

June 2021

PSNC Briefing 016/21: Summary of funding for COVID-19 related costs incurred by community pharmacy contractors

This briefing describes the arrangements agreed between PSNC and the Department of Health and Social Care (DHSC) to reimburse community pharmacy contractors for the extra costs they have incurred due to the COVID-19 pandemic between 1st March 2020 and 31st March 2021 for the delivery of NHS pharmaceutical services.

Introduction

When the COVID-19 pandemic began PSNC and DHSC were quickly able to agree a series of emergency loans to community pharmacies in recognition of the significant cashflow pressures facing the sector. Ultimately £370m of advance loans were agreed and delivered between 1st April and 1st July 2020.

At the same time it was made clear that the advance loans were not new money for the sector, and would need to be reconciled at a later date.

Since then PSNC has been in extended negotiations with HM Government officials in order to secure an acceptable funding solution for costs incurred due to COVID-19. An initial offer was rejected by PSNC last year as being too limited, both in terms of the time period and the type of costs covered.

We can now announce that a new and improved offer has been agreed between PSNC and DHSC. Key information on the offer and how the reconciliation of the advance loans will occur is laid out in the details below. The Drug Tariff determination will be published on the NHS Business Services Authority (NHSBSA) website, and expanded information is available in PSNC's FAQs.

Reimbursement of COVID-19 costs incurred by pharmacy contractors between 1st March 2020 and 31st March 2021

Pharmacy contractors will be able to claim for specific categories of COVID-19 related costs incurred between 1st March 2020 and 31st March 2021.

The categories of costs that can be claimed for are:

- Additional staff costs due to COVID-19;
- Costs for making premises COVID-secure;
- IT and communication costs to support remote working and virtual patient contact; and
- Notified closures for infection control purposes.

These cost claims are **in addition** to various other forms of support that have been received by community pharmacy contractors since the start of the pandemic which include:

- General business support such as Retail, Leisure, Hospitality grants and business rate relief;
- Extra funding for bank holiday openings;

- Funding to support delivery of prescriptions to vulnerable and isolating patients (the Pandemic Delivery Service);
- £300 contribution to social distancing measures for every pharmacy;
- Reimbursement and provision of PPE; and
- Other non-monetary support such as removal of some administrative tasks, flexibility in opening hours, support through the Pharmacy Quality Scheme (PQS) for the response to COVID-19, delayed deadline for 2021 PQS, etc.

Claims must be made between **5th July and 15th August 2021** using a claim form provided by the NHSBSA, and payments will be made on **1st October 2021**.

Pharmacy contractors will need to be able to evidence their claims if requested to do so by NHSBSA (e.g. by providing copies of invoices, receipts etc). The full details of what is included within each category are outlined in the July Drug Tariff, including some acceptable forms of evidence which could be used to support a claim if requested. Case studies are currently being prepared by PSNC in order to support contractors to make their claims.

If a review of a contractor's claim prior or subsequent to payment being made finds that the evidence provided does not support the claim, then the payment to the pharmacy may be reduced or partially recovered. This is subject to appeal; the appeals process will be open until **1st November 2022**.

Contractors with two or more branches will be able to submit a single claim and provide documentation to evidence claims at a company level.

There has been no upper limit specified for claims that may be made by the pharmacy sector, which is a significant improvement on the original offer received in 2020. Once all claims have been submitted the total level of claims will be subject to approval by HM Government. See PSNC's FAQs for more information on this.

Recovery of the uplift to the advance payments received between 1st April 2020 and 1st July 2020

The series of advance loans that were paid to pharmacy contractors from 1st April to 1st July 2020 will begin to be recovered from **1st October 2021**. Recovery will occur in six equal instalments, with the final instalment on **1st March 2022**.

Where a change of ownership has occurred and the pharmacy F-code (ODS code) has been retained, then the recovered payments will reflect the advance payments received by the business under the previous ownership.

If you have queries on this PSNC Briefing or you require more information, please contact info@psnc.org.uk.