

Dear Contractor

RE: Community Pharmacy Arden (Coventry & Warwickshire LPC) Accounts voting 2022/23

Note Coventry and Warwickshire LPCs merged in April 2022 to form Community Pharmacy Arden. Consequently, costs such as CPE (PSNC) Levy are the sum of the previous two CPLs. The funds from each LPC were transferred into one bank account. During 2022-23 the first full year of CPA, NHS Funds and LPC Funds were separated into two different accounts for ease of accounting. Therefore, comparing accounts with last year is more complex as both Coventry outgoing accounts 21-22 and Warwickshire outgoing accounts 21-22 have to be considered. The accountants have added Warwickshire 21-22 information as they were undertaken by same accountants. Coventry 21-22 Accounts can be found on our website: [Accounts & Annual Reports – Arden LPC \(communitypharmacy.org.uk\)](https://communitypharmacy.org.uk).

The CPA accounts balance at end of year 2022-23 was **£294,267** (levy related funds including accruals and prepayments), with an expenditure of **£234,968** against a planned budget of **£235,000** and income of **£423,337** (including **£15,069** wages & office costs cross charges from CPHW, **£45,000** transfer between Warwickshire bank accounts as part of reconciling NHS / Levy accounts, **£60,000** additional NHS Funds transferred via CPHW, **£86,868** transferred from Coventry LPC at point of merger April 1st 2022 and 12 months Contractor Levy of **£216,399.96**).

We had some funding from NHSEI against MOUs – whilst much of this is for additional activities – some things such as Contractor engagement / training and service support activity would have been undertaken anyway at the CPA's own expense. CPA allocated funding which is to be spent during 23-24/24-25 – for example supporting GPCPCS, DMS and other new advanced services. We have, because of advice and ease of accounting opened a separate bank account for non-levy funds at the start of 2022-23, which required transfers between accounts to ensure the correct amount of money was in each account. At the end of March 2023, we had **£154,911** NHS Funds in a separate account (an overview of how this funding has been allocated is shared separately within the Annual Report).

We have, as set out in our plans last year, appointed services and engagement support across CPA and our neighbours (CPHW) with whom we share office and team resources, working as a collaborative. CPHW has employed one of the staff and CPA another – cross charging applies between the CPLs. These roles are part funded by NHS monies for 1-2 years. We will review whether we are able to provide a levy holiday this financial year in the Autumn which would run in final quarter.

We acknowledge that the end of year accounts balance (**£294,267**) is above the 50% of planned expenditure recommended to be held in reserve. Our planned budget for 23-24 is **£234,000** due subsidised service team costs by NHS Funds for 23-24. Additional CPE Levy for 23-24 will be absorbed.

Unfortunately, during the transition to an additional banking facility, CPA experienced debit card interception fraudulent activity (£2,000), the card was quickly cancelled and deep dive into banking procedures and governance undertaken.

CPA has proposed the following:

- **A budget of £234,000 for 23-24** – this will be reviewed in the Autumn. Levy income will be £216,400 if taken in full, leading to a potential overspend of approximately £8,000. **A 50% of budget reserve would be £117,000. Leaving approximately £177,000 additional reserve.**
- We will review the budget and run rate of expenditure in September to determine the duration of levy holiday to be provided of between 3-5 months

Points of note on the accounts:

- The Chief Officer cost for Coventry and Warwickshire separate LPCs were combined for the merged CPL

- The employee wages line includes the joint team, part of which is cross charged to our partner CPL CPHW. Note a proportion of the Services Support Staff net salaries has been paid from our NHS funds account and that proportion (Approximately, £17,000) does not appear in these accounts.
- The shared support and office function changes have now annualised – one member of staff is on maternity leave 1st February 2023 until 1st February 2024, with reduction in salary costs as statutory maternity pay is refunded via HMRC and additional hours provided by other staff is a reduced cost. Note the CPHW share of the rent and Office & Support team costs for 22-23 are shown as cross charge income – expanded in Note 2 in the accounts.
- To support the increased engagement and service support, we have invested in a new services and engagement officer in September 2022. We had some seed funding for these roles from NHSE. This will allow us to part fund the role for two years with NHS Funds. This has increased the gross wages.
- There are some accruals and pre-payments remain on the 'books'

We hope that these suggestions meet with your approval if you have any queries, please contact the CPA office in the first instance and we will be happy to explain further. ahwlpc@gmail.com