

09/06/17

Challenging discussions began in October last year and these discussions between Scottish Government and ourselves have concluded with settlement for one year in 17/18 (details below). The conversations were conducted in a professional and collaborative manner with the aim being to deliver a settlement that could be signed off which recognised the complex issues and financial pressures currently facing contractors and the NHS. Scottish Government remain committed to maintaining a vibrant, stable and predictable pharmacy network throughout Scotland.

- Global Sum unchanged at £178.359m (contractors will see no change in how this element of funding is paid at the moment).
- Tariff Reduction of 5.77% (£20m) over a 12 month period from 1st June. This reduction is taken from the published list of lines as per Circular (P)(2017)5. This drop in the drug tariff reflects the amount owed to Health Boards from 16/17 agreement and will be monitored to deliver the overall savings (£20m) over the course of the next 12 months.
- Generic clawback to zero (from 3%) from 1st June
- Non-Global Sum would remain unchanged from its current level of £1.3m
- As part of the Margin sharing arrangements the guaranteed Minimum increased to £110m
- Instigation of a 100% of £10m band above £110m to £120m for pharmacy network if available in the system through 17/18 (this is monitored on a quarterly basis through discount spot checks)
- If above £120m a 50:50 share will occur
- £2m non recurring to be invested into network as per 16/17 agreement for 17/18
- Agreement to monitor the impact of pregabalin from 1st August upon patent expiry

More details will follow in due course however this settlement essentially uses 15/16 funding levels as a benchmark with costs being recognised as part of an uplift on that year. The 2017-18 round of negotiations presented all involved parties with a number of real challenges and as such we will enter into negotiations for 18/19 acknowledging that the development of pharmacy services and the contribution to Primary Care transformation will be channelled alongside financial considerations.