



Gateshead & South Tyneside Local Pharmaceutical Committee

Passionate about pharmacy

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Dear Contractor

Formation of a Provider Company

Your LPC has been exploring the possible benefits of forming a provider company so that it can tender more efficiently for commissioned services. It is becoming increasingly evident that, as the defined (by statute) role of the LPC restricts it from holding and administering contracts, we are unable to properly fulfil the role that commissioners require of us; and that increasingly a single contract with the commissioner held with a provider company - which then sub-contracts to pharmacies – is a desirable option for more and more of the commissioning organisations we deal with.

As the six LPCs in our region now work closely together we have also discussed the option of forming a single company representing the interests of all six LPCs – and this is the option which we have decided to recommend to you. We can then share the costs of its establishment; and it makes sense as we are already being commissioned to provide regional services such as flu vaccination.

We intend to follow the process recommended by the PSNC:

Step 1 – Contractor IN-PRINCIPLE AGREEMENT – the purpose of this letter.

We require your approval for your LPC to invest some of its resources (we estimate £2000 per LPC) in the work necessary to prepare the memorandum and articles of association of a provider company. This approval does NOT commit contractors to the formation of a company, but gives your LPC the mandate to begin preparatory work.

You do NOT need to contact us to give that approval, as if we do not hear from you we will assume it. However, if you have any objections to this proposal, please let your LPC know by March 31st at the latest. You can provide your feedback via our website.

www.gandstlpc.net/providercompany.html

Step 2 – Subject to the in-principle agreement above, subsequent work on finalised company documentation, outline business case and a Q&A document.

Step 3 – Contractor vote.

Distribution of the documentation prepared in Step 2, followed by a contractor vote on the proposals. A two thirds majority of voting contractors will be needed approving company formation, following an information for contractors meeting (web votes will be allowed for those unable to attend).

Step 4 – assuming a positive outcome, we then proceed to register the company

The detail of company structure and how it will operate will be finalised in Step 2 – at the moment we simply need the approval in principle to work those details up. This means that your LPC Officers are unlikely to be able to answer any questions you may have –as yet - however, should you wish to discuss any aspect of this proposal, please get in touch.

Yours sincerely,



Mrs Louise Lydon MRPharmS
LPC Secretary