

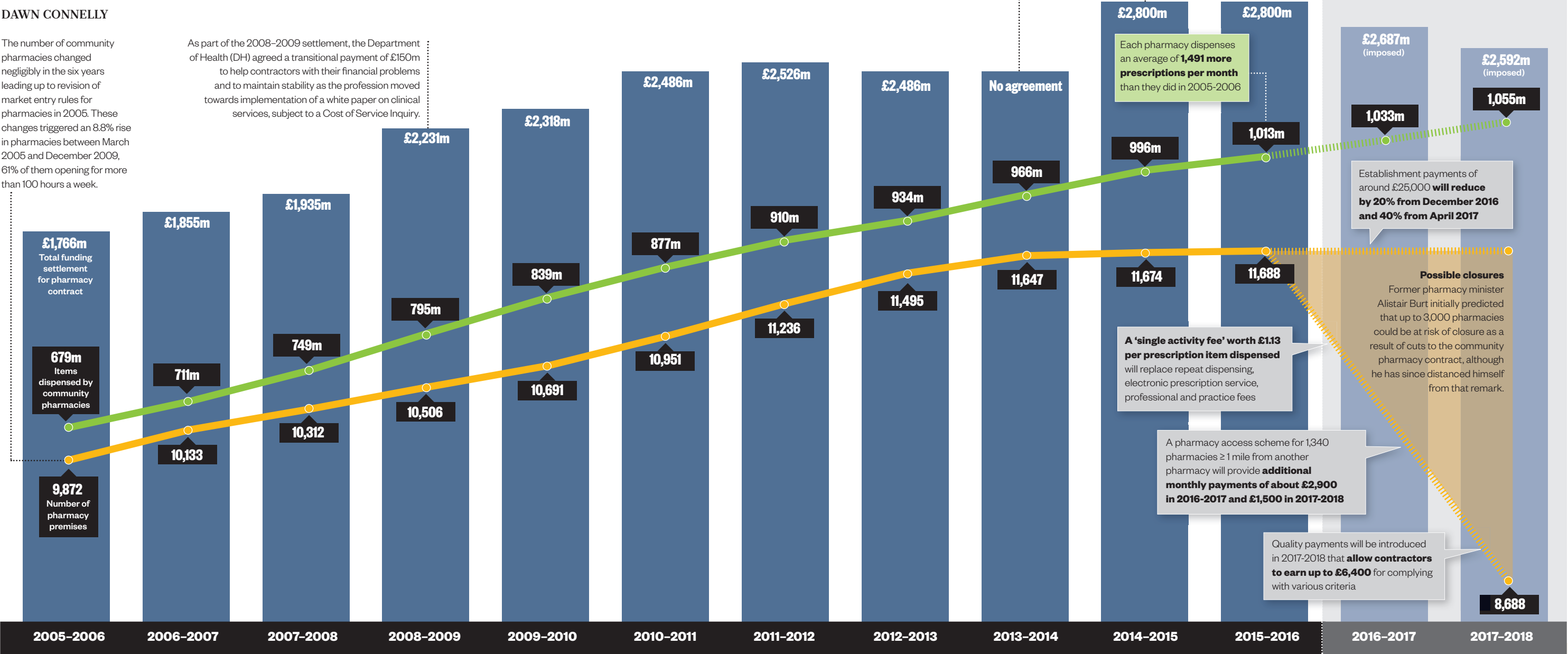
A DECADE OF COMMUNITY PHARMACY FUNDING IN ENGLAND

Community pharmacies in England dispense 174 million more prescription items annually than in 2010, a figure that is predicted to rise further. Despite this, total funding for the community pharmacy contract is heading back towards 2010 levels.

DAWN CONNELLY

The number of community pharmacies changed negligibly in the six years leading up to revision of market entry rules for pharmacies in 2005. These changes triggered an 8.8% rise in pharmacies between March 2005 and December 2009, 61% of them opening for more than 100 hours a week.

As part of the 2008–2009 settlement, the Department of Health (DH) agreed a transitional payment of £150m to help contractors with their financial problems and to maintain stability as the profession moved towards implementation of a white paper on clinical services, subject to a Cost of Service Inquiry.



In 2013–2014, the Pharmaceutical Services Negotiating Committee (PSNC) failed to reach a funding agreement with the government, so there was no funding package or target funding delivery for that year. The funding that was ultimately delivered was based on arrangements that were carried over from the previous year.

From 2014–2015, NHS England agreed that assured annual purchase margins should be £800m, rather than the previous £500m, but that contractors would not be allowed to retain additional purchase profit above this amount as they had done in previous years. This accounts for the apparent increase in funding.

FUNDING CHANGES AND THEIR POTENTIAL IMPACT

Funding cuts announced in October 2016 will lead to a reduction in income of about 15% from December 2016 for a typical contractor, according to the PSNC. For those businesses that remain viable, loss of staff, reduced opening hours and removal of free health services are likely.

Each pharmacy dispenses an average of **1,491 more prescriptions per month** than they did in 2005–2006

A 'single activity fee' worth **£1.13 per prescription item dispensed** will replace repeat dispensing, electronic prescription service, professional and practice fees

A pharmacy access scheme for 1,340 pharmacies ≥ 1 mile from another pharmacy will provide **additional monthly payments of about £2,900 in 2016–2017 and £1,500 in 2017–2018**

Quality payments will be introduced in 2017–2018 that **allow contractors to earn up to £6,400** for complying with various criteria

Establishment payments of around £25,000 **will reduce by 20% from December 2016 and 40% from April 2017**

Possible closures
Former pharmacy minister Alistair Burt initially predicted that up to 3,000 pharmacies could be at risk of closure as a result of cuts to the community pharmacy contract, although he has since distanced himself from that remark.

April 2005: a new community pharmacy contract is introduced in England and Wales, which, for the first time, rewards provision of services as well as dispensing volume. The contract introduces essential, advanced (including medicines use reviews) and locally commissioned enhanced services



Patricia Hewitt (Labour), Secretary of State for Health from May 2005 to June 2007

May 2010: the general election results in a hung Parliament and the Conservatives and Liberal Democrats form a coalition



October 2011: the new medicine service is added to the community pharmacy contract as an advanced service

September 2012: regulations implement market entry tests based on pharmaceutical needs assessments published by primary care trusts and remove existing exemptions to the market entry test



April 2013: a reorganisation of the NHS sees NHS England take over responsibility for community pharmacy funding from the DH and local authorities gain control of public health budgets

May 2015: the Conservatives win a majority; 6.2% cuts to public health budgets are announced a month later. In September, a seasonal influenza vaccination service is included as an advanced service in the pharmacy contract



Jeremy Hunt (Conservative), secretary of state for health since September 2012