# Pharmaceutical Services Negotiating Committee Funding and Contract Subcommittee Minutes

**Zoom virtual meeting held on Wednesday 26th August 2020 at 10.30am**

**Items are confidential where marked**

**Members:** David Broome, Peter Cattee (Chairman), Jas Heer, Tricia Kennerley, Margaret MacRury, Has Modi, Garry Myers (Vice - Chair), Bharat Patel, Adrian Price, Anil Sharma

**In attendance:** Mike Dent, Jack Cresswell, Suraj Shah, Rob Thomas, Michael Digby

1. Welcome from Chair
2. Apologies for absence

No apologies were received

1. Declarations or conflicts of interest

No conflicts or interests were declared

1. Minutes of last meeting and matters arising

The minutes of the meeting held on 26th May 2020 were approved

**ACTION**

1. Remuneration  
   1. 2019/20 contract sum out-turn

Final fee outturn data for 2019/20 is now available. This shows an overspend of £12m. This is mainly driven by 2 elements, approx. £7m on SAF and £5m on MURs.

There is an outstanding issue about Temporary Safeguarding Payments. We have written to DHSC to suggest it should be allocated against CCG budgets and are awaiting their response.

* 1. 2020/21 contract sum forecast out-turn  
     There are three forecast scenarios for 2020/21 but we must recognise these are highly uncertain, we only have actuals for April so far. Scenarios mainly differ in how volume recovers after the Covid growth spike in March and to a lesser extent April.
  2. C-19 operating cost survey

Rob talked through the summary of costs, focusing on the main summary table for March – June.

Overall, staff costs make over 70% of the detected cost change in the survey, with the decline in OTC and LES income also noted. The increased direct COVID related costs, as well as business impact on OTC and LES, are reducing on a monthly basis but are still significant. The decline in prescription volumes after the initial March spike was noted. Analysis is underway on the month of July.

The issue of deferred holiday liabilities was highlighted as this first showed in the June survey, although many respondents have yet to quantify this financially and it will make up part of the ‘non capture recognition’.

This is going to be discussed at next Tuesday’s Negotiating Team meeting, as discussions have been able to progress on the mechanics of the claim but not the higher-level scope of the claim.

1. Reimbursement
2. Category M July 2020   
     
   We conducted our usual analysis of the Cat M list. The overall net movement is very small in the region of plus £12m per annum.

The analysis shows that once again the majority of reimbursement movement is down to a small number of lines – the majority of lines have negligible impact.

1. Margin update  
     
   The margin update included in the agenda was somewhat superseded by the communication that went out to committee members the day before the subcommittee meeting.  
     
   October DT deadline is coming up, there are 2 major influences i) retained margin (over which we have some decision making input) and ii) the Cat M underlying movement in the reference period (April to June 20).

NT suggested we ask for a floor in the Oct DT to protect contractors at a crucial time (potential 2nd c-19 wave and Brexit impact). Committee has been asked to vote on this proposal by email.

1. Special containers  
     
   The information in the agenda was noted.
2. Quotas update  
     
   Suraj indicated the positive response from contractors to our data requests and its use in resolving problems.

The subcommittee noted the declining number of reports since the launch of reporting form and questioned whether this was due to contractors experiencing reporting fatigue or lack of time to report. The Committee agreed that more should be done to encourage contractors to continue reporting quota issues to PSNC to build upon the interest already generated. Asking LPCs to disseminate information about the reporting form was suggested as an option and the office will send a reminder to all LPCs seeking their help with this.

1. Prescription switching during C-19  
     
   The Committee felt quite strongly about the recent increases in the number of switched prescriptions, feeling that many contractors have been unfairly penalised for the increased dispensing activity during the early months of the pandemic.

**REPORT**

1. General funding update  
     
   The information in the agenda was noted.
2. Statistics   
     
   The information in the agenda was noted.
3. Any other business   
     
   Will reimbursement reforms happen soon – we must make sure we don’t lose sight of this. DHSC needs to issue its formal response to the consultation.

At the moment progressing the work on recovering Covid costs must be our priority. We have a planning meeting with DH tomorrow to seek to manage resource issues and plan the next few months. It was noted that the DHSC and NHSE&I analytical capacity has grown recently but PSNC’s has not meaning it is more difficult for us to keep up with the demands placed on us.