

Dear Peter,

I realise in your role as Permanent Secretary, you get numerous letters from various quarters detailing the difficulties they face within the Healthcare Service of N. Ireland, from both professions and service users. Let me say at the outset you have my full support in trying to deal with a very difficult role in the current challenging times both financially and politically. I have not taken the decision to write to you directly without full consideration. I feel it, as a duty to write to describe what it is like currently in community pharmacy, and the risks that exist to the supply and safe dispensing of medicines to our population in the not too distant future.

I have been a Community Pharmacy Contractor for 37 Years. I have also worked in commissioning in the LHSCG's and then the LCG's where I chaired the Northern LCG's for a number of years. This meant working within the regional board in a Non-Executive / Executive role. I therefore have a very good understanding of the delivery of health care services across acute and primary care. I am also an entrepreneur, employing around 200 staff across 5 companies including my 2 Pharmacies T/A O'Kane's Ltd. I also chair a community Enterprise (Workspace) in my home town of Draperstown, which is a profit-for-purpose Charity employing 100 plus staff, the profits from which we distribute in our own community to improve the health and the well-being of our community. I am 62 and proud of what I do on a daily basis, and what I have achieved to date.

This leads me to the current situation we face in community pharmacy. We are in a crisis.

I don't use that word lightly. The situation from 2011 on has slowly deteriorated to the position we now find ourselves in. I, like most of my colleagues, am existing in a situation where cash flow is close to unworkable. This means we all operate with Bank Overdraft facilities, in my case a facility of £200,000 for a pharmacy business with an annual turnover of approximately £2.5M. We also have to juggle our wholesaler purchases to ensure we stay in stock of everyday medicines. By that I mean we all take the longest possible credit terms available from wholesalers and move supply from one to other on a monthly basis to help with cash flow. This is the Governments first and current risk as supply to patients of everyday medicines will be affected in the upcoming months. I don't know how aware your officers have made you of this or how seriously they view this situation? Perhaps they are not aware of this?

A check of credit ratings on Limited Companies will show the movements on P&L and on Balance Sheets within the past few years and this will clearly demonstrate pharmacy viability being eroded. This is evident in companies who run pharmacies like O'Kane's Ltd. Reduced credit ratings based on last few year accounts are clear from research and will result in wholesalers being at first uneasy, as they now currently are, but then leading to their accounts team deeming the risk for them being too high and stopping supply completely. Please bear in mind that most of these wholesalers are UK wide distributors, and to stop supply to NI Pharmacy will not cause them great reductions in their sales or profitability. I can share data on this if required by you?

Patient medicine supply from community pharmacy, and the safe dispensing of those, is an essential service to our communities which helps maintains patients at home and ultimately reduces the number of people requiring secondary care settings, at a time when Acute care is struggling to cope. The safe supply of medicines is even more vital in Rural Northern Ireland where access to services is more limited and already under threat of reduction across primary care.

There will be closures of community pharmacies this year, and into the spring of 2024.

This must be acknowledged as a clear indicator of community pharmacy viability, and this is only the beginning. Commissioning of health services now and in the future as we all know must be based on need, and that need is growing. GP services are reducing as we know, so losing vital community pharmacies in an unplanned way will have devastating effect on the ability to deliver primary care services in the future, particularly across rural Northern Ireland. This needs to be addressed immediately.

I have attended a number of community pharmacy contractor meetings and the way I would describe the current mood is Brown-Beaten, frustrated, totally undervalued, with many angry and all extremely worried. Brown beaten by the lack of empathy from Board and Departmental colleagues, frustrated that the workforce issues aren't being dealt with. Undervalued by Department and board over a number of years, and angry that it appears no one is listening.

I know and understand there has been change in board and departmental roles but my own feeling to date is that this rearrangement has so far largely bypassed primary care and totally lost community pharmacy. If this is not addressed the opportunity for pharmacy to play a greater role in keeping people out of Hospital and general practice will be lost. I fully respect Cathy and Joe in their roles but from communication with my colleagues, they are unsure at times if they completely understand the gravity of the situation. In terms of budget, we don't understand who the lead is on finance within the community pharmacy team. There appears to them, to be a vacuum between department SPGG/BSO and community pharmacy. This may be a perception that can be overcome, but the lack of detailed accounting input on the sustainability review was evident to me, on initial reading and further reflection.

Most of the contractors I believe from meetings love what they do and would love to do more if the stability was in the system. These are men and women who have invested their own money in premises and their staff, and in their communities. They are not afraid of challenge, nor will they shirk any targets set by the Department. There is also a very strong view that independent prescribing must be promoted further in community pharmacy settings particularly among our recently qualified. We need front facing community pharmacies and pharmacists with independent prescribing skills to deliver services in a primary care setting in the future. It is important that Pharmacists are trained in secondary care and in GP practices, but our experiences from Covid should inform us all that we need a profession trained, enabled and supported on the street that can deliver for our patients. That profession is Pharmacy, and the setting is in the community pharmacy. GP practices as we know mostly closed their doors during covid. Those lessons have not been learnt from yet at the departmental level in my opinion.

I am not a member of CPNI Board but I have spoken to Gerard Greene, CEO, a few times in the last months and he understands my concerns as they are similar to a lot of community pharmacy contractors. It is vital that your Pharmacy team and CPNI work more closely and transparently for the good of our patients. I have read the KPMG document and while strong in financial detail lacks depth in pharmacy delivery for the future. Maybe there is a real need for a reset here between Department and CPNI? There will be changes based on negotiation in the future, but we urgently need to deal with the present. The current model will force closures. I can guarantee that. Not planned closures but unplanned. These could occur anywhere in NI, including deprived areas and areas where GP services have ceased, and will cease in the next few years. This needs addressed immediately.

I am propping up my community pharmacies in Draperstown from my other businesses. Others are putting their savings in from over the years. The current model is unsustainable. I am happy to open my accounts to you? My accounts for the year ended to June 2023 confirm a loss of £30,000 on a

turnover of over £2.4 Million in an apparently thriving pharmacy business in a town where I own both contracts and I employ 25 staff. I know from discussions with my colleagues that I am not alone in these figures. I am as I said a businessman. Across the businesses that I operate I have turnover in excess of £130 Million, employing nearly 200 staff. I know how to be successful and sustainable financially in business but the current remuneration to community pharmacy renders it unsustainable. My credit rating in my 2 pharmacies has dropped making wholesalers more uneasy and creating more conversations with my bank in relation to my overdraft facilities.

Medicine supply in NI is in the hands of Banks and wholesalers, not a position that government can ignore. Is this fair or reasonable for a profession that has done so much for its communities and which will be needed more in the future to find itself in this position? Respectfully, I don't want a reply along the lines of "financial constraint" and "political impasse" I understand that. I really want to see you as Permanent Secretary instructing your team into meaningful open dialogue, to agree a 3/5 year strategy with CPNI backed up with contractual and financial arrangements that are costed fairly, that allow me and others like me to plan so we can take forward these services to provide for our patients and the health service in a sustainable way.

Sustainability needs to about a model that is a best fit for department and patients, but it must understand and empathise with the sustainability of our community pharmacies. Scotland, not England, seems to have cracked this for the benefit of patients and the health service purse. Our demography and geography lends us more to a Scottish model than an English model and Tariff. The reset needs to lead to a new agreed strategy for community pharmacy that benefits patients and the Health Service. You have my word that I will use all efforts with my contractor colleagues to Support CPNI to engage openly and fairly in this process. Community Pharmacy can deliver for our patients, they need our help and they trust us. We can do more for them to keep them out of secondary care, and indeed out of GP surgeries, if the stability and sustainability is there and a clear line of travel is defined, agreed and measured.

I am happy to meet and discuss any elements of my letter with you and any of your team and to provide any documentation referred to in my letter to support all of the detail I have referred to. I will reiterate again. Supply of medicines is in Jeopardy. Wholesalers have major concerns these are being compounded now with bank facilities being reduced. Current financing that includes a huge clawback and an extra pressure by repayment of our loans received during covid, is leading to a non-viable model. Non-Planned Closures are and will continue to happen. Department must investigate these now. Based on payments during covid and how it felt on the ground, a relatively small investment would, I believe stabilise the situation until Cathy and Gerard agree on a longer-term proposal as described above.

Yours sincerely

Laurence O Kane