

Briefing 003/24: Summary of our January 2024 Committee Meeting

Community Pharmacy England met in London for a full Committee Meeting on 31st January and 1st February 2024.

Committee Members discussed important matters such as margin, the wider pressures on the sector, upcoming negotiations, and governance. Other ongoing work continued, such as considering Pharmacy First implementation and our future strategy.

Overview of the full Committee Meeting

The full Committee considered the following topics at the January meeting.

Margin and the Margin Survey

The Committee had extensive discussions about the distribution of margin and whether the current system of margin delivery was fit for purpose. We are pressing for a full review of the medicines supply chain, including margin, and Committee Members reported on the huge pressures currently being felt across the sector.

Committee Members considered the Margin Survey carefully, looking in detail at how each element of it currently operates and what checks, inputs and measures of accuracy we have in place. The survey was developed by professional statisticians and data validation using comparative sources indicate that the survey is estimating the total amount of margin earned by independent pharmacies properly. It was noted that our work to verify the underpinning data and calculations has saved pharmacy owners significant sums of money over the years. Further information on the functioning of the Margin Survey can be found in the on-demand version of [our recent webinar](#).

The £800m in medicines margin, combined with the fee-based funding, is insufficient to cover the costs of service provision at present.

We also need to ensure that medicines margin is continuing to be fairly distributed and as such the Committee explored various possible future developments and potential changes to the Margin Survey, with the pros and cons of each change being discussed.



Committee Members agreed to further work and resourcing to consider options around the current system of margin delivery. This may involve a third party who may bring new analytical insight. An expert group will be put together to help steer this work and to report back to the Committee at intervals. We will continue to press for a full review of the medicines supply chain, including margin, through negotiations and wider campaigning work.

Fin McCaul, North West Regional Representative for Community Pharmacy England and independent pharmacy owner, said:

“Following reductions to Category M earlier this year, and alongside the ongoing financial squeeze and medicines supply issues, the pressure on all pharmacy businesses remains intolerable. With retained margin making up around 30% of pharmacy owners’ income it is critical that we continue to scrutinise this to ensure that the full £800m is being delivered, and that all businesses have fair access to this part of our core funding.

“Like all pharmacy owners, Community Pharmacy England Committee Members are concerned about the growth in prescription volume managed under the fixed envelope; the wide variance in margins across products; the need to continue to assure the accuracy of margin measurement; and the ability and enthusiasm of local NHS bodies to subvert the system. Following a full review of the available analysis at this meeting we are satisfied that the Margin Survey is robust, and that while it is worth working on some changes to further strengthen it, this work will not solve the critical underfunding of the sector and the pressure being felt by most businesses.

“In addition to this work, we are therefore also pressing DHSC, both directly and through our wider influencing work, to undertake a full review to expose the adverse consequences of the fixed envelope and the dysfunctional behaviour of local NHS organisations. We hope this may result in developments such as benefit sharing and some relief for pharmacy owners when reimbursement is less than purchase prices. It needs to come alongside a full review of medicines supply and the concessions system to expose, in particular, the full hidden costs of the current chaos and to once again highlight the benefits to the country of security of medicines supply.”

2024/25 CPCF Negotiations

The CEO provided an update to the Committee on her initial conversations with the new Pharmacy Minister and recent meetings with other primary care negotiating bodies, which have helped us to



assess what may happen during negotiations for the 2024/25 CCPF, although this is still very difficult to predict.

Committee Members reaffirmed Community Pharmacy England's negotiating position as discussed at the November 2023 Committee meeting, including the need for further funding and over-delivery write-offs. The viability of pharmacy businesses will remain our critical concern in discussions with Government and the NHS.

Supporting future negotiations

As part of work to strengthen negotiating capacity and enhance capability further, all Committee Members will receive training at the end of February from a professional consultancy firm, PA Consulting. Experts from the firm briefly addressed the Committee ahead of that session to outline what the training and their future work with us will cover, giving Committee Members an opportunity to help shape the final agenda.

Strategy development

Following lengthy discussions at the November Committee meeting and the publication of the Vision by Nuffield Trust and The King's Fund, updated elements of a strategy for Community Pharmacy England were brought back to the Committee for further refinement.

As part of that, the Committee had detailed discussions around prioritising clinical services for the future, considering a range of stakeholders' perspectives – including decision makers/commissioners, GPs, and the sector itself – on the pharmacy services proposed in the Vision for Community Pharmacy. This will help drive forward our work and plans for the future.

Governance

Continuing work to enhance our governance, the Committee considered the updated role descriptions for the Negotiating Team and subcommittees, as well as terms of reference for the Negotiating Team. It was suggested that the time limits for serving on the Committee, subcommittees and Negotiating Team should be kept under review to ensure that Members with the right level of experience can be retained on them if required.

A discussion was had around the Committee's composition, revisiting the existing policy to reassess composition in relation to sector ownership in 2025/26 (i.e. in line with the Committee's election cycle) and exploring arguments for and against making changes mid-term. After a debate, the Committee voted to ask the new Governance and People subcommittee to examine this important issue further and advise the Committee on a way forward.



Pharmacy First Implementation

On the second day of the meeting (1st February) the Committee considered available data and anecdotal reports about day one of the Pharmacy First service. These indicated that the service was off to a good start and Committee Members also shared feedback from their colleagues.

The Committee then considered plans for Community Pharmacy England to capture its own data on self-care consultations to help feed into its work monitoring service activity, including that which is not directly funded by the NHS. Committee Members had further discussions on how best to do this, building on earlier sessions to explore how to capture this data; it is clear that while data capture is critical, this needs to be balanced with the burden this could place on pharmacy owners.

Engaging with Community Pharmacy Owners

Ahead of the January Committee meeting we sought pharmacy owners' views on preparations for the new Pharmacy First service, the outlook for their businesses in 2024, and ongoing pressures. More than 4,200 pharmacy premises were represented in the poll results.

The results confirmed that pharmacy owners had found preparations for Pharmacy First challenging, but they said that the support and resources provided by Community Pharmacy England were helpful. Looking to the year ahead, a sense of uncertainty was apparent with mixed views across the sector. The financial and operational pressures continue to impact on the day-to-day running of pharmacy businesses.

Key findings can be found in [Briefing 002/24: What pharmacy owners told us in January 2024](#).

The full polling results were considered by all of our Committee Members looking at what they mean for our current and future priorities, as well as drawing on this valuable information, augmented with feedback from the Regional Representatives and LPCs throughout the meeting.

Pharmacy First is a hugely important new service for the sector. The introduction of self-referrals to the seven clinical pathways has been widely welcomed, as well as the opportunity to receive payments for the healthcare advice being given in pharmacies. Committee Members passed on messages of positivity from those they represent.

However, concern was raised about ongoing pressures relating to the medicines market, with suggestions of some unusual price fluctuations. It was suggested that we need to press DHSC to use its powers to investigate what may be happening behind the scenes.



The data from this and future polling will now be made available to LPCs to help them in identifying issues and knowing how best to support pharmacy owners in their localities.

Discussions from our Subcommittees

Resource, Development and Finance (RDF) Subcommittee

The Subcommittee reviewed the draft budget based on the levy uplift outlined in the RSG proposals, in conjunction with the draft workplan for 2024/25. These were then recommended to the full Committee to approve. Further information on Community Pharmacy England's plans and levies for the coming financial year will follow for LPCs and pharmacy owners later this month.

Service Development Subcommittee (SDS) Subcommittee

Meeting on the date Pharmacy First launched, SDS was full of praise for the sector's efforts on implementation, including the work of LPCs to coordinate training and the success of Community Pharmacy England's webinar series. The subcommittee also received an update on the related IT systems and discussed further ideas to help with capacity and the practicalities of delivering the service going forwards. Elsewhere on the agenda, SDS discussed next steps following the publication of the NHS Vaccination Strategy and ongoing work with NHS England's vaccination team in relation to the COVID-19 and flu vaccination services in 2024/25.

Legislation and Regulatory Affairs (LRA) Subcommittee

LRA discussed the Committee's response to the pharmacy supervision consultation, with support for the proposals for dispensing by Pharmacy Technicians; subcontracting between hubs and spokes of different legal entities (when changes to legislation are introduced to make this possible) to ensure the shared dispensing process is safe, complies with relevant legislation, such as data protection, and seeks to stop NHS contract spokes from contracting with local or pseudo non-NHS contract hubs; and market entry delays and the steps being taken to help Primary Care Support England and ICBs to reduce these delays and further changes to the pharmaceutical regulations to support this.

Funding and Contract (FunCon) Subcommittee

FunCon considered a wide range of funding topics, including reviewing DHSC/NHS England proposals for determining future caps for the Pharmacy First service and on reforming Category A of the Drug Tariff. Price concessions have reached high levels again, and the Dispensing and Supply Team are working hard to monitor the market and analyse all the reports they receive to make applications and push for appropriate reimbursement prices. The subcommittee also discussed the latest CPCF



funding and margin data, with a related note that increasing costs around pharmacy IT need to be addressed through an uplift in core funding.

LPC and Contractor Support (LCS) Subcommittee

The Conference of LPC Representatives in 2023 was reviewed and plans for the national forum of LPC chairs discussed, which LPCs will now be asked to feed into. A new approach to guidance on LPC reserves was discussed and approved.

Communications and Public Affairs (CPA) Subcommittee

CPA is scheduled to meet on 9th February. Agenda items will include our public affairs activity plan, preparations for the 2024 Pharmacy Pressures Survey, and updates about ongoing media and Parliamentary work.

Agendas and minutes of previous meetings are published on our website: cpe.org.uk/meetings

Next Steps

We expect negotiations on the CPCF for 2024/25 to begin imminently, following the No. 10 reshuffle last year, bringing with it a new Secretary of State and Pharmacy Minister, which pushed this back. As set out in the recent [Chief Executive's blog](#), we are working on the assumption that this negotiation will be for one year. Community Pharmacy England will be pressing, as we have been doing in public and private for many months, for an uplift to the core global sum; write-off of any historic margin over-delivery; regular funding increases linked to activity and inflation; annual uplifts to service fees; and for more fundamental reform of the margin delivery framework and an economic review of the medicines supply chain.

[Read the Chief Executive's Blog](#)

Alongside these negotiations, we will be continuing our work to support and monitor the delivery of Pharmacy First, including working through the Department's Implementation Working Group. The service will be critical for the sector, and we will be supporting the upcoming NHS England marketing campaign as well as hosting an event in Parliament to show MPs the service as well as briefing them on the need to tackle the ongoing pressures in the sector – further information on this event and on how LPCs and pharmacy owners can support with local pharmacy visits will be available soon.

Planning for our work next year is well underway and this will include, as set out in this briefing, further work looking at margin, the adoption of our new Governance framework – including the establishment of the new Governance and People Subcommittee – and strategic work ahead of



future negotiations. Other work will include the launch of a series of Regional Events for pharmacy owners and influencing ahead of and after the General Election.

Janet Morrison, Chief Executive of Community Pharmacy England, said:

“2024 will be a critical year for community pharmacies as you continue to battle for survival while also implementing the historic new Pharmacy First Service. The hard work done by pharmacy owners and their teams, by those working on IT, clinical pathways and communications, and by LPCs locally, has all been vital to get this service off the ground and my thanks go to all of you. At Community Pharmacy England our focus remains on supporting you through the coming months, while also continuing to fight hard for the further investment and help that you need.

“We have strong evidence of the need for a funding uplift given inflationary pressures and the deep cuts that the sector has experienced, and we will be using this in the upcoming negotiations to counter the inevitable arguments from Government about the pressures on public finances. We will also be continuing our work to collect more evidence – and thanks to all of you who are continuing to respond to our polling and surveys – and to strengthen our negotiating capacity using experts such as PA Consulting.

“We expect the upcoming negotiations to be for a one-year period, particularly given the uncertainty brought by the upcoming General Election. So, as well as fighting for improvements through those we will be maintaining our focus on positioning community pharmacy as a sector that needs investing in, to all political parties and the NHS, and those who influence them. We will also be continuing the important engagement work that we set in motion last year with our rebrand to Community Pharmacy England and I look forward to meeting and speaking with many of you over the course of the year.”

If you have any questions or require more information, please contact: comms.team@cpe.org.uk