

Dear Colleague

**PHARMACEUTICAL SERVICES:
COMMUNITY PHARMACY FUNDING PACKAGE 2020-21
to 2022-23**

Summary

1. This circular advises community pharmacy contractors and NHS Boards on the outcome of the community pharmacy funding package negotiations to be put in place from April 2020.

Background

2. Circular PCA (P) (2019) 13, published July 2019, advised of amendments to the Drugs Tariff in respect of remuneration arrangements and set out that the Global Sum for 2019-20 was set at £183.559 million.

3. A settlement has now been reached with Community Pharmacy Scotland on a 3 year community pharmacy funding package to cover the financial years 2020-21 to 2022-23.

Details

4. This circular advises of the **key headline** elements of the community pharmacy funding settlement which aims to deliver contractors and Health Boards with the continued stability and predictability established in recent years. The **key elements of the funding settlement** are as follows:

27 February 2020

Addresses

For action

Chief Executives, NHS Boards

For information

Chief Executive, NHS NSS
Directors of Finance, NHS Boards
Directors of Pharmacy, NHS
Boards
Director of Practitioner Services,
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Remuneration Global Sum

- I. A three year settlement for the period 2020-21 to 2022-23. The remuneration Global Sum will be subject to a **fixed percentage uplift of 2.5% in each of the three years**. The remuneration Global Sum in 2020-21 will **be reset at £188.148 million**.

NHS Pharmacy First Scotland service

- II. The introduction of a **new NHS Pharmacy First Scotland service and associated remuneration model**, replacing the existing Minor Ailment Service and Pharmacy First, from April 2020. The Scottish Government shall invest a total of £10 million of new funding over three year period. An initial **investment in 2020-21 of £5 million**, increasing to **£7.5 million in 2021-22** and in **2022-23 a total of £10 million** will be added to the remuneration Global Sum.
- III. Taken alongside the existing funding for MAS and the repurposing of agreed **existing funding of £5 million**, the total funding pot available in the financial year 2020-21 for the service will be **£25.8 million**.

Mapped Guaranteed Funding

- IV. An **agreement to the principal** to the continuation of additional mapped funding as part of the proposed 3 year settlement. The sum of **£40 million** will continue to be mapped from Part 7 (generic) Drug Tariff as guaranteed income.
- V. Any amounts mapped as guaranteed funding during the proposed 3 year settlement will be **equal** to any amount of money due to NHS Boards through the margin sharing arrangements.
- VI. Based on the projected end year position, this is likely to be in the **region of £25 million**. Taken alongside already agreed mapped guaranteed income in year 2018-19 and 2019-20 (£40 million), a total **in the region of £65 million** will be mapped as guaranteed income. Any agreed amount mapped as guaranteed income is not subject to an annual uplift.
- VII. Taking point I – VI, the total **guaranteed funding to be delivered in 2020-21 is £258.148 million**.

Amount due to NHS Boards

- VIII. Any additional income earned above the guaranteed minimum or an agreed amount in 2020-21 will be shared on a **50 : 50** basis between NHS Boards and community pharmacy owners. All parties are agreed on the preferred mechanism to deliver any amount due to Boards for sharing will be a reduction in the value of Part 7 (generic) Drug Tariff additional. The clawback arrangements will cease from April 2020.
- IX. The amount due to Boards will be determined by the outputs from the Scottish Government community pharmacy margin report.
- X. Agreement that the any amounts due to Boards and delivered through a reduction in the Scottish Drug Tariff (outlined at point VIII) in 2020-21 will provide a **recurring benefit for NHS Boards** over the period of the financial

arrangements. **This is a projected recurring Drug Tariff reduction in the region of £25 million.**

Scottish Drug Tariff Reduction

- XI. The total Drug Tariff reduction to be made to Part 7 (generic) Drug Tariff will be in the region of **£50 million**. This will deliver a recurring benefit with NHS Boards and Pharmacy Contractors apportioned £25 million as money due to Boards and mapped guaranteed income respectively.
- XII. All parties are agreed to the principle of future Drug Tariff reductions and mapping of guaranteed income, should market conditions deliver income above the agreed sharing point. The overall **caveat** is that any reduction to the Drug Tariff does not destabilise the Scottish Drug Tariff. The Scottish Government shall determine if any Drug Tariff reductions are practical in subsequent years of the agreement.

Guaranteed Minimum Income and Margin Sharing

- XIII. **No change** is proposed to the current level of the guaranteed minimum income level and the agreed 'buffer', i.e. **£80 million plus buffer of £10 million**. Therefore sharing in generated income above £90 million will be on a 50 : 50 basis between NHS Boards and community pharmacy owners.
- XIV. The guaranteed minimum income level will be subject to an **uplift by the same percentage applied to the Global Sum i.e. 2.5%**. This will be applied in 2021-22 and 2022-23. Arrangements will retain the same level of buffer.
- XV. Any generated income above the agreed sharing point that is due to Boards will be delivered through the agreed mechanism. In addition any generated income above the sharing point due to Boards will be matched as mapped guaranteed income. Both will be delivered by a reduction to Part 7 (generic) Drug Tariff and subject to point (XII) above.

Non Global Sum, Independent Prescribers and Pharmacy Champions

- XVI. The non-Global Sum will **remain at £1.3 million** and will be repurposed towards funding infrastructure to support the joint SG and CPS strategy of increasing the number of independent prescriber workforce within the community pharmacy setting
- XVII. To support the Independent Prescribing Strategy and Career Pathway for community pharmacy funding of **£3.258 million** will be made available to pharmacy contractors. Funding will be made available to pharmacy owners to support pharmacists completing the NES Foundation Programme. The Scottish Government and CPS have set aside an agreed budget of **£1.44 million in 2020-21 increasing to £4.32 million in 2022-23** for the purposes of supporting pharmacists complete the NES Foundation programme. This will be deployed from 2020-21 subject to all the operational elements being in place to allow this to go ahead. Further details will follow in due course.

XVIII. The Scottish Government will explore the use of existing Pharmacy Champions funding in developing closer working between community pharmacy and Health and Social Care Partnerships.

5. Further information on the detailed changes to the Drug Tariff in respect of remuneration and Margin Sharing arrangements when finalised with Community Pharmacy Scotland will be circulated in due course.

Consultation

6. Community Pharmacy Scotland has been consulted on the contents of this Circular

Action

7. **NHS Boards should share a copy of this Circular with all Community Pharmacy Contractors, Health and Social Care Partnerships and the Area Pharmaceutical Committee.**

Yours sincerely

A handwritten signature in cursive script, reading "Rose Marie Parr".

Rose Marie Parr
Chief Pharmaceutical Officer and
Deputy Director, Pharmacy & Medicines Division