

Item No. 5.	Classification: Open	Date: 27 February 2020	Meeting Name: Health and Social Care Scrutiny Commission
Report title:		Change in tariffs for supervised consumption and needle exchange services in community pharmacies	
Ward(s) or groups affected:		All Southwark wards and all population groups	
From:		Professor Kevin Fenton Strategic Director of Place and Wellbeing Director of Public Health, Southwark Council	

SUMMARY

Needle exchange and supervised consumption services are both harm reduction services that are provided by pharmacies in the community. Pharmacy needle exchange services provide sterile injecting equipment and dispose of used needles to reduce needle sharing and other high-risk injecting behaviours. They are available to all adult injectors, regardless of resident status. Supervised consumption (most usually of methadone) reduces the risk of drug-related overdose and death, minimises the risk of accidental consumption by children and provides an opportunity for contact between a health professional and a service user.

Pharmacy providers have been on a three-year contract to provide needle exchange and supervised consumption since 1 April 2017 (ending 31 March 2020). The contract allowed new providers to join or leave at any point during the contractual term, and providers may choose to deliver either of the services, with no obligation to deliver both. The tariff prices have not been revised since before April 2013, representing the only substance misuse budget line that has not been reduced since 2013-14.

Officers are required to work according to the council values, which requires “spending money as if it were from our own pocket”. A recent benchmarking review with neighbouring boroughs revealed that Southwark is paying more for supervised consumption than Lambeth and Lewisham – in the case of Lewisham, twice as much per methadone dispensation. Officers considered that this did not demonstrate best value for public money, and decided to align costs to match those of Lewisham.

Council officers informed the LPC and wrote to pharmacists, telling them of the price change. At the time of writing, 15/18 pharmacies have agreed with this price reduction. It should be noted that there are alternative pharmacy providers who are interested in joining the contract to take up provision for those pharmacies that are leaving, to ensure ongoing coverage across the borough. Officers do not anticipate any reduction in coverage for supervised consumption services across the borough, and hence little impact upon our opioid-dependent population.

With regards to needle exchange, 14 pharmacists currently deliver the service. The current payment mechanism is not considered equitable for those pharmacists that undertake the most activity, with 8/14 providers generating the majority of their payment from an annual retainer fee rather than frontline contact with service users. It

was considered that this does not incentivise providers to increase the number of contacts, so a more equitable “payment by results” tariff has been developed.

Council officers informed the LPC and wrote to pharmacists, telling them of the tariff change. 10/14 pharmacies have agreed with this price reconfiguration. It should be noted that there is an alternative pharmacy provider who is interested in joining the contract to take up provision for those pharmacies that are leaving to ensure ongoing coverage across the borough.

RECOMMENDATION

Members are recommended to:

- Note this report, and its contents, which are for information.

BACKGROUND INFORMATION

1. Pharmacy needle exchange services aim to reduce the rate of sharing and other high-risk injecting behaviours by providing sterile injecting equipment and other support as well as ensuring the safe disposal of used injecting equipment. They are accessible to all adult injectors who are using illicit drugs and are not dependent upon resident status.
2. Supervised consumption of medicines for the treatment of opioid dependency by an appropriately qualified professional ensures that the service user receives the correctly prescribed dose, reduces diversion of medicine, reduces the risk of drug related overdose and death, minimises the risk of accidental consumption by children and provides an opportunity for contact between a health professional and a service user. Whilst primarily focused on opioid dependency, the supervised consumption service may also be appropriate for non-opioid service users.
3. In February 2017, approval was given for the award of a new three year contract to existing pharmacy providers for the provision of substance misuse services in community pharmacy (supervised consumption and needle exchange) between 1 April 2017 and 31 March 2020.
4. The contract made provision for new providers to join or leave at any point during the contractual term; continued participation is optional with the services offered as an extra alongside existing substantive provision.
5. There is no requirement for providers to deliver both services and they are able to choose whether to deliver one or both.
6. Existing tariff prices have not been subject to revision since the transfer of the services to the council on 1 April 2013, and may have been transferred across unchanged from the previous PCT contracts. Despite significant financial pressure on the Public Health grant, there has been no reduction in tariff during the three year term, representing the only substance misuse budget line that has not observed a reduction since 2013-14.

KEY ISSUES FOR CONSIDERATION – SUPERVISED CONSUMPTION

Market testing and funding levels

7. To inform commissioning arrangements from 1 April 2020 onwards, a pharmacy review was undertaken last year. This review included the benchmarking of services with other boroughs. The review highlighted a significant variation in costs with neighbouring boroughs Lambeth and Lewisham, which are considered to have broadly comparable treatment populations.
8. On confirmation that Southwark is paying more than Lambeth and Lewisham for the same service provision, officers considered that this did not demonstrate best value for public money and a decision was taken to align the tariff to be consistent with Lewisham, as a close geographical neighbour, who has funded the services at this tariff since 2017.

Consultation process with pharmacy

9. A letter was sent to the Local Pharmaceutical Committee (LPC) by email on 3 October 2019, advising of the council's commissioning intentions and informing them that a letter would shortly be sent to existing providers, requesting confirmation as to whether they still wished to be a contractor under the proposed payment tariff. The LPC responded by email on 7 October 2019 expressing disappointment and concern that some providers may find the new payment tariff unviable. It was suggested that a meeting could take place to discuss whether there were other options. A further email was sent to the LPC on 16 October 2019 in which their disappointment was acknowledged and it was confirmed that the council was not considering other options on the basis of confirmation that a borough in close proximity was paying contracted pharmacies 50% less than the current Southwark tariff.
10. A letter was sent out to all contracted pharmacies via Pharmoutcomes on 16 October 2019 outlining the outcome of the review and seeking confirmation as to whether they still wanted to be considered as a contractor from 1 April 2020. Pharmoutcomes was considered an appropriate communication route as pharmacies regularly access the portal and messages are quickly received.

Pharmacy inclusion and agreement to participate

11. Of the 18 contracted pharmacy sites, 16 initially confirmed that they still wanted to be a provider, with one provider declining to be considered for a new contract and one nil response. Officers considered that an 89% consensus rate provided a mandate for the revised tariff proposal to be implemented. Subsequently, in January 2020, one further provider revised their initial acceptance to decline; another provider advised they were waiting on instruction from the LPC and the previous nil responder advised that they wished to continue with the provision. As such, at the time of writing, 15 existing providers have confirmed they wish to be contractors from 1 April 2020 equalling an 83% consensus rate.
12. Two national pharmaceutical chains have expressed an interest in increasing the number of their Southwark based stores that offer the services, representing an additional 5 sites that wish to join the scheme. It should be noted that had a significant number of pharmacies declined the new tariff, officers would have re-considered the proposal, but this was not the case.

Geographic equity of provision

13. Officers have checked and mapped the locations of pharmacies that have

indicated that they are likely to drop out of the scheme. This reduction in provision will be mitigated by the additional 5 stores that wish to join the scheme (paragraph 12) from 1 April 2020, with consideration given to approaching other pharmacies within specific geographical locations to further increase accessibility if needed.

14. Choice of pharmacy is directed by service user need and underpinned by a risk assessment undertaken by the adult treatment provider Change, Grow, Live (CGL), Southwark's adult treatment provider. They have confirmed that they would require a minimum period of two weeks to update prescriptions and allocate to a different pharmacy should a pharmacy withdraw from delivering the service; the timescales allow for the decision to be taken and implementable before the 15 March 2020 when notice of change is required by CGL, thus mitigating risk.

KEY ISSUES FOR CONSIDERATION – NEEDLE EXCHANGE

15. The current tariff model was also benchmarked as part of the overall review. It should be noted that the council funds a separate needle exchange and paraphernalia coordination service contract, hosted by SLaM, which provides all equipment, advice and information booklets, training and a clinical waste collection service for the contracted pharmacies.
16. Needle exchange benchmarking processes indicated a more complex picture with significant differences in the models employed by local authorities making comparison more difficult. This was further complicated by some local authorities embedding the cost of the services within their adult treatment contracts, thus having no awareness of actual costs.
17. Since the contract commenced on 1 April 2017, Southwark has updated its pharmaceutical needs assessment 2018 – 2021 which noted: *'There is adequate and widespread availability of the needle exchange service across the borough, particularly in areas of greater deprivation, and provision broadly mirrors that of the supervised consumption service. Geographical distribution of this service should be reviewed to ensure access to services meets need whilst minimising duplication of provision'*. It is timely to consider this conclusion when re-commissioning the services for another period.

Market testing and funding levels

18. Activity for previous years was reviewed, with inefficiencies identified in the current model. All providers in the current model receive an annual retainer fee. However, the review identified, in 2018-19, that eight of the 14 providers were generating the majority of their payment from the annual retainer fee rather than frontline contact with service users. It was considered that this did not incentivise providers to increase the number of contacts, thus reducing harm and risk to injecting drug users. The revised payment model will remove the annual retainer payment, but increases the activity payments across a sliding scale (i.e. more contacts = higher payments). A number of providers would see a decrease in payment due to the removal of the annual retainer on current activity contacts, but there is an opportunity to increase payments through increasing activity as well as to support harm reduction and promote safer injecting and health and wellbeing in the injecting drug using population.

Consultation process with pharmacy

19. A similar process was undertaken as with the supervised consumption service whereby a letter was issued to the LPC by email on 27 November 2019 followed by a letter to contracted providers by Pharmoutcomes and email on 29 November 2019 detailing the outcome of the review and requesting confirmation as to whether the existing provider still wanted to deliver the services from April 2020.

Pharmacy inclusion and agreement to participate

20. Of the 14 contracted providers, 10 have confirmed that they still wish to be a provider, three have declined to continue to provide the service and one has not responded. This provides a 71% consensus rate with the new tariff. Additionally, one national chain has confirmed they would like to deliver the service from 3 additional sites, subject to the council's agreement.
21. The new contract will be commissioned to enable new providers to join and leave during the term, so as to ensure appropriate geographical coverage. Where the loss of a provider could result in reduced geographical coverage, the council will take steps to engage with new providers in the locality to deliver the services; this is an existing risk that has been managed throughout the duration of the existing contract.

Geographic equity of provision

22. From 1 April 2020, three existing providers of the services will leave the service; however, two additional provider sites will increase geographical coverage in these localities. Additionally one pharmacy that is leaving the service has a neighbouring pharmacy that was previously part of the scheme, but which dropped out due to lack of activity – this could present an opportunity for the previous provider to reinstate services in a less competitive market.
23. A detailed Gateway 1/2 report has been drafted for decision on 4 March 2020 with the intention to offer new contracts from 1 April 2020.

Policy implications

24. Public health services aimed at reducing drugs and / or alcohol misuse are non-mandated functions, but have been a condition affecting the payment of the Public Health grant to local authorities since 2015/16. Pursuant to section 31(4) of the Local Government Act 2003, the Secretary of State stipulated: “A local authority must, in using the grant: *‘have regard to the need to improve the take up of, and outcomes from, its drug and alcohol misuse treatment services.’*”

Community impact statement

25. Pursuant to section 149 of the Equality Act 2010, due regard has been given to the council's decision making processes to the need to:
 - a) Eliminate discrimination, harassment, victimisation or other prohibited conduct.

- b) Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not.
- c) Foster good relations between those who share a relevant characteristic and those that do not share it
26. The relevant protected characteristics are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. The Public Sector Equality Duty also applies to marriage and civil partnership, but only in relation to (a) above.
27. Officers have taken steps to ensure compliance with the Public Sector Equality Duty imposed by the Equality Act 2010, as detailed in this section in particular:
- A Pharmaceutical Needs Assessment has been conducted and published in 2018. The full document is available at:
<https://www.southwark.gov.uk/assets/attach/6399/Southwark-PNA-2018-2021.pdf>
 - Formal contract review will continue to consider service level data in relation to service access and engagement by individuals with protected characteristics on a quarterly basis;
 - The service will continue to give priority to investigating and resolving any equality based issues that arise on a day to day basis to ensure that the service is inclusive for all;

Financial implications

28. The service contract has been fully funded by the ring-fenced Public Health grant allocation to the local authority since 4 January 2016. It should be noted that the grant has been subject to annual funding reductions averaging 3.9% (real term) between 2015-16 and 2020-21, which has impacted on investment levels into drugs and alcohol treatment, as well as other public health funded services
29. There has been a 40% reduction in Public Health grant funding allocated to the adult community specialist drug and alcohol treatment service (currently provided by CGL) since 2014-15 (c£2.3m), which has directly impacted on service provision and capacity, the ability to meet need, and the ability to deliver successful outcomes and meet performance requirements.
30. Despite these budget reductions for the main treatment service, pharmacy budgets have not been reduced during this period.
31. Existing tariff prices have not been subject to revision since the transfer of the services to the council on 1 April 2013, and may have been transferred across unchanged from the previous PCT contracts. Despite significant financial pressure on the Public Health grant, there has been no reduction in tariff during the three year term, representing the only substance misuse budget line that has not observed a reduction since 2013-14.

AUDIT TRAIL

Lead Officer	Professor Kevin Fenton Strategic Director of Place and Wellbeing Director of Public Health, Southwark Council	
Report Author	Donna Timms, DAAT Unit Manager / Farrah Hart, Consultant in Public Health	
Version	Final	
Dated	19 February 2020	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments sought	Comments included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	No	No
Cabinet Member	No	No
Date final report sent to Scrutiny Team	19 February 2020	