

# Briefing 030/23: Funding for Pharmacy

## First and other funding-related changes in the Recovery Plan deal

Community Pharmacy England has reached agreement with the Department of Health and Social Care (DHSC) and NHS England (NHSE) on the launch of a national Pharmacy First service as well as other changes to pharmacy funding and services.

This agreement covers the £645 million investment pledged to support community pharmacy services within the [Delivery plan for recovering access to primary care](#). This briefing explains the funding aspects of the agreement, including what funding will be available and how this will be distributed amongst community pharmacy owners.

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### Background

As part of the [Delivery plan for recovering access to primary care](#) it was announced that £645m would be invested to support the expansion of services offered from community pharmacies, and this would include making funding available to expand the pre-existing Pharmacy Contraception Service and Hypertension Case-Finding Service, and commissioning a Pharmacy First service.

Following publication of the plan, negotiations between DHSC, NHSE and Community Pharmacy England began on the proposals, which included commissioning a new service to enable community pharmacies to provide consultations and medicines for people with seven common conditions, without the need to first access general practice or other healthcare providers.

Since discussions began, we have been working with both DHSC and NHSE to develop the new service offering, as well as the associated payment systems.



## Funding for the Pharmacy First service

### Initial fixed payment

Pharmacy owners who sign up to provide the Pharmacy First service from 1st December 2023 up to the launch date of the service (31st January 2024, subject to required digital systems being in place) will receive an initial fixed payment of £2,000. This followed our arguments that upfront funding was critical to allow for planning and initiation of the service.

This fee will be recovered from any pharmacies who have not delivered 5 clinical pathways consultations by the end of March 2024.

### Ongoing fixed payments

Pharmacies who deliver the minimum required number of consultations each month will receive a monthly fixed payment of £1,000.

The minimum consultations required are shown in the following table:

Month	Minimum number of clinical pathways consultations passing the gateway point
February 2024	1
March 2024	5
April 2024	5
May 2024	10
June 2024	10
July 2024	10
August 2024	20
September 2024	20
From October 2024	30

### Bundling of Pharmacy First with other services

By 31st March 2025 at the latest, all pharmacy owners providing Pharmacy First will also have to provide the Pharmacy Contraception and Hypertension Case-Finding Services in order to continue to receive the monthly fixed payment.



DHSC and NHSE had originally proposed introducing this requirement much earlier, but we pushed back on this to give pharmacy owners more time to introduce these services at their own pace.

### Item of service fee

For every Pharmacy First consultation claimed, pharmacy owners will receive an item of service fee of £15.

### Incorporation of CPCS into Pharmacy First

The Community Pharmacist Consultation Service (CPCS) will be incorporated into the new Pharmacy First service from 31st January 2024, with an increased item of service fee of £15 applying to all types of consultation provided under the new service.

### Service capping for Pharmacy First (clinical pathways)

Although extensive modelling and analysis has been conducted during our discussions with NHSE and DHSC, the level of service delivery that can be expected upon the launch of Pharmacy First (clinical pathways) is highly uncertain, and there is likely to be significant variation in the number of consultations that different pharmacies can provide, due to many factors both within and outside of the control of pharmacy owners.

As such, it was agreed that there will initially be a very lenient service volume cap implemented for Pharmacy First (clinical pathways), of 3,000 consultations per month per pharmacy. It is not envisaged that every pharmacy will be able to achieve this level of provision, or that 3,000 consultations per month is a “target” for pharmacies to aim for. However, this level was agreed in order not to hinder the uptake of the service in its early months, or to stifle the potential for pharmacies which may see a significant demand for the service from patients.

We have agreed to work at pace with DHSC and NHSE to establish a formula for managing activity volume caps going forwards. Once this is agreed and initial service volume data is available, the new approach will replace the initial temporary cap of 3,000 per pharmacy per month.

Under normal circumstances, there is a several month lag period for service delivery volume data to become available from the NHS Business Services Authority (NHSBSA), however for the purposes of monitoring the roll out of Pharmacy First, it has been agreed with DHSC and NHSE



that monitoring of the service will be accelerated. Preliminary claims data can be used to give an earlier read of how volumes for Pharmacy First are progressing, which will allow appropriate caps to be implemented sooner.

We are also conscious that the initial temporary cap of 3,000 per pharmacy per month would theoretically allow for a national level of service delivery which is far in excess of what can be funded by the budget put in place for the service. However, since the Pharmacy First service is not funded from within the existing CPCF envelope, in the unlikely event that national service volumes exceed the theoretical budget, this will not have repercussions for funding for other parts of the current CPCF. There is no danger to pharmacy owners that an overspend on the Pharmacy First service could lead to recoveries or fee reductions elsewhere within the CPCF funding package.

Please note, the cap only applies to Pharmacy First clinical pathways consultations. It does not apply to Urgent Repeat Medicines Supply or to NHS referrals for Minor Illness consultations, which are currently commissioned as the CPCs.

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## Other funding-related changes

Whilst much of the negotiations centred around the arrangements for the new Pharmacy First service, there were a number of other changes that were also discussed. The following funding-related changes have been agreed as part of the Recovery Plan deal.

### **New funding for Contraception Service and Hypertension Case-Finding Service**

Both of these services are already included within the Community Pharmacy Contractual Framework (CPCF), and are currently funded entirely from the Contract Sum (a total of £2,592m per year for all CPCF services).

It was agreed that a baseline of £30m per year to fund these services will remain within the Contract Sum. Any service provision beyond the baseline of £30m per year will be funded from the Recovery Plan fund up to a value of £75 million per year. This will help cover the additional funding needed to expand these services.

Delivery volumes for both the Contraception and Hypertension Case-Finding Services have continued to grow in the months since their respective launches. The latest delivery projections



indicate that with the current rates of growth, we may expect around £10m of extra funding for both services to be available to community pharmacy in 2023/24, and around £30m of extra funding for both services to be available in 2024/25.

Item of service fees for both services will remain the same. Despite our detailed costing rationale for an increase in the Pharmacy Contraception Service fee being presented to DHSC and NHSE during negotiations, this part of our bid was rejected by them.

### **Reconciliation of fee over deliveries from previous years and the current year**

The current funding settlement for community pharmacy provides an annual recurring Contract Sum of £2,592m for the sector, to fund the provision of the CPCF. This is typically split as £1,792m to be delivered through fees and remuneration, and £800m to be delivered through retained buying margin.

In the contractual years of 2021/22 and 2022/23 there has been an excess of remuneration against the intended £1,792m per year. The quantum of excess delivery seen was approximately £25m and £51m respectively.

As part of the agreement for the disbursement of new funding to be invested in the community pharmacy sector, it was agreed that the excess remuneration from 2021/22 and 2022/23, over and above the £1,792m allowed within the Contract Sum, will be funded from the new primary care access recovery budget.

In addition, DHSC's latest projections indicate there will be another £36m in excess remuneration in 2023/24. As such, up to £36m will be made available from the new primary care access recovery budget to fund remuneration in 2023/24 over and above the £1,792m allowed by the Contract Sum. Any excess remuneration in 2023/24 over £36m will be reconciled through adjustment of CPCF fees in the usual way.

Therefore, in total, up to £112m from the new primary care access recovery budget will be made available to fund additional CPCF activity over the three years from 2021/22 to 2023/24.

We have agreed to work with DHSC and NHSE to implement stronger mechanisms to prevent fee over-delivery in the future.

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**If you have any queries or require more information, please contact: [funding.team@cpe.org.uk](mailto:funding.team@cpe.org.uk)**