

Dear Colleague

**PHARMACEUTICAL SERVICES:  
AMENDMENTS TO DRUG TARIFF IN RESPECT OF  
REMUNERATION ARRANGEMENTS FROM 1 APRIL  
2016**

**Summary**

1. This circular advises community pharmacy contractors and NHS Boards on the outcome of the negotiations for the community pharmacy funding envelope for 2016-17.

**Background**

2. Circular PCA (P) (2015) 15, published 21 July 2015, advised of amendments to the Drug Tariff in respect of remuneration arrangements and set out that the Global Sum for 2015-16 was set at £177.359m.

3. A settlement has now been reached with Community Pharmacy Scotland on a 1 year community pharmacy funding package to cover the financial year 2016-17.

**Details**

4. This circular advises of the **key and headline** elements of the community pharmacy funding settlement which aims to deliver contractors and Health Boards with continued stability and predictability established as part of the 2015-16 settlement. The **key and headline elements of the 2016-17 settlement** are as follows:

11 May 2016

**Addresses**

For action

Chief Executives, NHS Boards

For information

Chief Executive, NHS NSS  
Director of Practitioner Services,  
NHS NSS  
NHS Directors of Pharmacy  
NHS Directors of Finance

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- The Global Sum will be reset for **2016-17** to **£178.359m**, up £1m on the previous year.
- The Drug Tariff (generic drug) reimbursement prices will **remain unchanged** for the financial year 2016-17.
- The Non-Global Sum is reset to **£3.3m** up £2m on the previous year. This is in respect of 2016-17 financial year only.

#### Margin Sharing Arrangements

- The updated Margin Sharing Arrangements agreed as part of the 2016-17 settlement will see an **increase in the guaranteed minimum margin** achieved by community pharmacy contractors being **set at £93.5m**.
- The settlement shall also see the **continued delivery of risk and margin shared** between pharmacy contractors and Health Boards on amounts **above £102.171m**.
- Part 7 clawback arrangements in respect of margin to be returned to Health Boards, including legacy amounts, will be **repaid over a 12 month period** commencing April 2016, with the aim of **keeping cashflow to a minimum of £103.078m**.
- The **clawback rate to be baselined at 3%** from April 2016, as notified in circular PCA (P) (2016) 3, and **adjusted on in year monitoring**.
- Any outstanding legacy amounts for return to Health Boards at 31 March 2017 (inclusive of 2015-16) will be written off as agreed within the 2015-16 settlement.

5. Further information on the detailed changes to the Drug Tariff in respect of remuneration and Margin Sharing arrangements when finalised with Community Pharmacy Scotland will be circulated in due course.

#### Consultation

6. Community Pharmacy Scotland has been consulted on the contents of this Circular.

#### Action

7. **NHS Boards should share a copy of this Circular with all Community Pharmacy Contractors, Health and Social Care Partnerships and the Area Pharmaceutical Committee.**

Yours sincerely



**Rose Marie Parr**  
Chief Pharmaceutical Officer/  
Deputy Director, Pharmacy & Medicines Division