

# COMMUNITY PHARMACY CONTRACTUAL FRAMEWORK 2024/25 FUNDING



The 2024/25 CPCF Funding Negotiations have now concluded and the outcome has been approved by the Welsh Government Cabinet Secretary for Health & Social Services.

This year's negotiations were more protracted than usual owing to the fact that Welsh Government negotiators informed CPW and NHS Wales in January that there would be a zero increase in CPCF funding in 2024/25. They were also unable to guarantee that community pharmacy would participate in the NHS Pay Review Body arrangements in the summer as has been the case in the previous two years.

This means that for 2024/25, the ring-fenced total allocation is £165.134m.

The CPW Board determined that this was unacceptable and wanted to ensure that Welsh Government and NHS Wales were fully aware of the potential consequences of this decision and the adverse impact that it would have on the viability of community pharmacy businesses and on the sustainability of the community pharmacy network. CPW also made clear that pharmacies will be unable to continue the successful delivery of the provisions of *Presgripsiwn Newydd* without a significant increase in funding going forward.

Despite its best endeavours, CPW was unable to persuade the Welsh Government to change its position. Welsh Government negotiators simply did not have the authority to put more money on the table at this time. The only concession is an indication that they will look to see if there is an opportunity to increase funding following the release of the NHS Pay Review Body's recommendations in the summer. Welsh Government has indicated that it sees no reason why community pharmacy would not be included in the arrangements but they cannot guarantee that this will be the case. In a letter to Health Boards, Welsh Government has stated that *"the NHS Pay Review Body (PRB) is expected to report its recommendations in summer 2024. At this time, Welsh Government will consider how these apply in primary care and specifically how any additional uplift can be applied to the CPCF at that time, in the context of the financial challenges faced by the NHS and public sector in general."*

Welsh Government and NHS Wales representatives were open to reviewing the individual funding lines. CPW was eager to increase investment in Professional Fees and Welsh Government has agreed to increase the allocation from £80m in 2023/24 to £89m in 2024/25. The Professional Fee will also be increased from 90p per item to £1.00 per item with an additional temporary 1 pence for EPS related activities.

In addition, an allocation of £15m has been included for Practice Payment and £5.1m for Terms of Service. Welsh Government has guaranteed that both these allocations will be distributed by reference to items dispensed.

Details of the distribution of funding by CPCF element and by Health Board CPCF allocations are set out in Annex 1 below. Annex 2 details the specific contractual amendments the details of which will be confirmed by the CPCF Implementation Group that is meeting in July.

It is anticipated that that the CPCF Implementation Group will conclude its deliberations by the end of the week commencing 8 July 2024. A diary marker is being sent to contractors for a contractor event on Tuesday 16 July 2024 to allow CPW to explain the current position and to allow contractors to comment and raise any questions.

**RUSSELL GOODWAY**  
**CHIEF EXECUTIVE**

3 July 2024

## Annex 1

### 2024/25 Distribution of CPCF funding by contractual element

	2024/25 (£m)
CPCF Total	165.1
Professional Fees	89
Establishment Payment (dispensing)	8.8
Terms of service payment	5.1
Practice payment	15
Clinical services (inc CCPS)	24.8
Independent Prescribing services	
Establishment Payment (CCPS)	8.8
Independent Prescribing set up costs	0.2
Consumables	0.2
Continuity payments	3.7
Collaborative working scheme	1.6
Quality and safety scheme	2.4
Community pharmacy collaborative leads	0.3
Choose pharmacy	0.4
Workforce incentive	4.3
EPS	0.5

## 2024/25 Distribution of CPCF funding by health board

	Total contract funding 2023/24 (£m)	Clinical service funding <sup>1</sup> (£m)	Pharmacist Independent Prescribing Service (PIPS) set up costs (£m)	Community Pharmacy Collaborative Leads (cluster leads) (£m)	Quality & Safety, collaborative working and continuity schemes (£m)	Workforce Incentive (£m)	EPS Transition payment (£m)	Other CPCF funding <sup>2</sup> (£m)
Aneurin Bevan University Health Board	30.368	4.719	0.040	0.055	1.425	0.808	0.098	23.223
Betsi Cadwaladr University Health Board	35.541	5.421	0.040	0.070	1.602	0.909	0.110	27.389
Cardiff and Vale University Health Board	24.263	3.301	0.030	0.045	1.127	0.640	0.078	19.042
Cwm Taf Morgannwg University Health Board	26.167	4.113	0.040	0.040	1.215	0.690	0.084	19.985
Hywel Dda University Health Board	22.324	3.154	0.020	0.035	1.061	0.602	0.073	17.379
Powys teaching Health Board	5.466	0.939	0.010	0.015	0.254	0.144	0.018	4.086
Swansea Bay University Health Board	20.605	3.157	0.020	0.040	1.016	0.577	0.070	15.725
Digital Health and Care Wales <sup>3</sup>	0.400							
<b>Wales (revised)</b>	<b>165.134</b>	<b>24.804</b>	<b>0.200</b>	<b>0.300</b>	<b>7.700</b>	<b>4.370</b>	<b>0.531</b>	<b>126.829</b>

### Notes

- £165.134m is the total quantum of national funding that the Welsh Government has agreed to deliver to community pharmacies in Wales throughout the financial year through fees and allowances (excluding retained medicines margin). Specifically:
  - Clinical service and Pharmacist Independent Prescribing Service (PIPS) funding have been combined into a single allocation for 2024-25 and is ringfenced at health board level: all funding in each health board's allocation will be distributed to pharmacy contractors in the respective health board area. Redistribution of underspend in clinical services spend will be distributed quarterly (June, September, December and March).
  - Primary Care Cluster Lead, Quality and Safety, Collaborative Working, and Continuity schemes are ringfenced at the All Wales level, any unspent health board allocation will be distributed amongst all other pharmacy contractors in Wales meeting the criteria for payment. Redistribution across these lines will happen at FYE.

<sup>1</sup> Includes clinical services and Pharmacist Independent Prescribing Service (PIPS) fees. This allocation is for service fees only, reimbursement costs of medicines supplied under this element must not be included in health board CPCF forecasting.

<sup>2</sup> Includes all contractual elements other than those specified in the table (establishment payments, fees associated with dispensing activity etc).

<sup>3</sup> Total CPCF funding includes £0.4m for Choose Pharmacy, this is deducted from total allocation (pro-rata) before health board allocations are calculated.

## **Annex 2**

### **Breakdown of CPCF Agreement 2024/2025**

#### **1. Professional fees**

- 1.1. Funding for professional fees is increased to £89m per year recurrently.
- 1.2. The professional fee will increase to a guaranteed £1 per item with an additional 1p for printing costs associated with the implementation of Electronic Prescription Service (EPS) agreed until March 2026, to support transition to paperless dispensing, making the guaranteed professional fee £1.01 per item for 2024/25.

#### **2. Practice payments and Terms of Service allocations**

- 2.1. A guaranteed £15m is allocated to practice payments and £5.1m allocated to Terms of Service. These funds will be distributed through the existing mechanism linked to dispensing volumes.
- 2.2. Practice payments will be reflective of dispensing volumes and based on volumes for 2023/24. The practice payment will be set at 25.1p per item (based on current dispensing volume of 79.9 million item per year) backdated to 1 April 2024.

#### **3. Clinical services allocations**

- 3.1. Allocations for clinical services (including the Clinical Community Pharmacy Service (CCPS)) and the Pharmacist Independent Prescribing Service (PIPS) will be combined and maintained at the 2023/24 level of £24.8m. This will ensure that those contractors fully engaging in the provision of clinical services see no reduction in service income.
- 3.2. Combining the allocations will allow health boards greater flexibility to allocate these resources to support local commissioning priorities. Health boards will continue to be directed to provide both the CCPS and PIPS meaning that contractors can provide those services without needing to be commissioned by health boards.
- 3.3. Distribution arrangements for underspends in the combined allocation will be reviewed to improve cashflow including through the introduction of a quarterly reconciliation.
- 3.4. The following elements will be taken forward by the Clinical Services Implementation Group:
  - 3.4.1. Changes to PIPS for 2024/25 to refine payment arrangements where there are changes of ownership and to support pharmacists acting as DPPs.

3.4.2. Changes to CCPS for 2024/25 to remove the flu element, make the sore throat test and treat service a mandatory condition within the Common Ailment Service and to enable pharmacy technicians to provide the Contraception and Flu Services (subject to the necessary regulatory changes).

#### **4. Continuity payments**

- 4.1. The planned move of continuity payment into the CCPS establishment payment is deferred to 2025/26.
- 4.2. The flu programme continuity element is removed and the agreed introduction of a service availability element is paused to enable evaluation and refinement of current service availability tool to ensure it delivers its intended aims.
- 4.3. Continuity payments will be temporarily reduced by £1m for 2024/25 to reflect this and will therefore be allocated as £3.7m.
- 4.4. Detail of the payment distribution for CAS and contraception services, and the review of the current service availability tool will be taken forward by the implementation group.

#### **5. Quality and Safety Scheme**

- 5.1. The Quality and Safety Scheme is simplified, and the allocation reduced by £0.8m to £2.4m. This will be a temporary reduction and we will seek to review arrangements in future years and should additional funding become available later in the year.
- 5.2. The revised scheme will:
  - 5.2.1. Reduce the frequency of All Wales Pharmacy Database (AWPD) validation from twice to once per year for 2024/25 and defer its implementation until conclusion of discussions on completion of planned development of the AWPD.
  - 5.2.2. Include £0.4m for a climate change element, the detail of which will be determined (equates to £604 per contractor for 2024/25).
  - 5.2.3. Introduce the Wales National Workforce Reporting System (WNWRS), agreed in the 2023/24 CPCF negotiations, with associated funding of £2m. This will be distributed in monthly instalments to contractors in recognition of the work required to implement the system in 2024/25.
- 5.3. Declarations for the Quality and Safety Scheme will be reviewed and simplified.

## **6. Community Pharmacy Collaborative Leads (Community Pharmacy Cluster Leads)**

- 6.1. Funding for community pharmacy collaborative leads will increase to £0.3m from April 2024, with £0.1m allocated to core funding (in line with other primary care contractors) and £0.2m to fund collaborative working with a specific medicines optimisation focus.
- 6.2. The areas of focus for 2024/25 will be; implementation of the Electronic Prescription Service and the Periods of Treatment review (56 day prescribing).
- 6.3. Conditions of payment and expectation of the CPCL role will be agreed via the CPCF implementation group.

## **7. Collaborative Working Scheme**

- 7.1. Funding for collaborative working schemes will increase by £0.8m to £1.6m.
- 7.2. The collaborative working visits for priority areas suspended from the 2023/24 contract will be reintroduced and arrangements for bonus payments will be reviewed by the implementation group.
- 7.3. Funding will be available to engage in up to six collaborative working visits and arrangements will enable greater flexibility to support engagement in priority areas at cluster and practice level.
- 7.4. The detail of the scheme will be agreed via the CPCF implementation group.

## **8. Workforce Incentive**

- 8.1. The workforce incentive allocation of £4.3m will be retained for 2024/25.
- 8.2. The payments scheme will be revised and extended to include a claim for pharmacy technicians who hold the National Clinical Services Accreditation.
- 8.3. The detail of the scheme will be agreed via the CPCF implementation group.

## **9. EPS Transition Payment**

- 9.1. The EPS transition payment allocation of £0.5m will be retained for 2024/25 to support contractors in the implementation of EPS.
- 9.2. Conditions of payment for EPS enabled contractors will be discussed and agreed by the implementation group.

## **10. Other areas**

- 10.1. Agreement to review the dispensing compensation mechanism for 2024/25. The Welsh Government will work with NHS Wales Shared Services Partnership (NWSSP) to establish the most appropriate amendments to the existing mechanism to adopt and discuss proposals with CPW.
- 10.2. Agreement to establish short life working groups to:
  - 10.2.1. Review the funding arrangements for essential small pharmacies.
  - 10.2.2. Scope the inclusion of community pharmacists in Welsh Risk Pool indemnity arrangements.
  - 10.2.3. Consider and develop a Medicines Optimisation Service proposal.
  - 10.2.4. Consider the CAS review report recommendations and opportunities for prescribing rights to be enabled in clinical service provision.
  - 10.2.5. Review data and reporting processes across the CPCF to minimise administrative burden, support access to reporting by appropriate individuals and enable the use of data to demonstrate the value of community pharmacy services.