



Sue Sharpe  
Chief Executive  
Pharmaceutical Services Negotiating Committee  
Times House  
5 Bravingtons Walk  
LONDON  
N1 9AW

17 December, 2015

Dear Sue,

### **Community pharmacy in 2016/17 and beyond**

We are at an important point in the development of the NHS in England. Spending on health continues to grow, and the Spending Review announced a £10 billion real terms increase in NHS funding in England between 2014/15 and 2020/21, of which £6 billion will be delivered by the end of 2016/17. The Five Year Forward View sets out a clear direction, building on the strengths of the NHS and rising to the challenges of the future. These include responding to changes in patients' health needs, expectations and personal preferences; rapid developments in treatment, technologies and care delivery; and transformational change through new models of care to improve patient outcomes.

The Five Year Forward View also described the need for greater efficiency and productivity, and in the Spending Review the Government re-affirmed the need for the NHS to deliver £22 billion in efficiency savings by 2020/21. Community pharmacy is a core part of NHS primary care and has an important contribution to make as the NHS rises to all of these challenges.

Through this letter we invite the PSNC as the body recognised under section 165(1)(a) of the NHS Act 2006 as representing all community pharmacies providing NHS pharmaceutical services in England, to enter discussions with the Department of Health, supported by NHS England, on changes to the community pharmacy contractual framework for 2016/17 and beyond, linked to the Spending Review. Given the potential impact of these proposals, in keeping with section 165(1)(b) of the NHS Act 2006, the Department will also consult with the organisations listed as copy recipients of this letter and others, including patient and public groups.



## **Pharmacy at the heart of the NHS**

There is real potential for far greater use of community pharmacy and pharmacists: in prevention of ill health; support for healthy living; support for self-care for minor ailments and long term conditions; medication reviews in care homes; and as part of more integrated local care models. To this end we need a clinically focussed community pharmacy service that is better integrated with primary care. That will help relieve the pressure on GPs and Accident and Emergency Departments, ensure optimal use of medicines, better value and better patient outcomes, and contribute to delivering seven day health and care services.

Recent initiatives – such as clinical pharmacists in GP practices – will promote pharmacy and pharmacists in the short-term. However, we would like to take this further and bring pharmacy even closer into the wider primary care and community health system. We want pharmacists to bring their skills more to GP practices, care homes and urgent care, using those opportunities to improve and protect people's health, aligning with the emerging new models of care. So, alongside the funding discussion with the community pharmacy sector, the Department will consult on how best to introduce a Pharmacy Integration Fund to help transform how pharmacists and community pharmacy will operate in the NHS, bringing clear benefits to patients and the public.

## **Making efficiencies**

As well as providing more effective patient and public friendly services, community pharmacy also has to play its part in delivering the efficiencies required by the Government's recently published Spending Review and to support the need for greater efficiency and productivity as outlined in the Five Year Forward View.

This will involve reductions in NHS funding for community pharmacies in England. For 2015/16, the funding commitment for pharmacies in England is £2.8 billion under the community pharmacy contractual framework (essential and advanced services). In 2016/17 this funding will be no higher than £2.63 billion. We anticipate that the funding reductions will take effect from October 2016, giving community pharmacies time to prepare for this change. Given the context of the Spending Review, and to facilitate a clear accountability framework, Department of Health Ministers will be responsible for all the proposals dealing with the necessary savings and the related reforms, and so the implementing measures in the Drug Tariff will be Ministerial determinations.



The 2016/17 funding quantum remains significant in a period when the NHS and public services have to become more efficient. The Government believes those efficiencies can be made within community pharmacy without comprising the quality of services or public access to them. In some parts of the country there are more pharmacies than are necessary to maintain good access. 40% of pharmacies are in a cluster where there are three or more pharmacies within ten minutes' walk. The development of large-scale automated dispensing, such as 'hub and spoke' arrangements, also provides opportunities for efficiencies. We want to work with pharmacy bodies and patient groups on how we can best maintain patient and public access whilst pursuing these efficiencies.

We will ensure that those community pharmacies upon which people depend continue to thrive. The Department will consult on the introduction of a Pharmacy Access Scheme, which would provide more NHS funds to certain pharmacies compared to others, considering factors such as location and the health needs of the local population.

The Department will also consult on how best to drive new models of ordering prescriptions and collecting dispensed medicines. The online journey for patients remains slow and awkward and we want patients to be offered more choice about how they access their medicines and advice. In future, patients should be able to choose to order their prescriptions on line and have them delivered to their home if they wish, or to 'click and collect' if they prefer. We will also be looking at steps to encourage the optimisation of prescription duration, balancing clinical need, patient safety avoidance of medicine waste and greater convenience for patients.

The Department will separately consult on changing the Human Medicines Regulations 2012 (HMR 2012) to allow all pharmacies to access the efficiency created by 'hub and spoke' dispensing, with the aim of making this legislative change by October 2016. This could help pharmacies to lower their operating costs and free up pharmacists to provide more clinical services and public health services. We welcome the views of the pharmacy sector on how best to support efficiency and patient service through these innovative dispensing arrangements.

## **Consultation process**

As indicated above, the budget for community pharmacy in 2016/17 is to be set no higher than £2.63 billion, with the reduction in funding expected to take effect from October 2016. We want to work closely with community pharmacy and others on the changes necessary to deliver these efficiencies. At the same time, we want to ensure we retain good access to pharmaceutical services through local community pharmacies and online services, and support the transformation to a more clinically focussed community pharmacy service that is better integrated with primary care,



with pharmacists having a more prominent role across the NHS, exploiting opportunities to improve and protect people's health. We will also consider issues arising under the public sector equality duty, relevant duties of the Secretary of State under the NHS Act 2006 and the family test.

Consultation on these proposals will continue with the PSNC and others through to 24 March 2016. This will take the form of detailed discussions with the PSNC, together with engagement opportunities for the organisations listed as copy recipients and for others, including patient and public representatives. We will feedback from those engagement opportunities into the discussions with the PSNC, and so those discussions with the PSNC will be at the heart of this expanded consultation process. The proposals to further enable 'hub and spoke' dispensing through changing the HMR 2012 will be the subject of a separate consultation exercise in 2016.

These consultation processes are an important opportunity to help further develop the proposals and inform the decisions taken by Department of Health Ministers, which will shape community pharmacy's role in the NHS in future. We look forward to working together to transform community pharmacy for 2016/17 and beyond, to the benefit of patients and the public.

Yours sincerely

Will Cavendish  
Director General, Innovation,  
Growth and Technology  
Department of Health

Keith Ridge  
Chief Pharmaceutical Officer  
Supporting NHS England,  
Department of Health, and  
Health Education England

Copy:

Pharmacy Voice (comprising the Association of Independent Multiple pharmacies, the Company Chemists Association and The National Pharmacy Association)

Royal Pharmaceutical Society

Association of Pharmacy Technicians UK

General Pharmaceutical Council