

PSNC Funding & Contract Subcommittee Minutes

For the meeting held on Tuesday 14th May 2013

at the Old England Hotel, Bowness on Windermere, Cumbria, LA23 3DF

at 11.15pm

Present: Dhiren Bhatt, Peter Cattee (Chairman), Liz Colling, Ian Cowan, Tricia Kennerley, Bharat Patel, Raj Patel

In attendance: Stephen Banks, Mark Burdon, Christine Burbage, Alastair Buxton, Harpreet Chana, Mark Collins, Ian Cubbin, Mike Dent, Peter Dixon, David Evans, John Evans, Mark Griffiths, Kirstie Hepburn, Elisabeth Hopkins, Andrew Lane, Steve Lutener, Raj Morjaria, Indrajit Patel, Kirit Patel, Komal Patel, Janice Perkins, Omar Shakoor, Sue Sharpe, Zoe Smeaton, Gary Warner

1. Apologies for absence

Apologies for absence have been received from Andy Murdock.

2. Minutes

The minutes of the meeting held on 12th March 2013 were approved.

3. Matters arising

The issue of divestments has been raised orally in regular meetings with DH in the last few weeks. Whilst there is nothing formal to report as yet, DH are aware of our concerns including the fact that contractors are seeing millions of pounds of extra costs to the NHS as a result of divestments. It was noted that reimbursement mechanisms are a future focus of DH and we will continue to press for a resolution.

The Scottish system for NCSO / price concessions had been discussed with Community Pharmacy Scotland. They had confirmed that this system is actually based on English prices.

4. Work plan

Progress made against the 2013 work plan was reviewed by the subcommittee.

ACTION / RATIFICATION

5. 2012-13 and future funding

DH have shared PSNC's draft objectives paper with NHS England and are beginning to make plans for how negotiations will continue with NHS England.

There was concern that PSNC should be actively involved in the arrangements for negotiating funding delivered through reimbursement with DH and NHS England going forward. DH have accepted this.

It was noted that currently approx. £2 billion of funding in fees and allowances is held by NHS England and the £500 million guaranteed margin plus any surplus (say £250 million) is held by CCGs. In future, if NHS England needed to find funding, this would have to be taken from the CCGs but this seems highly unlikely in the present climate.

It is possible that CCGs will try to reduce their spending on the £500 million retained margin, believing that this would reduce overall costs to the NHS. It was confirmed that this will need to be addressed with NHS England to avoid any potential manipulation at local level or attempts to reduce the sum at national level.

There are no regulations that PSNC can use to try and protect the amount of funding delivered through margin but it was noted that it would need to be implicit in the new framework that the total agreed funding would be protected to safeguard against potential CCG behaviour and reduce risks of local variation.

6. AIV

The information in the agenda was noted.

7. Margin surveys

The information in the agenda was noted. The results in the agenda are draft versions as negotiations with the DH on key components are ongoing.

8. Current activity on shortages

The information in the agenda was discussed as part of item 9.

9. Future systems to deal with shortages

A summary of DH's paper in confidential appendix FCS 05/05/13 was presented. The subcommittee agreed it was important to consider a revised system for dealing with shortage lines but highlighted a number of important requirements that any solution must contain, such as any lines in shortage should be exempt from discount deduction and prices should be weighted according to product volumes and availability. The timing of price announcements was also discussed. There were reasons for and against releasing prices at various times of the month and these would need to be explored. It was suggested that earlier concessions would help to inform contractors as to a reasonable purchase price. It was confirmed that the margin survey could be adapted to incorporate a special section to analyse lines in shortage.

REPORT

10. PAC study on NCSO payment and endorsing

The information presented in the study was discussed.

The amount of claims paid incorrectly by the BSA was noted and the current accuracy levels of the BSA were discussed. Harpreet Chana confirmed that PRISM was being developed to give improved accuracy indicators in line with those captured currently by the BSA to allow for better comparison.

It was asked whether the information in this study could be utilised by committee members. A short summary of the paper will be made available on the website and in the next CPN.

11. Supply Chain Issues

a. Recent Changes to Manufacturers Distribution Arrangements

The information in the agenda was noted.

b. Supply problems: Intrusive auditing practices

The information in the agenda was discussed.

It was noted that there had been no response to the letter sent to Quintiles.

12. Statistics

The information in the agenda was noted.

13. Any other business