



Daily Update

Wednesday 8th July 2020

This daily update contains important information for community pharmacy teams about the ongoing response to the COVID-19 pandemic.

Contractor update: Negotiations begin on pharmacy COVID-19 funding

Negotiations on high-level community pharmacy costs and funding throughout the COVID-19 pandemic have now formally begun, PSNC has today (July 8th) confirmed.

The negotiations between PSNC, the Department of Health and Social Care (DHSC) and NHS England and NHS Improvement (NHSE&I) follow several months of representations by PSNC, including the submission of a business case for additional funding in April.

That bid used data gathered with the help of AIM, CCA and NPA to request additional funding (i.e. funding outside of £2.592bn per annum agreed for the Community Pharmacy Contractual Framework) to cover the COVID-19 related costs that were being incurred by contractors as well as projected margin shortfalls.

Although negotiations on specific COVID-19 issues such as the delivery service and Bank Holiday openings have been ongoing, higher-level funding negotiations are now commencing following HM Treasury officials' consideration of PSNC's business case and the ongoing data being submitted by the sector.

PSNC has now had to the go-ahead from HM Government to begin the formal negotiations process, which could last many more weeks.

DHSC and NHSE&I recognise the 'significant effort' made by the community pharmacy sector in supplying advice and medicines during the early stages of the pandemic and there is an acceptance that in doing so, costs were incurred by the sector.

To date, since the start of the pandemic, the sector has received £370m in advances to help smooth cashflow, and two £15m additions to margin, and much of the discussion will focus on how those advance payments will need to be reconciled, and when.

It is very likely that PSNC and the wider sector will need to continue to collate data on additional costs on a monthly basis.

PSNC CEO Simon Dukes said:

"Contractors have already been waiting many months for news on COVID-19 funding and it is frustrating that today's news only begins the formal negotiations process, rather than giving them the answers they need. It may be some time before we can give those answers: PSNC now needs to understand and carefully analyse the HM Treasury views on pharmacy funding and to negotiate for the best outcome for contractors.

As contractors will know, the sector has already received some £370 million in advance funding from HM Government, and the question at the heart of our negotiations will be how those loans might need to be repaid, and when. We also need to agree processes so that any agreed funding plan can be adjusted in the future to reflect emerging data and costs from the ever-changing pandemic situation. This means that as a sector we will need to continue collecting that data.

I know that contractors will be keen to know more about our discussions – unfortunately, as this is a live negotiation we remain bound by HM Government confidentiality rules. Once any position has been agreed in principle it will be for the full PSNC Committee to decide whether it is acceptable to the sector, and we will update contractors as soon as we can."

Keep up-to-date on COVID-19 with our hub page: psnc.org.uk/coronavirus

Pharmaceutical Services Negotiating Committee



LinkedIn

twitter

facebook

14 Hosier Lane, London, EC1A 9LQ
Tel: 0203 1220 810 | Email: info@psnc.org.uk