



# Department of Health

Your Ref: Council - Pharmacies - 20161109

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From David Mowat MP  
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Dear Dr Wilkins,

Thank you for your letter of 15 November to Jeremy Hunt about community pharmacy services.

I know that people hold community pharmacy in deep regard. I believe the reforms to community pharmacy I announced on 20 October will improve the service offered to the public, make better use of pharmacists' valuable clinical skills, and allocate taxpayers' money more efficiently.

We want to encourage much greater use of community pharmacy as a first port of call by more fully integrating it with the rest of the NHS, so more people benefit from the skills of pharmacists and their teams in community pharmacies, in GP practices and in urgent care hubs.

The current funding system for community pharmacy does not always promote efficient, high quality services and the sector is not as well integrated with the rest of the NHS as it could be. It is only fair to ask the sector to contribute to the £22 billion of efficiency savings, as other parts of the NHS are required to do. Community pharmacy, as a core part of NHS primary care, must play its part as the NHS rises to this challenge.

Following recent growth, 40 per cent of pharmacies are now in clusters of three or more, meaning two-fifths of pharmacies are within ten minutes' walk of at least two other pharmacies. In most cases, the NHS currently gives each of these pharmacies a guaranteed fixed payment of £25,000 per year regardless of their size, quality or local demand, and in total the average pharmacy receives nearly £1 million for the NHS goods and services that it provides, of which around £220,000 is direct income. This

is not an efficient use of NHS resources and so we are introducing reforms that will allow us to reinvest savings into patient care.

To provide greater certainty to businesses, I announced a two-year funding settlement instead of the usual one-year settlement. Contractors providing NHS pharmaceutical services under the community pharmacy contractual framework will receive £2.687billion of funding in 2016/17 and £2.592billion in 2017/18. This represents a four per cent reduction in funding in 2016/17, and a further 3.4 per cent in 2017/18.

From 1 December, we will:

- simplify the outdated payment structure for community pharmacy, which rewards most pharmacies just for being there, phasing out the establishment fee and, in doing so, more efficiently allocate precious NHS resources;
- introduce a payment for quality so that, for the first time, we will be paying pharmacies for the quality of service they provide to the public, rather than the volume of prescriptions they dispense, which will improve services to patients;
- relieve pressure on other parts of the NHS, by embedding pharmacy into the urgent care pathway, including for those who need urgent repeat prescriptions and treatment for urgent minor ailments and common conditions. Patients who need urgent repeat prescription medicines will be referred from NHS 111 directly to community pharmacies, rather than via a GP out-of-hours service; and
- commit to national coverage of minor ailments services delivered through pharmacies by April 2018, through a new Pharmacy Integration Fund that will support additional programmes to better embed pharmacists' clinical skills within NHS services.

We will protect access for patients through a new Pharmacy Access Scheme in areas where there are fewer pharmacies and higher health needs. On 20 October we published the list of those pharmacies that will be eligible for funding from the Pharmacy Access Scheme. These pharmacies will be protected from the full effect of the funding reductions, meaning that we can be confident that all patients can continue to access the services they need.

Details of the final package, the impact assessment, a Pharmacy Access Scheme document that explains the eligibility criteria, and rules of the scheme and the list of pharmacies that qualify for a payment are all available at [www.gov.uk](http://www.gov.uk) by searching for 'community pharmacy reforms'.

Our substantial consultation and negotiations with the sector have reinforced what we set out when we embarked on this process in December 2015, namely that community pharmacy is highly valued and plays a vital frontline role in the NHS, but



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that there is real potential for far greater use of community pharmacy and pharmacists.

I would like to assure you that I believe the future for community pharmacy is bright. I am confident that my announcement marks the start of a longer term transformation for the sector that will see better services for patients and an enhanced role for community pharmacy at the very heart of health and care provision.

I hope this reply is helpful in setting out the Government's position.

Yours sincerely,

**DAVID MOWAT**

