



PHARMACY CONTRACTOR LEVY POLICY

Date of Preparation:	10 January 2024
Prepared by:	Helen Musson
Date approved by Committee:	17 January 2024
Date effective from:	1 April 2024
Date of Review:	1 April 2026
Version 1.0	

1. Introduction and Background

- 1.1. Funding for CPH is derived from a levy paid by all pharmacy contractors in Hertfordshire.
- 1.2. The committee uses a fixed budget ie. set an amount to collect from pharmacy contractors on an annual basis.
- 1.3. The levy is not fixed for contractors and is based upon the number of prescription items.
- 1.4. CPH is governed by its constitution (<https://hertsipc.org.uk/about-us/>) that sets out requirements around finance. The Treasurer is accountable for the proper management of all aspects of CPH finances.
- 1.5. This policy is designed to ensure that any levy changes are implemented fairly and equitably on an annual basis.

2. Levy

- 2.1. Budgetary considerations including the annual levy will be taken to the committee in November each year effective the following April.
- 2.2. The levy is set according to the needs to run CPH that is set out in a budget approved by the committee and based upon zero based budgeting.
- 2.3. CPH retains a reserve based upon three months of CPH expenditure for that year.
- 2.4. CPH costs increase annually due to inflationary pressures associated with employing staff and utilisation of services eg. mobile phones, IT support, rent, electricity.

3. Levy increases

- 3.1. Each year the levy will increase based upon inflation unless the annual budget indicates that this increase would lead to a large surplus.
- 3.2. Minimal increases annually should be implemented to avoid no levy increase over several years and then a substantial increase after a few years.
- 3.3. Inflation percentages are obtained in September of each year in order to maintain consistency from <https://www.ons.gov.uk/economy/inflationandpriceindices> which gives the average inflation over 12 months. This is in line with staff inflation increases.

3.4. Increases suggested larger than any inflationary increase should only be put forward for committee approval in conjunction with the capacity plan every 3-5 years. It must also be supported with clear justification and include analysis of impact for contractors both in terms of monetary value and additional value support added.

4. Levy decreases

- 4.1. A levy decrease may occur where administrative expenses are less than the previous year's annual budget.
- 4.2. On the rare occasion that CPH should accumulate a large surplus, the committee should consider support that can be purchased within that year or a levy holiday for pharmacy contractors.
- 4.3. The budget should be amended in year by the committee to avoid large CPH surpluses.