



TAPR Update: How PSNC will spend future levies

1. Introduction

PSNC is the body which the Secretary of State for Health and Social Care recognises as the representative of NHS community pharmacy contractors in England.

PSNC's vision is to work collaboratively to ensure a robust and sustainable community pharmacy network, meeting the needs of patients, contractors and Government.

We do this by:

- Negotiating with Government and NHS England to secure the best possible contractual terms and remuneration for NHS services;
- Representing community pharmacy's interests with Government and the NHS across a broad range of issues from the development of services and NHS IT, to regulatory and legislative issues;
- Providing ongoing review of purchase margin, price audits, reimbursement and drug supply in the interests of contractors;
- Providing advice and support to contractors on all matters related to their dealing with the NHS; and
- Providing advice and support to LPCs in the planning and negotiation of local community pharmacy services.

PSNC is entirely funded via the levy charged to LPCs and all of its funds are devoted to fulfilling the functions outlined above, largely through direct staffing costs or externally commissioned advice and services. PSNC delivers its work via core functions/teams: funding, NHS service development, legal and regulatory affairs, contractor and LPC support, and communications and public affairs.

The levy has been held at a flat rate for the last seven years and it has therefore been declining in real terms – at a time when national negotiations could not have been more critical. This has constrained PSNC's capacity to fulfil its key strategic objectives and respond to the fast moving political and economic environment.

2. The Wright Report and RSG recommendations

The Independent Review into contractor representation and support undertaken by Professor David Wright and subsequently the Review Steering Group (RSG) recognised that PSNC was significantly under-resourced for the work that it does.

Currently the contractor levy is split, with 70% of the average contractor levy going to LPCs and 30% to PSNC. The RSG accepted the recommendation in the Wright Review that the current 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 improved collaboration between local and national bodies.

The RSG recommended that PSNC needed more money to fulfil its fundamental role of negotiating the Community Pharmacy Contractual Framework (CPCF) with Government and the NHS. An uplift to the levy PSNC receives should be introduced to strengthen negotiating capacity and strategy, raise awareness of the community pharmacy contribution to patients and the NHS, 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. The proposals recognised that 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 the Wright Review, the RSG proposed 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. The RSG recommended, at a minimum, that the uplift should be introduced in staged payments – increasing by £750,000 in 2023/24 and a further £750,000 in 2024/25 to £1,500,000.

3. PSNC has accelerated investment from its own reserves to fast track the TAPR programme

In June 2022 the RSG reported that **68.3%** of contractors (7,601 ODS codes) took part in the vote, and that **88.6%** of those voting supported the RSG's proposals. The PSNC Committee voted to implement all of the 21 recommendations directed at it by the RSG and instituted the Transforming Pharmacy Representation (TAPR) programme, encompassing 8 workstreams:

1. Vision and Strategy
2. Influencing and Negotiations
3. Governance
4. Finance and Levy
5. LPC Support
6. Engagement and Joint Working
7. Branding
8. Communications

The Committee's decision included accepting the recommendation for the levy uplift – recognising that to fulfil the recommendations and address an already demanding work programme, PSNC needs additional capacity to more fully meet its objectives at such a critical time for community pharmacy.

However, having carefully reviewed all of the recommendations, it was apparent that some were so important PSNC could not afford to delay their implementation until the uplift of the levy in April 2023. Many of the workstreams are critical to laying the foundations for the negotiation of the next contractual framework and constitute significant additional work. As a result, PSNC has decided to invest up to £850,000 of its reserves in 2022/23 to advance the introduction of critical areas of work, enhance capability and develop robust evidence to support our negotiating position. Most of these workstreams continue into 2023/24 and account for the investment of the £750,000 levy uplift in 2023/24 as well.

Later in 2023/24, when some of the foundations have been laid, PSNC will further review its own organisational strategy and the investment of the next tranche of the uplifted levy in its internal staff capacity and commissioning capability. A small budget has been set aside for HR advice to support the review of organisational structure and skills that will be required to evaluate further additions to the staff team.

Ahead of 2024/25 PSNC will undertake a business planning exercise ensuring that the second additional funding tranche has clear justifications, which are scrutinised by PSNC's Resource Development and Finance Subcommittee.

Key priorities for investment:

- To lay the foundations for the negotiation of the next contractual framework, via:
 - an independently commissioned Vision and Strategy for the sector;
 - an influencing and engagement strategy to promote the value and interests of community pharmacy and build better relationships across Whitehall and Westminster, and regionally;
 - commissioning additional economic and funding research to support the strategy, our negotiating position and inform our input to the NHS's economic review of community pharmacy; and
 - reviewing the negotiating strategy, skills and structures required to deliver better outcomes.
- To improve governance, transparency and accountability;

- To more actively engage and work jointly with the contractor base to enable their input to PSNC's work; and
- To support the LPC network to engage with the transformation agenda through advice, support, provision of toolkits and supporting knowledge sharing.

4. The priority areas for investment in 2022 and through into 2023/24

This section provides further detail of expected spend, it should be read in conjunction with the case for change and benefits outlined in the [RSG proposals](#).

Vision and Strategy Workstream

Commission a Vision and Strategic Options for community pharmacy

PSNC has commissioned Nuffield Trust and The King's Fund to jointly produce an independent Vision and Strategic options for community pharmacy. The work programme will involve multiple ways in which contractors, LPCs, sector and professional bodies are engaged in the process as well as mobilising the expertise and insights of the Government, NHS and health bodies.

The project was commissioned in October 2022 and will involve:

- Consultation with contractors and LPCs and other bodies at the outset and when the draft vision has been prepared;
- A steering group of leading thinkers and experts from health and the community pharmacy sector;
- An advisory panel made up of Government, NHS England, sector and professional bodies, pharmacy contractors and patient representatives to act as a sounding board;
- Working groups made up of contractors on Services, Funding, Workforce, and Digital and Technology enablers; and
- The project will run in parallel with DHSC and NHS England's own strategy development process with the hope that there will be significant cross fertilisation between the two.

In addition to the cost of commissioning Nuffield Trust and The King's Fund, PSNC has committed funds to hiring a Strategy Programme Director to support the project for a year, as well as resources for engagement, consultation and dissemination.

Costs relating to this workstream are programme related – in 2022 and 2023 and will not be continued beyond the period of the contracts.

Influencing and Negotiations Workstream

Influencing and engagement strategy

Following a competitive tender process, PSNC has appointed an expert public affairs agency to develop and deliver an influencing and engagement strategy to promote the value of community pharmacy, the importance of its sustainability and its potential contribution to NHS and public health challenges.

The strategy will build awareness, advocates and engagement with community pharmacy across Westminster, Whitehall, the media and patient groups to secure greater support for community pharmacy and higher-level influence with policymakers.

In addition to the cost of engaging the public affairs agency, money will be spent on campaign content and materials.

Costs related to this workstream are budgeted for 2022/23 and 2023/24.

Commissioning expert independent economic and financial analysis to support the Vision and Strategy, laying the groundwork for evidence to support the CPCF negotiations and to inform PSNC's input to the NHS England Economic review of community pharmacy

PSNC has set aside a significant commissioning budget for this work which is likely to include:

- Review of alternative funding models, incentives and options; and
- The economic and social value of community pharmacy – including dispensing and clinical services.

Costs related to this workstream are budgeted for 2022/23 and 2023/24.

Negotiating strategy

Budget has been set aside to review negotiating models and approaches, developing the negotiating strategy and training.

Costs related to this workstream will be commissioning expert external consultancy advice and are budgeted in 2022/23 running into 2023/24.

Governance Workstream

Independent Governance review

Following on from the internal review of the size and structure of the PSNC Committee, an independent consultancy will be commissioned to review the implementation of the remaining PSNC governance recommendations primarily with regard to its governance framework, culture and code, transparency and communications; reviewing the role and tenure of subcommittees; independent external representation and updating the constitution, rules and delegation.

Costs related to this activity will be commissioning external consultancy advice and are budgeted in year 2022/23.

Finance and Levy Workstream

The review and update of levy charges is being delivered with existing in-house capability.

LPC Support Workstream

LPC transformation support

PSNC's goal is to support LPCs to address the RSG recommendations directed to them and to consider, with their contractors, their size, scope and capability in relation to the local integrated care board (ICB) boundaries and the future needs of contractors in their area. PSNC has established a working group of LPC chairs, members, chief officers and others to oversee the revision of the LPC model constitution and the creation of a LPC transformation toolkit. The toolkit includes advice on planning for transformation, engaging with contractors, governance and legal considerations which will be updated as the programme develops. Budget is assigned to commissioning HR and legal content for the toolkit and any further updates that will be required in future iterations.

A specific recommendation of the RSG was for PSNC to provide support that standardises practices across the LPC network in line with good practice on HR and finances. This will give every LPC in England access to a range of business-as-usual templates such as staff handbook with all policies and employment procedures, contracts of employment, consultancy agreements, it will also cover specific advice for LPC members in relation to running a transformation process, how to deal with issues and manage the risk around liability of individuals on the committee due to unincorporated association status.

Costs related to this activity will be for commissioning expert advice, budgeted in year 2022/23.

Engagement and Joint Working Workstream

The RSG made proposals for how PSNC should improve engagement with contractors, as well as giving them more oversight of PSNC and its activities and decisions. This workstream will explore that, as well the ongoing relationship with LPCs including through the proposed LPC Forum and wider joint working across the sector.

This workstream will be developed by existing in-house resources in 2023.

Branding Workstream

Rebranding PSNC as Community Pharmacy England

After a competitive tendering process, PSNC has commissioned an expert branding agency to deliver the project working with PSNC to review its Mission, Vision and Values to develop and design its new brand identity.

Costs related to this activity will be for commissioning branding agency support, budgeted in 2022/23.

Additional staffing capacity and commissioned support

Recruiting and developing additional staffing capacity in the following areas:

- Additional roles or resources in funding, business analysis and pricing – to support ongoing reimbursement and price concessions activity and negotiating capacity;
- Communications and media support to enhance sector engagement and events; and
- Project support for the TAPR programme to support LPC engagement and support (fixed term).

Costs related to this investment will be ongoing permanent staff costs from 2022 onwards, except for the TAPR programme support role.

IT support

In 2022/23 a small budgetary provision has been made for updating the contractor database to support PSNC Committee elections.

Costs related to this activity will be for commissioning agency support in 2022/23.

HR Support

Later in 2023/2024, as a result of the development of the PSNC Strategy we will review the organisation's structure and staffing requirements. A small budget for HR advice has been allocated to support that review.

Costs related to this activity will be for commissioning agency support in 2023/24.

5. Next steps

As described above, these workstreams and activities account for up to £850,000 of investment of PSNC's reserves in 2022/23 and the first year of the levy uplift of £750,000 in 2023/24.

The TAPR programme is being overseen by members of PSNC at each Committee meeting. This will mean that the work remains contractor-led and in addition to all the engagement work, has significant input from contractors from all the main parts of the sector. Two-thirds of PSNC members are serving LPC members from across England, which includes 13 regional representatives and 4 LPC chairs.

As a result of the Vision and Strategy programme, the Governance and Re-branding projects which have commenced in the autumn of 2022, PSNC will be reviewing its own Mission, Vision, Values and Strategy in 2023. During 2023, PSNC will then review additional requirements for internal staff capability and commissioning expert research, analysis and advice to support that strategy and those plans to utilise the investment of the next stage of the levy uplift in 2024.

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