

September 2022

PSNC Briefing 029/22: CPCF Arrangements for 2022/23 and 2023/24 (v2)

This briefing sets out some of the background to, and further details of, the arrangements for the Community Pharmacy Contractual Framework (CPCF) in 2022/23 and 2023/24. These arrangements were announced to contractors on 22nd September 2022 and the joint letter to contractors from PSNC, the Department of Health and Social Care (DHSC) and NHS England can be accessed from the PSNC website: psnc.org.uk

Introduction

PSNC, the Department of Health and Social Care (DHSC) and NHS England have agreed the arrangements for the CPCF in both 2022/23 and 2023/24 – the final two years of the five-year deal on the framework.

Key elements of the agreement include:

- Contractors will benefit from a relative uplift to the Drug Tariff as £100m in excess margin earned by the sector in previous years is written off.
- A DHSC commitment to reviewing the implementation of the Price Concessions system;
- The Transitional Payment is also protected, with up to £70m per year being allocated in recognition of the pressures on the sector.
- An independent economic review will take place in advance of the next CPCF negotiations – this will help us to press Government and the NHS to follow good practice in economic regulation and to make more evidence-based funding decisions.
- A Pharmacy Contraception Service phased in as an Advanced service;
- Modest extensions to the Community Pharmacist Consultation Service (CPCS) and the New Medicine Service (NMS);
- Contractors can take part in Pharmacy Quality Schemes in both years, whose scope has been reduced to reflect the workload and capacity constraints, including the impact of the late start in Year 4; and
- Amendment of service specifications for the Blood Pressure Check Service and Smoking Cessation Service to allow delivery by pharmacy technicians.

Overview and context to the deal

Contractors will know that PSNC was seeking significant additional funds – which it still believes the sector urgently needs – and also hoped to agree to a Walk-in self-care consultation service through these negotiations. We put in comprehensive evidence-based bids for both of these back in March 2022.

But despite the considerable weight of evidence provided, HM Government has refused to move away from the five-year CPCF deal which it has treated as set in stone regardless of the unpredictable events in the world which have changed the outlook for pharmacies.

At the outset of the negotiations, DHSC and NHS England put a tough series of proposals on the table that set out demanding requirements for PQS and higher levels of service thresholds for the Transitional Payment that would

have gated-out many contractors from service payments. PSNC negotiated hard to improve these and to reduce the burden on community pharmacies.

PSNC Members, who are all pharmacy contractors or senior staff of pharmacy businesses, considered very carefully the final offer from DHSC and the NHS, and in May 2022 the Committee accepted the offer on the grounds that:

- The final negotiated offer was much improved on the original proposals made by Government and the NHS;
- The £100m margin that has been written off protects critical monies for the sector – it was made clear to PSNC that a decision not to agree this final offer would have resulted in an imposition and the loss of this £100m, which was only on the table as a result of the evidence provided and arguments made by PSNC;
- Similarly, the protection of the Transitional Payment is not enough to address all contractors' funding challenges, but it is a positive step;
- The more gradual rollout of new services over the two-year period and the reduced scope of the PQS are good outcomes for the sector;
- The NHS England commitment to an economic review is long overdue but welcome;
- The introduction of the Pharmacy Contraception Service is very positive, in terms of the development of community pharmacy services and the use of Patient Group Directions (PGDs), notwithstanding the current capacity challenges that the sector is grappling with;
- Similarly, the expansion of the NMS is in line with the sector's asks; and
- A greater role for pharmacy technicians in the provision of key services will, in the future, help contractors to make best use of their teams and skill-mix – this and other measures will be critical in starting to address the very severe capacity constraints that the sector is facing.

The progress of the deal through Government was slowed by both the need to get cross-Governmental sign-off for the £100m margin write-off and then by the Ministerial resignations and Conservative Party leadership contest. Further delays have subsequently occurred due to the period of national mourning, following the death of Her Majesty Queen Elizabeth II.

Since the deal was originally agreed by PSNC, conditions for contractors have deteriorated and we have been pushing Government and the NHS to finalise sign-off of the agreement and to recognise the worsening situation for contractors.

Following a discussion at its September meeting, and with the alternative being an imposition which would have lost some of the crucial negotiated benefits for the sector including the £100m margin write-off, the Committee remained overwhelmingly in support of accepting the deal, while being clear that this was only a starting point and that we must continue to seek further help for contractors from wider Government and NHS budgets, including any winter emergency packages.

CPCF funding arrangements

Funding will be set to £2.592bn for each of 2022/23 and 2023/24. PSNC submitted a significant amount of evidence on the financial and other pressures facing the sector – some of which are included in our [recent MP briefing](#) – but our requests for a wider funding uplift were rejected. PSNC is in ongoing dialogue with DHSC and NHS England about these pressures and will be working to seek monies from outside the CPCF to relieve the strains on contractors' finances this winter.

The Transitional Payment will continue to be paid in full to the sector with up to £70m allocated in recognition of the pressures on the sector (to be paid in 2023/24 as a flat fee) and the remaining balance to be distributed with 75% related to services and 25% related to dispensing activity.

Crucially, £100m in over-earned margin will be written off for the sector over the two-year period. This was a significant and hard-fought gain for the sector, and the £100m would have been lost to the sector had PSNC not

agreed to this deal. Rejecting this deal would have meant losing the £100m, which was not an option given the precarious financial position that so many contractors are now in.

Services and the Pharmacy Quality Scheme (PQS)

There will be a phased rollout of service extensions and of a new service – the Pharmacy Contraception Service (PCS) – with key rollout and launch dates as follows:

- **11th January 2023:** Launch of the initial tier of the new PCS – please note, the service will now not start on 11th January 2023 as originally planned, but it is expected to commence in early 2023;
- **March 2023:** Expansion of the CPCS to include referrals from Urgent and Emergency Care settings;
- **19th April 2023:** Expansion of the NMS to include anti-depressants; and
- **4th October 2023:** Launch of the second tier of the PCS.

These dates are spread out across Years 4 and 5 following representations from PSNC that the sector is already overwhelmed and could not cope with multiple changes to services commencing at the same time.

DHSC and NHS England have also agreed that no further new services will be introduced or expanded within the current CCPF funding envelope.

Pharmacy Quality Schemes (PQS) have also been agreed for the two years, giving contractors access to the full £75m funding in both years. The Year 4 PQS finally agreed has been reduced in scope significantly following representations made by PSNC about the capacity of the sector and recognising the delayed start for the scheme, as a result of the Government's slow progress on the approval of the overall Year 4 and 5 agreement. The Year 5 scheme is already agreed and once the fine detail has been finalised, the requirements will be published to provide contractors with advance notice ahead of the start of Year 5.

Further arrangements and commitments

In addition to the above, PSNC, DHSC and NHS England have agreed to the implementation of reimbursement reforms – splitting the Discount Deduction scale and Category A changes – to be completed by March 2023 (in line with previously published plans). DHSC has also committed to reviewing the implementation of the Price Concessions system.

There is also agreement to allow the Hypertension Case-Finding and Smoking Cessation services to be provided by pharmacy technicians, once the service specifications and the underpinning secondary legislation can be amended.

As [previously announced](#), all parties also agreed that contractor completion of an annual Health Education England workforce survey would become mandatory, supporting the collection of better data on the sector's workforce, which will assist workforce planning. To balance contractors' workload, alongside the introduction of the mandatory workforce survey, the requirement to undertake an annual patient satisfaction questionnaire has been removed, meaning contractors no longer need to undertake this every year, effective immediately.

Additionally, there will be changes in market entry guidance within the Pharmacy Manual. DHSC has also indicated that there will be legislative changes following the public consultations on hub and spoke dispensing and original pack dispensing, and that it will launch a public consultation on skill mix in pharmacies in due course.

Importantly, NHS England has also committed to commissioning an independent economic analysis of NHS pharmaceutical services, to be carried out with PSNC and contractors. This follows the significant concerns raised by PSNC about the economic sustainability of the sector both through the [CPCF Annual Review process](#) and these negotiations, and it should help to inform future negotiations.

Next Steps for PSNC

PSNC met earlier in September to consider the immense pressures facing community pharmacy businesses and strategies for helping the sector to cope.

The acceptance of the CPCF deal was seen as a first and necessary step – not least to secure the hard-won £100m in margin write-off – providing a platform from which to seek further support. Urgent work has already begun to engage with new Government Ministers, and PSNC is seeking short-term relief measures to help contractors through the coming winter period.

The Government has remained steadfast in its refusal to uplift the five-year deal, so the view of the PSNC Committee is that we must seek monies from outside the CPCF to relieve the strains on contractors' finances. This was successful during the COVID pandemic, and we are seeking to replicate that approach.

We will continue to press for a fully-funded Pharmacy First scheme, and to seek wider easements and measures to help pharmacy teams to cope with the current pressures on them.

PSNC has also been keen not to cause a breakdown in relationships with pharmacy's monopsony purchaser: this is critically important as we prepare for what comes after the five-year deal, which will require constructive dialogue with Government and the NHS.

Additional support for contractors

Further briefings and webinars, particularly on the new Pharmacy Contraception Service and PQS, will be announced in due course. Please sign up to our emails to ensure you receive information on these as soon as they are available: psnc.org.uk/email

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