# Pharmaceutical Services Negotiating Committee Funding and Contract Subcommittee Minutes

**Zoom virtual meeting held on Wednesday 19th May 2021 at 15.00pm**

**Items are confidential where marked**

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

**In attendance:** Ifti Khan, Fin McCaul, Faisal Tuddy, Roger Nichols, Rhys Martin, Prakash Patel, Sam Fisher, Gary Warner, Mark Griffiths, Stephen Thomas, Reena Barai, Sunil Kochhar, Mark Burdon, Janice Perkins, Clare Kerr, Reena Barai, Ian Cubbin, Jay Patel, Umesh Patel, Indrajit Patel, Sue Killen, Simon Dukes, Mike Dent, Gordon Hockey, Jack Cresswell, Suraj Shah, Rob Thomas, Mitesh Bhudia.

1. Welcome from Chair
2. Apologies for absence

None.

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 3rd February 2021 were approved.

**ACTION**

1. Year 3 CPCF negotiations
   1. Fee setting source paper  
        
      The subcommittee considered the fee setting source paper and the associated PSNC note outlining the topics identified requiring exploration as part of negotiations. Subcommittee members were asked to reflect and provide any further feedback on these to the office.

It was mentioned that in Wales fees are linked to Agenda for Change (so for example if they get a 2% increase our fees would also go up by the same. The office will consider this approach.  
  
It was noted that the cost of pharmacists has recently gone up significantly due to PCN 'poaching’. This is not just causing increased costs but also structural damage in terms of the ability to deliver services.

1. Remuneration  
   1. 2020/21 contract sum forecast out-turn  
        
      There has been some staff turnover at DHSC. Jeannette Howe replaced by Alette Addison, and Sandor Beukers taking over from Susan Grieve on funding outturn issues.

Latest forecast for 20/21 estimates -£18m shortfall in year. Factoring in the £12m overpayment in 19/20 would give a net position of about -£6m. However the office has received some reports that March volumes may be more robust than forecast, so -£6m could be an overestimate.

In 21/22 – if no changes to fees we would expect a shortfall of c-£52m.

We are expecting to get March 21 data soon as well as a source paper from DHSC/NHSE&I on Transitional Payments, which is expected to cover plans for addressing this shortfall.

There was a comment that increases to period of treatment in 20/21 implemented due to C-19 are carrying on, which will affect volume forecasts.

There was a query about what intelligence we can gather to make our forecasting better. The office will liaise with contractors who have been able to provide macro data in the past on period of treatment changes, to assess the trend.

There was a query on how any potential funding shortfall should be reconciled. NHSE will probably have strong opinions on this and the Committee will be consulted when we have the figures.

* 1. C-19 operating cost survey

The paper updated subcommittee members on the last four months of the survey, with results up to the end of March 2021 now available. It was noted that the survey had now finished at the request of the NT, given the end of the NHS year, relatively consistent findings over the last few months, and need to support year 3 negotiations.

The support given by respondents was noted, and our thanks for this was reiterated. Over the 13 months, the survey covered 4,920 pharmacies per month on average.

It was noted that the final figures were broadly in line with the figures presented to Jo Churchill in February.

The changing mix of the impact was noted for the last four months, with the PPE portal seeing the decline in impact of non-staff incremental costs, but the OTC and LES impacts increasing given the second wave and lockdowns.

The need for a full understanding of the net position was highlighted, with Mike and Simon flagging the previous work done for the 19th January 2021 committee meeting. An update of this is to be considered at a future NT and a full discussion will be held at PSNC when an offer is received.

* 1. Services fixed payments model

A paper on a fixed payment for services was considered by the subcommittee.

The recent source paper on fee setting outlines the DHSC / NHSE&I principles on spending public money and fairness – will be important to discuss the cost of provision of walk-in consultations in this context.

It was noted that not only ‘walk-in’ consultations should be considered, but also things like telephone and video consultations.

The importance of having a fixed payment was emphasized to cover capacity / cost of being available.

The subcommittee was asked to reflect on the notions presented in the paper and provide any feedback to the office.

1. Reimbursement
2. Category M April 2021

The paper and analysis were noted by the subcommittee.

1. Margin update

The QMS process is progressing well – tight deadlines for data gathering and analysis are being achieved and the system seems to be working.

Latest forecasts still show a projected excess for 20/21. The aspiration is to request a write off if the DHSC response on C-19 cost reimbursement is not acceptable.

Conversations about the July DT will be soon – we expect there is likely to be quite a reduction in Cat M.

1. Price change mechanism  
     
   Potential changes to the price change mechanism were discussed.

1. Price concession update

Mike noted that DHSC were imposing more concessionary prices than before.

Anil suggested ways of making it easier for contractors to report purchase prices/send invoices to PSNC for example, via WhatsApp or Telegram messaging platforms. Mike explained that most of the reports received by PSNC are system-generated and PSNCs own reporting tool has been updated recently to simplify data capture. Mike said will explore ideas to help improve reporting of prices into PSNC.

Anil raised concerns about prices of generic drugs going up due to impact of Covid-19 in India. Mike explained that DHSC are monitoring the situation closely.

**REPORT**

1. General funding update

The update was noted by the subcommittee.

1. Statistics

The information in the agenda was noted by the subcommittee.

1. Any other business

None