Government and with the NHS. This collaboration will be a focus throughout 2019/20 as an improved relationship with our key customer will be crucial to putting the sector in a stronger position for the future.

Likewise, building constructive partnerships both within and beyond our sector will be crucial to our success, and in 2019/20 we will continue to engage with partners such as GPs, charities and MPs to help to build a strong case and network of supporters for community pharmacy.

Over the next year we will need to continue to work particularly closely with Government and our partners across the supply chain to help pharmacies to navigate the new challenges that our exit from the EU may bring.

Pharmacy services: developing pharmacy's role

In the coming year, we will continue to work to develop the role that community pharmacy can play in supporting delivery of the NHS Long Term Plan. We would like to see the range of services that pharmacies are funded to offer expanded, further embedding the sector within the NHS and offering improved care to patients and the public.

Focus on local commissioning

PSNC already provides a wide range of support to LPCs and community pharmacy contractors, but 2019/20 will bring different challenges as the Primary Care Networks (PCNs) take shape and become the focal point for the delivery of local care. Local commissioning of services will be increasingly important.

Throughout the year PSNC will be working closely with LPCs to ensure that they have the support they need to engage with emerging commissioning structures, to mobilise contractors to help them to engage with PCNs and to share evidence of good practice as effectively as possible.

Integration and enablers

Matt Hancock, who became the Secretary of State for Health and Social Care in July 2018, made technology one of his three priority areas for the NHS. He set out his vision of an NHS which makes best use of technology to provide better care and save public money, and he has been clear that he expects all providers of health services to embrace this approach, including community pharmacies. Technologies of relevance to the sector include automated dispensing facilities and hub and spoke dispensing; the launch of the NHS app; artificial intelligence; and novel delivery mechanisms

PSNC will work to explore how these technologies might be able to help community pharmacies and the patients they treat, building on progress already made in areas such as the introduction of Phase 4 of the Electronic Prescription Service (EPS) and Real-time Exemption Checking.



Pharmaceutical Services Negotiating Committee

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