**Pharmaceutical Services Negotiating Committee**

**Funding and Contract Subcommittee Minutes**

**of the meeting held on Wednesday 27th November 2019 at 13.30**

**at Aylesbury room, 14 Hosier Lane, London, EC1A 9LQ**

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

**In attendance:** Fin McCaul, Indrajit Patel, Lucy Morton-Channon, Adrian Price, Sue Killen, Richard Bradley, Mark Griffiths, Jas Heer, Janice Perkins, Marc Donovan, Mark Burdon, Sam Fisher, Stephen Thomas and Prakash Patel. Clare Kerr, Gordon Hockey, Mike Dent, Jack Cresswell, Suraj Shah, Rob Thomas. Michael Digby

1. Welcome from Chair
2. Apologies for absence

Apologies were received from Bharat Patel.

1. Declarations or conflicts of interest:

No conflicts of interest were declared.

1. Minutes of previous meeting and matters arising

The minutes of the meeting held on 4th September 2019 were approved.

**Agenda and subcommittee work**

1. Remuneration
2. 2019/20 contract sum out-turn forecast

The subcommittee considered the 2019/20 contract sum out-turn forecast.

There was a query on the forecast for 2019/20 volumes. DHSC’s forecast matches PSNC’s forecast and the volumes seen in the first half of the year do suggest that the year’s forecast is plausible. This will be closely monitored.

1. VAT

Mike Dent gave a verbal update on the VAT status of CPCF payments. DHSC has engaged with this. We have shared our thinking and are seeking a meeting with DHSC, so we can approach HMRC with a shared view. VAT implications will be considered with new payments and services.

1. DT Admin

The subcommittee considered the DT Admin update. Expert views from members of the Committee on out of pocket expenses and claiming of pre-registration grants are welcome. It was accepted that changes to pre-registration training placements needs to be looked at as a number of different schemes are emerging around the UK.

1. Reimbursement

1. Category M October 2019

The subcommittee considered the Category M October 2019 update. The Cat M analysis indicates that October changes to the Drug Tariff were broadly in line with changes to purchasing costs in the reference period (April – June 19). Observations from some Committee members were that the numbers did not match with their own experiences. The office will look into this further.

1. Quarterly margins survey

The subcommittee considered the update on quarterly margins survey. There was a query around the implementation of the quarterly survey; PSNC would expect changes to impact from July 2020. A concern was raised about an extra quarter’s delay for end of quarter adjustments. It was explained that PSNC believe only the adjustments for price concessions would be delayed. These could be aligned only if we agreed to reduce the number of months surveyed for concessions, which we don’t want to do.

1. Retained margins forecasts

The subcommittee considered the update on retained margins forecasts for 2018/19 and 2019/20. Members of the Committee are requested to provide information if they believe that the forecast may be wrong. These figures can be reviewed before PSNC write to DHSC.

1. CPCF

* 1. Reimbursement

The subcommittee considered a verbal update on reimbursement.

It was observed that PSNC need to be wary of the possible risks of the proposals to contractors.

* 1. PhAS

The subcommittee considered the update on PhAS 2020/21. DHSC proposed to postpone any changes to the PhAS for 2020/21 as changes were viewed as too significant for an interim adjustment. The NT has considered this and agrees with the DHSC’s proposal. FunCon was in agreement that this was a sensible approach.

* 1. New funding models

The subcommittee considered a verbal update on new funding models.  
Three key priority issues were highlighted to FunCon which were:

* Transitional payment for 2020/21
* Pricing new services correctly
* Changes to period of treatment

These will be discussed in greater depth at plenary and will form the subject of forthcoming papers. There was an action to obtain regional data from individual contractors to help support this work. There was a discussion around the risks around regional variability in effecting national policy changes.

* 1. Annual review

The subcommittee considered a verbal update on the annual review.

* 1. Monitoring funding delivery

The subcommittee considered a verbal update on monitoring funding delivery.

PSNC has been discussing forecasting of new elements of funding with DHSC and the implementation of necessary adjustments. Dispensing funding will continue to be adjusted through SAF and service funding will be adjusted through transitional payments.

NHSE&I wants to evaluate service timings to help inform costing and pricing of new services. PSNC needs to be wary of this to avoid marginal costing. The pros and cons of a new COSI were discussed.

* 1. PQS funding

The subcommittee considered a verbal update on PQS funding. Including an items threshold as one of the PQS criteria had been discussed in SDS. DHSC are happy for there to be an aspiration payment next year of at least 70%, which would be claimed in April 2020 with a declaration period in February 2021.

**Report**

1. General funding update

The subcommittee noted the general funding update.

1. Statistics

The subcommittee noted the statistics.

1. Any Other Business     
   There was a query whether some of the services data could be made public e.g. number of CPCS sign-ups. It was noted that purdah is a barrier to releasing this information but it may be possible to publish it after the election.