**Pharmaceutical Services Negotiating Committee**

**Funding and Contract Subcommittee Agenda**

**Wednesday 23rd November 2022 at 11.00**

**Doubletree Hilton, Angel, London**

**Items are confidential where marked**

**Members:**David Broome (Deputy Chairman), Peter Cattee (Chairman), Jas Heer, Tricia Kennerley, Ghada Beal, Has Modi, Bharat Patel, Prakash Patel, Adrian Price, Anil Sharma

**In attendance:**Has Modi, Umesh Patel, Indrajit Patel, Roger Nichols, Reena Barai, Sunil Kumar, Jay Patel, Faisal Tuddy, Sian Retallick, Sam Fisher, Clare Kerr, Ifti Khan, Rhys Martin, Sunil Kochhar, Ian Cubbin, Mark Donovan, Janet Morrison, Mike Dent, Jack Cresswell, Suraj Shah, Rob Thomas, Sarah Welbourne, Jamie Gilliam, Alastair Buxton, Zoe Long, Katrina Worthington, David Onuoha, Shiné Brownsell

1. Welcome from Chair
2. Apologies for absence

Ghada Beal and Bharat Patel

1. Declarations or conflicts of interest

None

1. Minutes of last meeting **(Confidential Appendix FCS 01/11/22)**and matters arising

The minutes of the meeting held on 14th September 2022 were approved.

**REPORTS**

1. Work Plan
   1. Workplan for Pharmacy Funding and Finance teams **(Confidential Appendix FCS 02/11/22)**

The subcommittee considered the workplan. The office confirmed that the plan / budget included scope to employ external consultants where appropriate. Discussions with an external economist were in progress.

1. CPCF negotiations
   1. Independent economic review **(Confidential verbal update)**

Two high level meetings have been held to consider the review process and objectives. PSNC has emphasised that this needs to be a collaborative exercise (as with the previous CoSI), with an appropriately constituted steering committee. The objectives need to reflect the interests of contractors as well as those of the NHS. The NHS will soon be looking to identify a provider. The ER will be a major focus of the NT.

* 1. Primary care contracts update (**Confidential Appendix FCS 03/11/22)**

The DDRB recommendation of a 4.5% increase in pay had been applied to GP funding in Wales, Scotland and Northern Ireland. However, this increase has not been applied to GP funding in England.

English dentists had seen some improvements to their contract announced in July, with some more complex treatments now receiving a higher number of UDA fees. The UDA fee itself has a new minimum floor value.

The DDRB 4.5% recommendation has also been applied to overall dental contract funding levels in Wales, Scotland and Northern Ireland – it is unclear what effect the English changes has on their overall funding level.

Access to NHS dentists in England is visibly worsening, with 90% of practices not accepting new adult NHS patients. A House of Commons debate on the crisis in NHS dentistry had a vote carried. This vote obliges the government to report back on the steps it is taking to address the crisis in NHS dentistry within three months.

There was no news to note on the Optometry contract in England, although there appears to be increased funding in Scotland and Wales as a result of the DDRB 4.5% recommendation.

* 1. Other UK countries contracts overview (**Confidential Appendix FCS 04/11/22)**

The confidential appendix was noted, with some key points highlighted for discussion.

POT changes in Wales (to free up cost base to invest in services) have not occurred as expected, with limited uptake by GPs.

Although Northern Ireland facing very difficult funding environment (linked to no Stormont Assembly, and hence limited HSCNI decision making), the developments on the “Interim Discharge Medicines Service” were noted.

1. Remuneration and reimbursement
   1. CPCF outturn **(Confidential Appendix FCS 05/11/22)**

Mike talked through the confidential appendix outlining the latest position regarding the delivery of CPCF fees.

Historically fee levels have been set at the beginning of the year based on forecast activity levels, and then adjusted through the year in order to deliver the fee target to within +/- £5m. This has become harder in recent years due to both the increase in service activity and more volatile item growth trends.

The latest forecast for item volumes and service activity had suggested we were relatively on track for year 4, after the announcement of changes to the TP from October (although post TP adjustments we were still projecting a small delivery).

However, at a meeting held last week with DHSC and NHS, we were provided with updated items data which now suggests there would be an additional £20m spend in year 4 on dispensing fees – leading to a total forecast over delivery of c.£27m.

PSNC will discuss the issue further with DHSC and NHS at our next meeting. It was noted that further fee reductions (following October TP reductions) would not be bearable by pharmacies.

* 1. Cat M October 2022 **(Confidential Appendix FCS 06/11/22)**

The confidential appendix was noted by the sub-committee.

* 1. Retained margin update **(Confidential Appendix FCS 07/11/22)**

The margin outturn for 21/22 is finalised and agreed. We are now in the process of working on the 22/23 Q1 estimate. We have identified a significant correction to reflect stock availability of the off patent apixaban / Eliquis, which resulted in a significant downward margin adjustment.

We anticipate a positive margin adjustment in January 2023 DT, as well as a positive adjustment due to the increasing prices of medicines in recent months. Together these should result in a sizeable upwards January Tariff adjustment.

Mike also confirmed that the next adjustment for the £100m excess margin write off had been brought forward to December 2022 (this had originally been scheduled for January 2023).

* 1. C-19 cost claims update **(Confidential Appendix FCS 08/11/22)**

The information in the briefing was noted, with no questions raised on it.

* 1. Antivirals update **(Confidential verbal update)**

Due to time constraints, an update on this topic was not provided

* 1. HRT PPC update **(Confidential Appendix FCS 09/11/22)**

Suraj provided the Committee with an update on the meeting held with DHSC officials. Ministers are progressing the proposals for the HRT PPC and are working towards the original implementation deadline of April 2023.

DHSC accept that IT solutions will be needed to auto-separate HRT prescriptions and are working with system suppliers on this. However, the IT solutions won't be in place for GPs to issue separate prescriptions by April 2023. Therefore, it is likely that mixed prescriptions will remain a possibility for some time.

DHSC confirmed that a full impact assessment and equalities assessment is being done and will be published in due course. PSNC has also asked DHSC to consider the extra workload implications on pharmacy teams and prescribers.

DHSC is finalising the list of drugs that will be covered by the HRT PPC. These are licensed HRT treatments only. The Department is also working on new FP10 forms, tokens and updated FP57 forms with new exemption categories.

* 1. Price concessions update **(Appendix FCS 10/11/22)**

Suraj explained that, so far for the month of November, over 100 price concessions have been announced. PSNC is still in discussion with DHSC on prices for some contentious lines. We expect to announce prices for the outstanding lines later this week or early next week.

1. Reimbursement reforms
   1. Price concessions review **(Confidential Appendices FCS 11/11/22 and FCS 12/11/22)**

The review agreed as part of the Year 4 / 5 CPCF funding settlement is underway. Both PSNC and DHSC sides have invested considerable time in analysis on the scale and nature of underlying problems with the system.

The subcommittee considered a variety of short and long term (more fundamental) developments which could help to improve the system for contractors. An updated paper on these will be discussed by the reforms working group and the NT before being circulated to the committee for feedback.

* 1. Discount deduction **(Confidential verbal update)**

Due to time constraints, an update on this topic was not provided.

1. General funding update **(Appendix FCS 13/11/22)**

The information in the update was noted by the sub-committee.

1. Statistics **(Appendix FCS 14/11/22)**

The appendix was noted by the sub-committee.

1. Any other business

No AOB items