

LPC BRIEFING

SERVICE LEVEL AGREEMENTS

INTRODUCTION

The number of services provided by community pharmacists, that fall outside the National Contract, has increased significantly over the last few years. Health Authorities, Primary Care Organisations, Social Service Departments and individual GP practices are now commissioning services from individual pharmacies, for example:

- emergency hormonal contraception (EHC)
- smoking cessation services
- near-patient testing such as cholesterol testing, pregnancy testing or INR monitoring
- pharmacy support to NHS Direct
- supply of medicine and pharmaceutical advice to hospices

As a result some form of written agreement is often put in place between the parties, usually termed a Service Level Agreement (SLA).

WHAT IS AN SLA?

A Service Level Agreement is generally an agreement between a provider of a service and the commissioner of that service, determining the range and level of service to be provided and the fees agreed by both parties. It will normally relate to a set period of time, but may be available for renewal on an annual basis.

Written agreements defining the range and volume of services to be provided by hospitals have been in place between Health Authorities and NHS Trusts for well over a decade. Termed “contracts” during the time of the NHS internal market, these are now referred to as service agreements or service level agreements and now exist between Primary Care Organisations and NHS Trusts. It is also becoming more common for service level agreements to exist within organisations, as a vehicle to promote improved integration between departments, provide quality assurance and provide a framework for cost transfer charging; and between NHS bodies and other organisations, such as private healthcare providers, non-profit and voluntary organisations and community pharmacies.

Whether a service level agreement is legally binding is a complicated area. It is relatively easy to create a legally binding contract between two parties, by word, action or in writing, even if the documentation does not refer to itself as a contract. Therefore even if an agreement between a public sector organisation (the “Crown”) and a party other than the Crown is called an SLA, it will in legal terms be a contract.

WHEN TO USE IT

Where an individual pharmacy contractor agrees to provide services to another organisation, or a Local Pharmaceutical Committee agrees to arrange the provision of such services, it is sensible for all parties involved to formalise that arrangement through the establishment of an SLA.

This will reduce the risk of either party misunderstanding exactly what is expected in terms of both service provision, and financial terms.

Care should be taken if the service being provided is by an individual pharmacist in circumstances that would normally be considered to be employment and should be covered by an employment contract rather than an SLA.

CORE ELEMENTS OF A STANDARD SLA

Although the house style and exact content of a service level agreement will vary from one organisation to another, the core elements are likely to be similar, and include the following:

- **parties to the agreement** - *who the agreement is between.*
- **purpose of the agreement** - *what services are to be provided by whom, to whom, and subject to any conditions or specification (which may be included as appendices or schedules).*
- **period of the agreement** - *including notice periods for termination, and whether the agreement can be renewed.*
- **financial terms** - *fees, payment terms and method of payment. It may also be helpful to include VAT status of the payments.*

Additional elements may also be included, depending on the views of the organisations involved and the complexity of the service to be provided. These may include:

- **quality and performance management** - *what standards are expected, how they will be monitored and what action will be taken if performance is unsatisfactory.*
- **detailed specifications** - *defining exactly how the service is expected to be provided, what staff qualifications or training are required, insurance and indemnity arrangements, confidentiality statements, documentation to be used, etc.*
- **services not included** - *there may be circumstances where it is necessary, or desirable, to also define those services which are not included, particularly if there is any risk of misinterpretation.*

HOW ONE IS DRAWN UP

If the value of services to be provided during the whole life of the SLA is more than a defined threshold (currently £90,000), one of the EC Public Procurement Directives is likely to apply. These specify timetables for advertising requirements, issuing invitations to tender and publishing notices about the award of contracts. Compliance with these Directives governing public procurement is a legal requirement, so “high value” SLAs are likely to be awarded as a result of a lengthy process. Arrangements for awarding contracts will also be defined in the Standard Orders and Statutory Financial Instruments of an NHS organisation.

Once agreement has been reached that a service is to be commissioned from a pharmacy, or number of pharmacies, the commissioning organisation is likely to take the lead in drawing up the content of the SLA. This may follow an organisational style used for all their SLAs, or may be more organic, seeking to capture the elements relevant to the particular situation. Two examples of SLAs are included as Appendices.

Appendix 1 is an example of an SLA between a PCT and a pharmacy, for the provision of services to a hospice and is a fairly formal document. It defines the service to be provided in considerable detail, as four extensive schedules to the documentation, intended to leave neither the commissioner, nor the service provider in any doubt as to what is required. It also sets out in detail the arrangements for payment, and for action in the case of unsatisfactory performance.

Appendix 2 is an example of an SLA between an LPC and a regional office of NHS Direct to provide community pharmacy support to the operation. This is a much less formal in its format, but still defines what each party expects from the other.

Once the service commissioner has drawn up an initial draft of the SLA, the provider of service would expect to have the opportunity to make comments on it’s content. Depending on the complexity, and value of the SLA, pharmacies may wish to seek legal or professional advice on the content before signing the documentation.

It is not uncommon for the negotiation of the SLA documentation to be concluded after the service has started to be provided. Although this is not ideal, it may be a necessary evil, particularly if the funding to initiate a service is time-limited.

If you have any queries about this Briefing please contact Barbara Parsons on 01296 432823 or via e-mail: barbara.parsons@psnc.org.uk

Appendix 1

**Service Level Agreement
for
the Supply Of Medicines And Professional Pharmaceutical Services**

1. Parties to the Agreement

The Agreement is between:

a) _____ Pharmacy "the Contractor"

and

b) _____ Primary Care Trust "the Trust"

for the supply of pharmaceutical services to

c) _____ Hospice "the Hospice"

2. Purpose of the Agreement

The Agreement is for the supply of medicines and the provision of professional pharmaceutical services to the Hospice, subject to the terms of the service specification and the provisions of paragraph 4 - "Contractor's Obligations".

3. Agreement Period

The agreement will commence on 1st April 200X and extend for a period of twelve months and be subject to renewal if agreed by all parties.

The contract may be terminated, without penalty, if the PCT, Contractor or Hospice give the other parties three months notice in writing.

4. **Contractor's Obligations**

- 4.1 The Contractor will supply medicines in accordance with Schedules 1 and 4 of the contract.
- 4.2 The Contractor will provide professional services in accordance with Schedule 2 of the contract.
- 4.3 The Contractor will work towards providing the range of services specified in Schedule 3.

5. **Charitable Status**

_____ Hospice is a registered charity (Reg No _____). An Index Slip issued by the Charity Commissioners will be supplied by the Hospice as proof of this status for the purpose of zero-rating for VAT.

6. **Terms and Fees**

6.1 **Payment for Drugs, Dressings and Appliances**

Drugs, and those dressings, appliances and reagents, which are listed, in Part IX of the NHS Drug Tariff will be reimbursed at the rates specified in the Drug Tariff (or invoice price charged to the Contractor).

Payment will be made on a monthly basis following the submission of an invoice, within seven working days of the end of each calendar month, to the Director of _____ at _____ PCT. This will include a schedule listing each medicine etc. and the price charged.

Any carrier charges made by suppliers for special orders will be charged where necessary. Any "broken bulk" will be paid in full with the ullage remaining the property of the Hospice but stored at the pharmacy. The Contractor will supply a monthly list of such items and future requisitions for such drugs on the list will be made from the ullage at no charge until the ullage has been exhausted.

6.2 **Payment for Professional Services**

The Contractor will be required to provide not less than three hours per week of a pharmacist and their support staff's time to hospice matters. For provision of these professional services the Contractor will be paid £X per month.

6.3 **Payment terms**

Items supplied will be invoiced on a monthly basis; payment will be due within 30 days.

The service charges will be invoiced monthly; payment will be due within 30 days. The service charge is subject to VAT at 17.5%.

7. **Standards**

The service provided will be to the standard detailed in schedules 1 and 2.

8. Confidentiality/Data Protection

Any information/records relating to patients in the Hospice that may be available to the Contractor or that he may have access to, for the purpose of performing the service required, shall be held in the strictest confidence and shall not be divulged to any third party without the express permission of the Hospice Director.

Information, data or other confidential matters which employees of all parties to this agreement may require during the performance of their duties, shall be held in the strictest confidence and may not be divulged elsewhere without the express permission of the other parties.

10. Unsatisfactory Performance

In the event of the Contractor failing to provide a service to the reasonable satisfaction of the Hospice and _____ Primary Care Trust, the parties to the contract will identify the problem areas and agree on a corrective course of action, within an appropriate timescale.

In the event of the continuing failure of the Contractor to provide an acceptable service, the Hospice will be at liberty to review the whole agreement and serve notice of termination.

Signed for and on behalf of the Contractor

Signature:

Designation:Date:.....

Signed for and on behalf of Little Haven Hospice

Signature:

Designation:Date:.....

Signed for and on behalf of Southend-on-Sea Primary Care Trust

Signature:

Designation:Date:.....

CONTRACT SPECIFICATION

SUPPLY OF MEDICINES

The Service

The Contractor shall:

1. Supply medicines for in-patients. The supply will either be on a stock basis, or a named patient basis.
2. Supply up to twenty-eight days or the nearest Original Pack of medicines for patients to take home, if required.
3. Medicines will be dispensed against a signed requisition.
4. Work with the staff of the hospice to set up and maintain a stock control system to include:
 - maintaining appropriate stocks of medicines
 - regular checking of medicines
 - removal and safe disposal of outdated medicines.
5. Ensure that medicines are properly labelled in accordance with the requisition received and all legal requirements are met.
6. Ensure access to a full range of medicines that may be required.
7. Provide a regular and responsive delivery service.

Quality of service

The Contractor will carry out regular quality audit checks on the service provided and, by this means, will demonstrate to the Hospice and _____ Primary Care Trust that the service is working satisfactorily.

The service provided will be assessed according to published standards and guidelines including the following:-

- Misuse of Drugs Act 1971.
- Registered Homes Act 1984 and subsequent regulations.
- The Royal Pharmaceutical Society of Great Britain standards for good practice.
- Guidelines from the Health Authority or Trust relating to nursing homes
- Department of Health guidance, especially HC(88)54 and EL(95)22.

NOTES

- a) The term 'medicines' includes all pharmaceutical preparations, including controlled drugs and borderline substances as defined for use in conditions listed in the British National Formulary.
- b) An oxygen service does not form part of this contract.

CONTRACT SPECIFICATION

SPECIALIST PROFESSIONAL SERVICES

The service

The Contractor shall:

1. Provide advice on pharmaceutical aspects of paediatric palliative care. In particular, provide advice on availability, suitability, price, dosage form administration, adverse effects, and possible interactions of medicines supplied.
2. Maintain close working links with medical and nursing staff.
3. Participate in the education and training role of the Hospice.
4. Supply regular (monthly) data to both the Hospice and the Trust regarding expenditure on drugs
5. Take whatever measures are necessary to ensure that they are up to date with the pharmaceutical aspects of palliative care, including the completion of relevant training packages available from CPPE.

CONTRACT SPECIFICATION

AREAS FOR DEVELOPMENT

The Contractor will work towards:

Ensuring that the elements of good Hospice Pharmacy Service as described in EL(95)22, Annex D, (para 28) are in place. (See below).

Forming links with other Hospice Pharmacists (both community and hospital) to facilitate information exchange and promulgate good practice.

Elements of good Pharmacy Service to Hospices

A good hospice pharmacy service would include the following:-

- Advice on the legal requirements for medicines (Misuse of Drugs Act 1971, Medicines Act 1968 and the Registered Homes Act 1984)
- A prescription monitoring service – checking doses and instructions, looking for contraindications and adverse drug reactions and answering drug information queries.
- Specialist advice on the use of dressings, syringe drivers, infusion pumps and intravenous additives.
- Education of staff and patients about correct methods of administering medicines.
- Information for patients and carers about medicines – doses, instructions for use and possible adverse effects.
- Training for hospice staff on stock control, use of medicines and legal requirements.
- Participation in multidisciplinary meetings about patients' treatment with a view to better symptom control.
- Communication between pharmacists and other healthcare professionals

CONTRACT SPECIFICATION**SERVICE PROVISION**

This service will be provided by:

_____ Pharmacy, _____

The pharmacist taking the lead on the provision of this service is _____. Where appropriate, some aspects of the service may be undertaken by other suitably qualified persons employed by _____ Pharmacy.

1. Ordering of stock items

Weekly stock checks will be undertaken by Hospice staff during the appointed times. Any relevant stock will be ordered by sending a fax of the required items to _____ Pharmacy each Tuesday before 10am. This stock will be supplied, subject to availability on Wednesday between 3pm and 7pm or the earliest time practicable.

Additionally, during the routine advisory visit, _____ Pharmacy will undertake a stock check and any items requiring replenishment will be supplied subject to availability, within 24 hours.

2. Dispensing of non-stock items

Items that are not a general stock item should have prescriptions issued. These prescriptions should be faxed to the pharmacy by 10.00am and will be delivered the following day (unless they are an urgent item). Wherever possible these items should be included in the weekly ordering.

3. Urgent supplies

During pharmacy opening hours, any urgently required stock items or prescriptions required that day should be faxed to the pharmacy by 10am for delivery between 3pm and 7pm.

4. Delivery

Delivery will take place weekly, following the staff stock order. A delivery note will be provided with each delivery of stock. This should be signed by an appropriately qualified member of and retained as proof of delivery. A copy will be retained in the pharmacy.

5. Advisory visits

A pharmacist will undertake visits to provide general advice and to undertake a stock check. The visit will include advice in relation to medication storage, the removal and destruction of expired medication or prescribed items no longer required, advice on pharmacy policy where appropriate and the monitoring of prescriptions. Where appropriate, the pharmacist must be made aware of any prescribing undertaken outwith the BNF guidelines to ensure continuing appropriate advice.

The pharmacist must provide a minimum of one visit every 3 months.

6. Hours of services

Pharmacy advice, drug information, dispensing and the provision of urgent supplies, where appropriate, is available during the following hours:

Monday to Friday	9.00am - 6.00pm
Saturday	9.00am - 1.00pm

7. Access to drug information

The pharmacist will be available to provide information during the hours detailed above. This will be provided as promptly as possible, using the resources available to the pharmacist.

8. General advice and training

Updates on new medication or new treatment guidelines, which may be considered to be important will be given on a monthly basis where appropriate. Additional training on disease states, medicines management or specific drugs will be provided.

9. Administration of medicines

The Hospice is responsible for ensuring that all medication is administered in accordance with the directions of the prescriber. No medication should be administered without such written information. Existing prescription Charts will be used by the Hospice, but should be made available to the pharmacist where appropriate.

Prescribed medication no longer required should be returned to the pharmacy for safe disposal.

10. Checking of expiry dates

The pharmacist or dispensing technician will undertake date checking of all medication on a regular basis. Any expired items will be returned to the pharmacy for safe disposal.

11. Miscellaneous

Information on the cost of drugs supplied will be provided on a monthly basis. The pharmacist will compare this information to the current stock lists on a 6 monthly basis to determine any items, which may no longer be required, or to reduce stock quantities where appropriate.

The Hospice is responsible for ensuring that any information relevant to the provision of a pharmaceutical service is communicated to the pharmacist. This will include any issues relating to medication following Health Authority Inspection Visits etc.

12. Cost of the service

All drugs will be charged at current Drug Tariff prices.

Within the Payment for Professional Services (Contract para 6.2) there will be an annual dispensing fee of £X for the first X items per month on average. Any items over this threshold

will be accounted at an additional dispensing fee of £X per item and, if necessary, other elements of the service will be reduced accordingly following discussion between the parties to the Contract.

Payment for Professional Services: monthly service charge, subject to VAT

This includes:

- Professional services forming part of dispensing
- Provision of locum cover to enable pharmacist visits
- Preparation of monthly drug updates
- Preparation of training sessions
- Weekly delivery of stock items
- Provision of drug information
- Provision of general advice
- Stock checks
- Removal of medication for destruction
- Quality audits

END

Appendix 2

Service Level Agreement for community pharmacy support to NHS Direct

The provision of community pharmacy support is to be provided by _____
_____ Local Pharmaceutical Committee.

Period of agreement from _____ to _____

1. Provision of training for nurse advisors and call handlers on community pharmacy issues.

- 1.1. Delivery of a minimum of five training days to be provided during the period of agreement, by suitably qualified / accredited pharmacists.
- 1.2. Training days to be split between induction and continued professional development (CPD) according to needs of the NHS Direct site. CPD to include:
 - Update on clinical issues
 - Local and national service developments
 - Information on projects e.g. medicines management, E-prescribing etc
- 1.3. Provision of accreditation of attendance.

2. Clinical placements for nurse advisors in a community pharmacy.

- 2.1. Identification of accredited pharmacies, providing a wide range of pharmacy services, for clinical placements across the NHS Direct region. Participating pharmacies should be able to provide training as laid out in schedule 1.
- 2.2. Pharmacists providing a placement will have attended an NHS Direct call centre and will have an up-to-date understanding of the operation of NHS Direct within the previous two years.
- 2.3. Provide ongoing support for NHS Direct nurses' post-clinical placement.
- 2.4. Provision of approximately 40 half-day clinical placements during agreement period.
- 2.5. Evaluation of the clinical placements (see 3.1).
- 2.6. NHS Direct will ensure that all new nurses attend a clinical placement within three months of joining the service.
- 2.7. NHS Direct will ensure that all nurses complete at least 6 hours of community pharmacy CPD within a 12-month period.

3. Communication and feedback on community pharmacy developments.

3.1. The LPC will provide a feedback report based on the training evaluation every six months.

3.2. The LPC will provide feedback on callers referred to community pharmacy. This should provide information on:

- Patient satisfaction
- Appropriateness of referral
- Outcomes of consultation
- Recommendation of changes needed

Structure and depth of feedback to be negotiated locally between the LPC and NHS Direct.

3.3. The LPC will arrange quarterly meetings with senior nurse managers to feedback on local and national developments within pharmacy. The meetings will have a formal and information components and will be open to all nurses. This will include PCG / PCT developments, medication deregulation, pilot projects locally and consumer scares. The meetings will also include horizon scanning and best practice development.

3.4. The LPC will produce a formal report every four months highlightling both local and national developments within community pharmacy. This will also include details of changes to contractor and service provision.

3.5. The LPC will liase with and apportion resources to the other LPCs within the area covered by the NHS Direct site that may be contributing to the delivery of this agreement.

3.6. NHS Direct will provide a Pharmacy Co-ordinator with whom the LPC will liase and set milestones.

4. Funding

4.1. The price to be paid will be £_____, to be invoiced quarterly.

For and on behalf of
_____LPC

For and on behalf of NHS Direct

Dated: _____