

F THE ESSENTIAL SMALL PHARMACIES SCHEME (ESPS)

Introduction

- F.1 The Essential Small Pharmacies Scheme (ESPS) provides financial assistance to pharmacies that are not economically viable because of their location but are considered vital to the provision of pharmaceutical services to the local community. The scheme, therefore, aims to ensure the proper provision of pharmaceutical services in areas that would otherwise have difficulty in accessing them.
- F.2 Its origins date back to the late-1970s when the Essential Pharmacy Allowance (EPA) was introduced. The criteria for eligibility were on the same basis as they are today (i.e. both a maximum number of prescriptions and a minimum distance from another pharmacy) but the specification of the criteria has changed over time. For example, the minimum distance from the next nearest pharmacy has been reduced over the years from 3 miles to 1 kilometre.
- F.3 Before the ESPS and EPA, there were supplementary payments for pharmacies providing essential services in certain areas. These payments were first introduced in 1964. The basic criteria were the pharmacy could dispense no more than an average of 750 prescriptions per month over the year and be located at least 3 miles from the next pharmacy. However, these were not hard and fast rules but rather pharmacies were evaluated on a case-by-case basis.
- F.4 The scheme is available throughout the whole of the UK although differences exist in eligibility requirements and payments between the devolved regions. In all, there are 340 ESPS pharmacies in the UK (table F.1). The details of the scheme in each region are discussed below.

TABLE F.1: ESPS PHARMACIES IN THE UK, 2001

England	243
Wales	22
Scotland	50
Northern Ireland	25
TOTAL	340

Sources: Department of Health, Scottish Executive and Northern Ireland Health and Social Services.

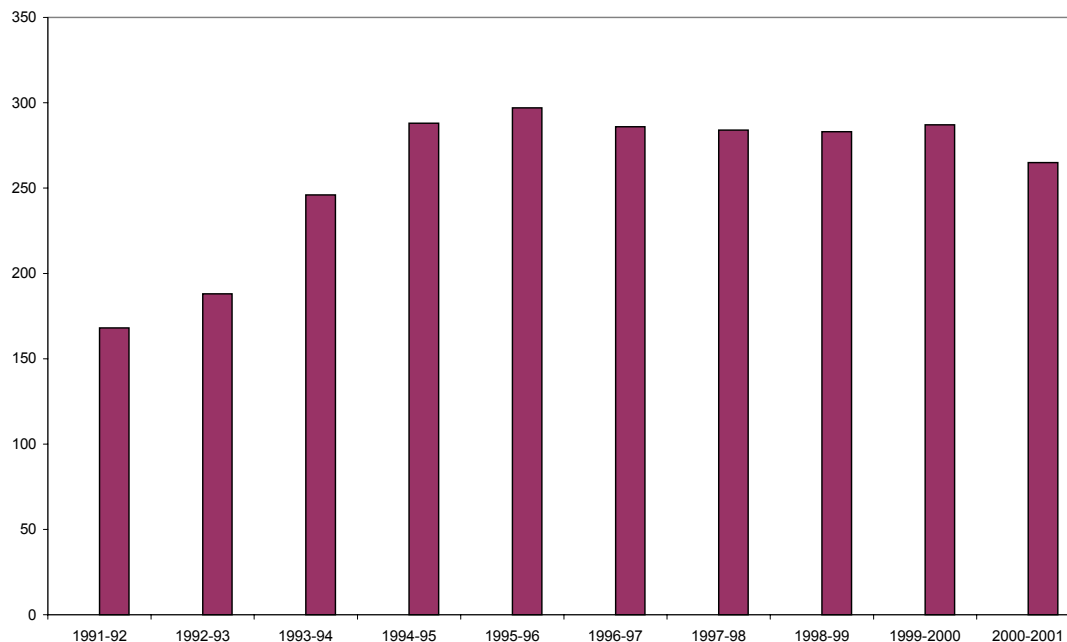
England and Wales

Introduction to England and Wales

- F.5 In 2000-2001, 243 pharmacies in England and 22 pharmacies in Wales received payments under the Essential Small Pharmacies Scheme (chart F.1).⁵⁰ These were most common (relative to population) in Wales, the North West of England and the South West of England.
- F.6 Around 90 per cent of pharmacies claiming payments under the ESPS are independents. Although the majority of ESPS pharmacies are located in rural areas, 33 ESPS pharmacies were located in London and another 40 were located in other metropolitan areas.
- F.7 Over the past decade, the number of pharmacies receiving ESPS payments peaked in 1995-96: the total number of pharmacies in the UK also peaked at this time. However, since the mid-1990s, the overall number of ESPS pharmacies has remained broadly stable.

⁵⁰ Department of Health, Statistical Bulletin: General Pharmaceutical Services in England and Wales 1991-92 to 2000-2001.

CHART F.1: NUMBER OF PHARMACIES RECEIVING PAYMENTS UNDER ESPS, ENGLAND AND WALES, 1991-92 TO 2000-01.



Source: Department of Health Statistical Bulletin: General Pharmaceutical Services in England and Wales 1991-92 to 2000-2001.

Eligibility requirements

F.8 To be eligible for the scheme today, the pharmacy must:

- dispense fewer than 23,040 prescriptions per year, and
- be located more than one kilometre (by the nearest practicable route to the public on foot) from the next nearest pharmacy.⁵¹

F.9 In 1993, the second criterion was changed from being no closer than two kilometres to the next nearest pharmacy to one kilometre. This explains the sharp increase in pharmacies in the scheme at that time (chart 1). The maximum number of prescriptions dispensed criterion is reviewed regularly.

F.10 While these criteria are relatively straight forward, circumstances may change so that a once eligible pharmacy no longer meets the requirements. What happens depends on which of the two requirements are not met.

⁵¹ Drug Tariff April 2002, National Health Service, England and Wales.

- F.11 If the first requirement is no longer met while a pharmacy is receiving ESPS payments (i.e. it dispenses more than 23,040 prescriptions), any ESPS payments already made will be recovered. This will be done by clawing back the payments already made from the remuneration due to the pharmacy in the 3 months immediately following the month in which prescriptions went over the 23,040 limit.
- F.12 If, however, it is the second requirement that is no longer met (i.e. a second pharmacy with a NHS contract opens within one kilometre of the first pharmacy), ESPS payments to the first pharmacy will not immediately stop. Instead, they will be phased out. Payments will be made at the full rate for the remainder of the current year and at half the full rate for the following year before ceasing.

Payments⁵²

- F.13 Currently, ESPS payments are calculated as “the difference between one-twelfth of the target payment (£40,350) and the remuneration due”. In this calculation, ESPS payments are cumulative so that previous months’ ESPS payments are taken into account when calculating the gap (i.e. at a constant prescription level the gap decreases). For example, in month 1 the ESPS payment is the difference between 1/12th of 40,350 and the remuneration due. In month two, the ESPS is the difference between 2/12th of 40,350 and the sum of the remuneration due and the previous month’s ESPS payment.
- F.14 If the pharmacy is open for less than 30 hours per week, ESPS payments are adjusted accordingly on a pro rata basis (using the average number of hours that the pharmacy is open).
- F.15 Payments can be made in arrears.
- F.16 The maximum monthly payment is £2,900. If a contractor is due more than this in any one month, the amount due is carried forward to the following month.
- F.17 In 2001-2002, ESPS payments were £4.1 million from a Global Sum of £806.6 million (0.5 per cent).
- F.18 In England and Wales the ESPS payments amounts and eligibility criteria are reviewed each year as a part of the overall discussions on how the Global Sum is to be distributed.

⁵² Drug Tariff April 2002, National Health Service, England and Wales.

Scotland

F.19 In Scotland, there were 50 pharmacies in the Essential Small Pharmacy (ESP) scheme as at June 2001.

F.20 Eligibility requirements are:

- the pharmacy must not dispense more than 1,400 prescriptions per month, and
- the pharmacy must be located less than 2 miles from the nearest alternative pharmacy.⁵³

Contractors wishing to receive ESP payments must apply to the Scottish Executive Health Department through their NHS Health Board.

F.21 The minimum monthly income for ESP claiming pharmacies in Scotland is £2,954.⁵⁴ In any month, eligible pharmacies receive either an ESP payment or the regular reimbursement and remuneration payment, whichever is the greater. Part-time essential small pharmacies receive a reduced payment depending on how many hours per week they are open. Payments are reviewed annually. For the financial year 2002-2003, £252,000 was budgeted for ESP payments.

Northern Ireland

F.22 In 2001, there were 25 pharmacies in Northern Ireland receiving ESPS payments.

F.23 Like Scotland, ESPS eligibility requirements in Northern Ireland operate on a monthly basis rather than an annual basis as they do in England and Wales.

F.24 The criteria in Northern Ireland are that a pharmacy must:

- dispense less than 1,300 prescriptions per month; and
- be located more than 1 kilometre from the next nearest pharmacy by the most convenient route to the public.⁵⁵

F.25 Monthly payments are paid at a rate of £1.00 for each prescription by which the number actually dispensed falls short of 1,300 subject to a maximum of £700. Part-time essential small pharmacies receive a reduced payment depending on how many hours per week they are open.

⁵³ Scottish Executive.

⁵⁴ Scottish Executive, NHS Circular: PCA(P)(2002)4, 8 July 2002.

⁵⁵ Northern Ireland Drug Tariff, November 2001.