

Derbyshire Local Pharmaceutical Committee

Representing Community Pharmacy Contractors in Derby City and Derbyshire County

Treasurer's Report on the Work of the Committee April 2013 to March 2014

As always my job as Treasurer of the LPC is to oversee the funds of the committee and ensure that they are used as set out in the LPC constitution.

After the end of each financial year (March 31st) I produce the final annual accounts, which are submitted for auditing by a registered Chartered Accountant who, once he has approved them, will return a signed copy to me and submit another copy to the Inland Revenue for their acceptance.

This is all usually completed before the AGM. As always it may be of interest to note that the accountant who audits our figures and paperwork is completely independent of the LPC and has no personal or business connection with any members. After approval at the AGM a further copy of the audited accounts is sent to PSNC for their perusal.

I am helped and supported in my work by the members of the LPC Audit sub-committee. This sub-committee was first formed in the summer of 2008 so that we could comply with new advice on Corporate Governance.

Besides myself the members are; John Sargeant, Chairman of the LPC, Andrea Smith, AIM representative from BJ Wilson Ltd, and Darryl Dethick, CCA representative from Lloyds. I would like to thank these fellow members for all their support and hard work throughout the year and their invaluable contribution to helping maintain the financial health of the LPC.

The audit committee normally meet four-monthly around the beginning of the months of May, August/September and January. Any decisions made are passed on to the full committee for ratification. The only exception to this is that the Audit Committee has full authority to approve 'Levy Holidays' with immediate effect. This means that I can initiate procedures to deal with this and avoid unnecessary delay.

Meeting April 2013

- The main purpose of this meeting was to approve the £200,728 budget for the financial year April 2013 – March 2014. This budget is aimed at keeping to minimum sufficient funds to cover the statutory requirements of the LPC, and was a reduction of £25,186 over the previous year's budget. At the end of the year an under spend of £54,740 against the budget was produced.
- The decrease in spend against budget was mainly due to:-
 - A budget of £20,000 had been allocated for administration support and we only spent £609 of this on work on our website. In effect any extra administration was covered by the membership of the LPC, thus saving costs.

- We also saved £12,741 on our training and advertising budget without affecting the quality of the training events we held. Some of the costs of these was covered by sponsorship.
- A further saving was £15,617 in locum costs for committee members.
- We are required to keep an LPC Asset Log, which records any purchase over £100. All entries in the asset log will follow the usual accounting procedures and be written off by one third of their value each year for three years.
- We agreed a training and advertising budget of £15,000, which was suggested by the LPC executive, and it was agreed to ensure that this money was properly targeted and would bring business benefits to contractors. The main focus of this was to run CPD training events in order to help contractors, and their pharmacists, re-visit and add to their knowledge of chosen subjects, and from this try and maximise income from MUR's and other services. As previously mentioned we produced a large saving on this budget without affecting the quality of training.
- The LPC's bank account with Lloyds TSB was in the process of moving over to internet banking. As mentioned in last year's financial report we began in January 2013 to move over to internet banking as Lloyds TSB arrangements now met our strict criteria under Corporate Governance requirements.

The progress of this process is discussed later.

Meeting August 2013

- The main purpose of this meeting was to approve the signed and audited accounts for the previous financial year, and to note that the Inland Revenue had accepted these accounts.
- Internet banking had now been fully implemented and was running effectively with no problems.
- Performance against budget – It was noted that strict control of finances would be likely to produce an under spend by the end of the financial year.

It was agreed that we would discuss this at our next meeting with a view to authorising a 'Levy Holiday' for our contractors.

- Following advice from PSNC we e-mail the audited accounts to every contractor for their approval and comments.
- The accounts will be presented to the contractors at the AGM in September for acceptance and in retrospect were approved and accepted by them.

Meeting January 2014

- With the savings produced against budget we felt we were in a position to grant a 'Levy Holiday' for contractors.

We had previously had a quick discussion at our full November 2013 LPC meeting and agreed a one month 'Levy Holiday' for January 2014.

In reality the Prescription Pricing Authority (PPA) were very efficient and managed to stop the Levy for December 2013.

At our January 2014 meeting we agreed a further one month 'Levy Holiday'.

This means that we had paid back to contractors a total of approximately £32,000 over the two months.

The implementation of stopping the Levy is in the hands of the PPA, so the actual month involved may vary one way or the other.

The possibility of returning money to contractors under a "levy holiday" is continually kept under review, and we have not actually increased our levy for contractors during the current lifetime of this LPC.

- A discussion was held on the LPC expense policy and it was noted that this was working well. It appeared that meeting costs will have been reduced this year and this indeed did happen when the final accounts were produced.
- Performance against budget for 2013-2014 was discussed. At this stage it was noted we were under spent against budgeting, and it was felt an under spend would be produced by the end of the financial year.

Summary

1. We did at the end of the financial year have an under spend of £54,740 against budget. This was mainly due to some budgets being under spent against target.
2. We continue to monitor our financial position and will initiate a levy holiday when this is possible.
3. The LPC was fully operational in internet banking by June 2013.
4. We will obtain sponsorship wherever possible in order to reduce costs to our contractors.
5. We try and arrange three training events a year for contractors and their pharmacists. This is to help them carry out their professional tasks and again sponsorship is often forthcoming.
6. At present we pay an annual levy of about £56,154 to PSNC in two six-monthly payments. We have again asked PSNC to consider a monthly direct debit for these levies as it would make our control of costs more evenly balanced, and presumably help them as well. For the moment they have rejected this idea.
7. All financial decisions are monitored and agreed by the audit sub-committee before being passed onto the full LPC committee for their comments and approval.
8. Our annual accounts are audited by a registered Chartered Accountant and passed for acceptance by the Inland Revenue. They are presented for agreement at the AGM and posted on the LPC website. Any comments or constructive ideas are welcome at any time of the year, and will be discussed.

Internet Banking

The Audit Committee had always had the intention of supporting Internet Banking for the LPC when our criteria were met, and from January 2013 we began the process and became fully implemented by June 2013.

Bank Accounts

Our bank accounts are still split into three.

- Number 1 Account – This is an account for all our contractor's money and is used for the statutory operation of the LPC.
- Number 2 Account – This is known as "Held in Trust Account" and contains all the monies we hold on behalf of other bodies such as the old PCT's and Commissioning Groups. Examples are "Not Dispensed Money" from the old Derbyshire County and Derby City PCT's, and the Domiciliary Respiratory Scheme money from the Southern Derbyshire CCG.
- Number 3 Account – This is known as "Development Account" into which we have placed all our sponsorship money received since April 2012. This will be used for projects approved by the LPC and avoid the need to use contractor's money in these instances.

The above accounts will run side by side, but be separate in their administration.

Sage Business Accounts Software

We had to purchase a laptop in order to operate Internet Banking. It was decided at this time to purchase a Sage Business Accounts Software package in order to give us a much more detailed review of costs, and to be an aid in the accounting process. This will be evaluated in the next few months.

Conclusion

The current financial situation of the LPC is sound and stable. We use the money to comply with our statutory financial requirements and to try and bring extra business benefits to contractors.

Stuart Kelly MRPharmS
Derbyshire LPC Treasurer
16th September 2014