

Treasurer's supplementary report to the accounts

The world of pharmacy is changing and we as an LPC need to support contractors appropriately as the transition is made to clinical services taking a more prolific role in their workload. To do this we propose to spend our reserves and non-recurrent funding over the next year and moving forward.

Reserves allocation

For 2023/24 our forecast outturn is circa £122,000 against a required reserves level of half our running costs at circa £89,000 so for this financial year we propose utilising that additional non-restricted reserves for the following totalling £26,000 in addition to our core running budget.

	Budget
Engagement of Services Implementation and Support Lead for a Further 12 Months including associated phone and administrative licensing costs but not oversight by CO. Oversight by CO covered by reserves.	£20,000
Any overtime costs incurred by core staff but particularly the SISL, Admin and Chief Officer. The amount of flexi-time being built up due to additional duties has become high for both the SISL and CO so in some cases it would be useful to be able to pay this rather than need to reclaim hours.	£6,000

We will review the position and the available reserves during the year to ascertain if it is possible to retain the Services Implementation and Support Lead from non-recurrent funding sources for an additional year. If we allocate the above amounts this would leave a non-restricted reserves balance of circa £89,000 at the end of the year 2024/25, as shown in the budget breakdown overleaf.

	Beginning
Cash in hand (beginning of month)	£122,618.32
CORE FUNCTION RECEIPTS	Budget
NHSBSA Levies	£130,000.00
Bank Interest (instant savings account) estimated	£1,200.00
Core Function Receipts	£131,200.00
RESERVE RECEIPTS FROM ACC 2	Budget
Service Integration Support 2024	£13,803.20
Total NRF Funding contribution	£13,803.20
Total Receipts	£145,003.20
CASH OUT	Budget
<i>Core Salaries</i>	£48,809.00
<i>Core Pension Costs</i>	£2,327.78
<i>Core Temp Contract Admin Salary</i>	£6,500.00
<i>Core Temp Contract Admin Pension</i>	£15.60
<i>Temporary overtime allowance from reserves</i>	£6,000.00
<i>Temp Contract SISL Salaries</i>	£15,931.00
<i>Temp Contract Pension Costs SISL</i>	£581.46
<i>Temp Contract Redundancy Allowance SISL</i>	£2,000.00
Accountancy and professional	£1,180.40
Equipment costs	£1,600.00
Bank charges and CT	£324.00
Office Support costs	£2,259.22
Insurances (Director's Liability)	£500.00
Travel	£5,053.00
Meeting Expenses	£3,817.50
Member Backfill	£10,560.00
CPE Levy	£63,769.06
Training Costs LPC Members/ Officers	£500.00
Contingency 4%	£6,869.12
Transfers of project/ MOU funds outside of scope of operational budget	
Ordinary operating costs (total)	£178,597.14
TOTAL CASH PAID OUT	£178,597.14
Cash on hand end of year	£89,024.38
Reserves required at 50% of running costs shown above	£89,298.57



Core Functioning Costs

The above budget includes employment of a Services Implementation and Support Lead funded entirely from non-recurrent funding resources. We will only continue this post for as long as we can access non-recurrent funding to support such a position. **In order for the LPC to function on a core basis there is currently a deficit between income received from the levy and bank interest (c£131,200) and expenditure as outlined below.**

Ordinary Core Operating Costs (With SISL Salary Costs and contingency removed)	£147,215.56
Shortfall on core costs needed to be covered in future years	£16,015.56
If we increased levy by Bank of England Feb 2024 inflation calculator amount of £141,274.86 this contributes an additional amount to the budget of	£10,075.00
Leaving amount remaining to be covered by remaining reserves and non-recurrent funding without SISL post	£5,940.56

Levy Review

For the financial year 2024/25 there will be no levy increase, as we seek to use reserves, keeping the levy as low as possible while contractors bed in new services and gradually increase income from Pharmacy First, Contraception, Hypertension and other income streams.

The levy was last increased to £130,000 as from April 2022. Since that time, we have worked hard to support contractors in the county and worked with CPE to increase income to community pharmacy from a variety of sources. The levy paid to Community Pharmacy England has increased from £44k to almost £64k (more than was originally proposed) whilst we continue to face inflationary pressures. We have adjusted ways of working to reduce costs, moving to quarterly meetings and use online working where possible. However, we will need to ensure additional income to maintain a balanced budget enabling us to work with the co-terminus Integrated Care System in Lincolnshire for the benefit of contractors in future.

If an inflationary increase was applied now using the Bank of England Inflationary Calculator the equivalent amount in February 2024 would be

£141,274.86

<https://www.bankofengland.co.uk/monetary-policy/inflation/inflation-calculator>

The calculator uses Consumer Price Index (CPI) inflation data from the Office for National Statistics from 1988 onwards. Monthly calculations of the current year are based on the latest CPI level, whereas previous years use their calendar year averages. The calculator uses the Consumer Price Index (CPI) as this is the measure used by the Government to set the Bank of England's target for inflation.

With current contractor numbers, this additional £11,274.86 would equate to around £100 per annum per contractor.

It is proposed that an inflationary increase is considered to the levy income annually to take effect from April, using the CPI rate of inflation in February each year since the last increase, once



the reserves have been reduced as outlined during the year 2024/25. As noted above, CPI is the rate used by the Bank of England inflation calculator, Using the rate in February will enable the proposed rate to be considered by the committee at the March meeting.

The committee will continue to use non-recurrent funding to reduce costs to contractors where possible, through allocation of appropriate core staff resources to projects that can be funded by ring-fenced reserves. We will continue to seek additional non-recurrent funding to support this approach going forward.

We will aim to ensure our core costs do not exceed our levy income as from 2025/26, reducing temporary staffing if non-recurrent funding cannot be utilised.

