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| News Alert |
| Monday 28th June 2021 |

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|  | COVID-19 Costs: PSNC reaches deal with HM Government |  |
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|  | * **PSNC has accepted a revised, and much improved, offer on COVID costs**
* **Contractors can claim for a range of costs incurred over a 13-month period**
* **Payments to be made in October ahead of the sector paying back £370m Advance Payments**
* **Terms of loan repayments will depend on the amounts claimed, and this is subject to some further negotiation**
* **Details on making COVID costs claims are set out in a Drug Tariff determination, and further commentary and guidance will follow from PSNC**

PSNC has accepted an offer from HM Government that will allow all community pharmacy contractors in England to claim for their COVID-related costs.The revised offer from HM Government was a significant improvement on their original proposal which was rejected by PSNC last summer.Specific improvements made to the offer mean that:* HM Government has removed the restrictive upper limit on the amount of claims it will pay for, as it had originally proposed to impose a cap of £120m;
* Contractors can now claim costs incurred from March 2020 to March 2021, i.e. a 13-month period (the original offer had to be to cover costs for just three months);
* Contractors can now claim for a wider range of costs, including for non-staff costs which had been excluded from the original offer;
* Contractors' costs will now not be written off against the retail grants claimed by some pharmacies; and
* Multiple contractors can now make a single claim per business (the original offer had sought a separate claim per branch, which would have constrained costs claims).

Under the agreed deal, contractors will receive payments for their COVID costs on 1st October, following a claiming period between 5th July and 15th August 2021.Alongside these cost payments, HM Treasury has insisted that the sector will need to pay back the £370m Advance Payments received last year.The Department of Health and Social Care (DHSC) plans to take back repayments in six equal monthly sums, also starting from October, but we will have a further discussion on this in due course.This has been a protracted negotiation with DHSC, with the influence of HM Treasury and its need to protect public monies significant. The improved offer is the result of influencing by PSNC via negotiations, evidenced business cases (using data from our monthly contractor cost surveys) and lobbying – both in public and privately to Ministers – supported by the LPCs and other national pharmacy organisations.[**Further information on the agreement, including briefings and statements from PSNC, can be found on the PSNC website.**](https://psnc.us7.list-manage.com/track/click?u=86d41ab7fa4c7c2c5d7210782&id=9079aacfe6&e=d19e9fd41c) |  |
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