

Meeting with Rt Hon Alistair Burt MP, Minister of State for Community & Social Care 13 January 2016

Summary Note

Attendees

Rt Hon Alistair Burt MP Jeannette Howe, Department of Health Officers and secretariat of the All-Party Pharmacy Group:

Rt Hon Sir Kevin Barron MP, Chair Oliver Colvile MP, Vice-Chair Baroness Cumberlege CBE DL, Vice-Chair Paula Sherriff MP, Treasurer Simon Whale, APPG secretariat

The following is the Group's summary of the discussion which took place at the Department of Health. The meeting was to discuss the joint letter from the Department of Health and NHS England to PSNC dated 17 December 2015.

The joint letter

Alistair Burt (AB) opened the discussion by saying:

- The NHS needs to find £22 billion of savings and the pharmacy sector will have to contribute toward this.
- As set out in the letter, community pharmacy funding in England will be cut in 2016/17 from £2.8 billion to £2.63 billion.
- But that is the extent of the 'bad news'.
- Pharmacy is a thriving sector and there are many pharmacies. It is a market that can withstand some change.
- The government does want pharmacies to provide new and different services.
- There are, however, a number of efficiencies that can be made, especially in distribution arrangements.
- It is likely that not all 'shops' will be viable under the government's plans. Multiples are more likely to be able to adapt, so the government will look at how to help small independents and those wishing to retire or exit.
- The government will work with PSNC on the detail of its plans.

Sir Kevin Barron (KB) noted that the funding reduction in 2016/17 represented 6% of the allocation and was to be made from October, covering six months. Was this to be seen as an annualised reduction of 12% with implications for the following year(s)?

Jeannette Howe (JH) confirmed that would be further reductions in future years. The October timing was intended to give pharmacies time to prepare. The government may be willing to consider phasing.

Paula Sherriff (PS) asked how the government had arrived at the figure of 6%. AB replied that this was the figure that was settled upon after negotiations with the Treasury. He emphasised his earlier point that the government feels the market can withstand such change.

PS referred to comments by the Chief Pharmaceutical Officer, Dr Keith Ridge, that there may be 3,000 too many pharmacies. Did the Minister expect this many to close as a result of the government's plans?

AB noted that pharmacy numbers had increased by around 20% in the last ten years. He could not be certain how many would close but suggested it could be between 1,000 and 3,000. Much would depend on the response of the multiples.

JH added that Dr Ridge had indicated the direction of travel, but the government does not have access to the accounts of individual pharmacies and therefore could not be sure about precise numbers of closures.

Baroness Cumberlege (BC) asked whether a formula would be used in determining which pharmacies closed and which remained. Pharmacies in rural areas, for example, provide a particularly important community service, and the second check on prescriptions that pharmacies carry out is an important safety measure.

AB replied that the government was promoting the Pharmacy Access Scheme referred to in the joint letter which could apply to pharmacies after taking account of their location and local health needs. He added that a formula approach could have 'hard edges' and that local decision-making may be more appropriate.

KB asked whether there would be compensation arrangements.

AB noted that the government could not decide which pharmacies would close. Pharmacies would need to decide whether they were viable in light of the change to the funding level. Multiples are likely to have more resilience. Smaller pharmacies will be 'squeezed' and that was a matter of concern, so the government would look at that.

KB asked how the proposals set out in the joint letter related to the initiative under way to place pharmacists in GP practices and possibly in other locations.

AB stated that this was a positive development. JH added that community pharmacists with the necessary skills could be based on GP practices, or it may be pharmacists with other backgrounds. The government believes this initiative will improve communications between GP practices and community pharmacies, and it does not necessarily reduce or remove the role of community pharmacies.

Oliver Colvile (OC) asked how the government could speed up plans to increase the services that community pharmacies provide.

JH replied that this was the government's intention and that the Pharmacy Integration Fund, together with local commissioning, would assist. JH confirmed that the Integration Fund would be

The All-Party Pharmacy Group receives financial support from: Pharmaceutical Services Negotiating Committee (PSNC), the Royal Pharmaceutical Society (RPS) and Pharmacy Voice (PV). Secretariat functions are provided by Luther Pendragon.

£20 million in year one and was expected to rise to £100 million by year five. Asked about the value of the Access Scheme, JH stated that this would be set at whatever value was necessary to meet ministers' objectives.

OC asked whether it would be correct to say that there were positive opportunities for pharmacists but that the outlook was less positive for pharmacies.

JH agreed.

A discussion followed on the government's intentions regarding 'hub and spoke' dispensing. KB noted that such developments would adversely affect pharmacies' income given their continued dependence on prescriptions. New services – which the APPG has long called for – would need to be comprehensively commissioned and better funded to bridge the likely gap in pharmacies' income.

AB agreed and stated that the sector would need to reduce its reliance on prescription income. In future those who depended the most on prescription volume would feel the greatest financial 'squeeze'.

AB emphasised that the funding reduction set out in the joint letter would happen, and protesting would not change this. He was encouraged by his meeting with representatives of the sector in December and hoped that all involved would continue to focus on how to make this work.

JC asked whether sectors other than pharmacy were seeing equal funding reductions (for example, dentistry).

AB replied that the professions have not been subjected to equal reductions but that across the NHS no one is immune from the need to make changes and implement efficiency measures.

JC asked how it would be possible to achieve the aim of pharmacies proving more services if at the same time funding was being reduced.

AB stated that community pharmacies would continue, but there would not be so many of them. In addition, the pharmacy sector was larger than community pharmacies so it was important to see the sector and its capabilities as not just being represented by shops on the high street.

OC asked whether the government had held discussions with the Post Office, to take account of lessons learned from the closure of post offices circa 15 years ago. JH replied that there had been such discussions.

KB noted that the joint letter had a major bearing on the APPG's current inquiry into pharmacy in primary care, and that it was likely to alter the course of the inquiry. AB agreed and offered to attend an evidence session with the APPG to discuss the plans further. This was welcomed. JH added that because the consultation was a more open process than past negotiations between the government and PSNC, it would be possible for the minister to be more open in his engagement with the APPG.

This is not an official publication of the House of Commons or the House of Lords. It has not been approved by either House or Committees. All-Party Parliamentary Groups are informal groups of Members of both Houses with a common interests in particular issues. The views expressed in this report are those of the group.

The All-Party Pharmacy Group receives financial support from: Pharmaceutical Services Negotiating Committee (PSNC), the Royal Pharmaceutical Society (RPS) and Pharmacy Voice (PV). Secretariat functions are provided by Luther Pendragon.