

**FROM:** Joe Brogan, Head of Pharmacy and Medicines Management

**DATE:** 2<sup>nd</sup> December 2020

**TO:** HSCB Board

<b>ISSUE:</b>	HSCB CONSULTATION ON PHARMACY GLOBAL SUM FEES
<b>TIMING:</b>	Targeted 8 week consultation required with report to March 2021 Board
<b>PRESENTATIONAL ISSUES</b>	N/A
<b>FOI IMPLICATIONS</b>	N/A
<b>FINANCIAL IMPLICATIONS</b>	£1.65m projected increase to the pharmacy global sum for 21/22
<b>LEGISLATION/POLICY IMPLICATIONS</b>	HSCB has a statutory requirement to set fees DH and HSCB have a statutory requirement to pay fair and reasonable remuneration DH has agreed that pharmacy global sum uplifts are aligned with DDRB uplift
<b>EQUALITY/HUMAN RIGHTS/RURAL NEEDS IMPLICATIONS</b>	Equality screen completed and to accompany consultation letter
<b>RECOMMENDATION</b>	HSCB Board is asked: <ul style="list-style-type: none"><li>• to note the proposed global sum fee levels for 21/21.</li><li>• for approval to proceed to a targeted 8 week consultation with CPNI and community pharmacy contractors.</li></ul>

## INTRODUCTION/BACKGROUND

Since 2005/06, the DoH and the representative group of pharmaceutical contractors (CPNI) have been in dispute regarding the overall financial package available to community pharmacy and linked to the development of a new community pharmacy contract.

This has culminated in three judicial reviews taken by CPNI against the DoH and the HSCB with respect to elements of reimbursement and linked to the statutory duty of the DoH and HSCB to provide fair and reasonable remuneration.

Since the last judicial review in 2015, there has been some progress to establish a financial envelope, a contractual framework and a pharmaceutical needs assessment process.

The pharmacy financial envelope consists of three recurrent elements:

- Global sum fees
- Non-global sum fees (circa £20m)
- Retained margin (at least £26.5m)

Additional non-recurrent funding has been provided to deliver additional services e.g. in 2019/20 £14m non-recurrent was invested.

This paper focuses on setting the annual fee rates within the global sum element.

## ISSUE

### **Global Sum Fees**

The Global Sum consists of three fee lines – ordinary dispensing, multiple dispensing and practice allowance. The investment has increased over the years as follows:

<b>Global Sum Targets</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£m</b>							
<b>Ordinary Dispensing Fees</b>	37.63	37.78	38.32	39.03	39.89	39.70	39.44	40.76
<b>Multiple Dispensing Fees</b>	4.77	5.08	5.74	5.56	5.86	6.30	7.24	7.27
<b>Practice Allowance</b>	9.77	9.83	9.83	9.83	9.83	9.83	11.13	11.13
	<b>52.17</b>	<b>52.69</b>	<b>53.89</b>	<b>54.42</b>	<b>55.57</b>	<b>55.83</b>	<b>57.82</b>	<b>59.16*</b>

\* £1.3m remains to be included within the global sum for 20/21 and is subject to annual pay uplifts.

The 20/21 fee lines are as follows:

	<b>Budget</b>	<b>Fee Level</b>
Professional Allowance	£11.13m	£20.9k per practice
Ordinary Dispensing Fee	£40.76m	£0.99
Multiple Dispensing Fee	£7.27m	£0.40

Global sum increases have been aligned with recommendations from the Review Body on Doctors' and Dentists' Remuneration (DDRB). The rationale for doing so is that this is the only formal pay review body which would consider increases in remuneration aligned with increases in activity in primary care.

Modelling is usually based upon the current year volumes i.e. the number of 2020/21 prescription items dispensed. However, it is apparent that modelling based on current year for ordinary prescriptions is not reliable given the variable impact of COVID on prescription volumes.

Therefore, the original projections of ordinary prescription volumes for 20/21 have been increased by 2.5% to give an expected prescription volume for 21/22 of just over 42 million prescription items. The increase in multiple dispensing volumes remains at an annual increase of 8%. Applying this rate would give 18.7 million multiple dispensing fees.

The following fee rates are therefore proposed for consultation:

<b>Pharmacy Global Sum 2021/22</b>	
<b>Ord Disp Fee £1.00; MD Fee £0.40; Professional Allowance £11.13m</b>	
<b>Ordinary Dispensing Fees</b>	
Projected Volumes 2021/22 (2.5% increase)	42,196,402
Proposed Ordinary Dispensing Fee Rate 2021/22 (£)	1.000
<b>Estimated Cost 2021/22</b>	<b>£42,196,402</b>
<b>Multiple Dispensing Fees</b>	
Projected Volumes 2021/22 (8% increase)	18,696,172
Proposed MD Fee Rate 2021/22 (£)	0.400
<b>Estimated Cost 2021/22</b>	<b>£7,478,469</b>
<b>Professional Allowance</b>	
<b>Proposed Cost 2021/22</b>	<b>£11,130,000</b>
<b>Total Global Sum 2021/22</b>	<b>£60,804,870</b>
<b>Agreed Global Sum 2020/21</b>	<b>£59,156,861</b>
<b>Increase (£)</b>	<b>£1,648,009</b>
<b>Increase (%)</b>	<b>2.8%</b>

## **RISKS**

- Failure to consult on fees could lead to legal challenge
- Prior to COVID, CPNI had indicated that their members would take forward industrial action related to funding. There was a high degree of political, public and media interest – this has since been stood down but could manifest itself if there are funding issues. This has been somewhat mitigated through the in-year allocation of funding in 20/21 and other support measures undertaken for the sector.
- Failure to strike an appropriate rate for dispensing services within the context of EU exit may exacerbate supply chain issues

## **RECOMMENDATION**

HSCB is asked:

- to note the proposed global sum fee levels for 21/21.
- for approval to proceed to a targeted 8 week consultation with CPNI and community pharmacy contractors.

**Name of Director:** Louise McMahon, Director of Integrated Care

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**Copied to:** Philip Moore, Head of Communications  
Andrea Henderson, Assistant Director of Finance  
Kathryn Turner, Pharmacy Lead  
Conal O'Connell, Head Accountant

**Appended:** Equality Screen