



Northern Ireland
Assembly

**Committee for Health, Social Services and
Public Safety**

**OFFICIAL REPORT
(Hansard)**

Community Pharmacy

29 February 2012

NORTHERN IRELAND ASSEMBLY

Committee for Health, Social Services and Public Safety

Community Pharmacy

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Members present for all or part of the proceedings:

Ms Sue Ramsey (Chairperson)
Mr Jim Wells (Deputy Chairperson)
Ms Paula Bradley
Mr Mickey Brady
Mr Gordon Dunne
Mr Mark H Durkan
Mr Samuel Gardiner
Ms Pam Lewis
Mr John McCallister
Mr Kieran McCarthy

Witnesses:

Dr Andrew McCormick	Department of Health, Social Services and Public Safety
Ms Emer Morelli	Department of Health, Social Services and Public Safety
Dr Norman Morrow	Department of Health, Social Services and Public Safety
Mr Joe Brogan	Health and Social Care Board

The Chairperson: I welcome Andrew, Norman, Joe and Emer to the Committee. We received the report that you sent to us, Andrew, and we have been provided with information from Community Pharmacy NI (CPNI), including individual testimonials from pharmacists. I invite you to make your presentation, and then I will open up the floor for members' questions or comments.

Dr Andrew McCormick (Department of Health, Social Services and Public Safety): Thank you for the opportunity to come back to the Committee on this subject. Norman will take you through the briefing paper in a moment. I want to underline our commitment to seeking a positive resolution to what has been a long-standing and difficult issue. We have had intensive discussions with Community Pharmacy NI over the past couple of weeks, and we are engaged in a process that, to some extent, will limit what we can say this afternoon. However, I want to give a signal that positive engagement is happening. There is genuine determination on both sides to find a way forward that is valid and acceptable. There is recognition that there is a need for change in the way that things are done and a commitment to developing a new service model and a new contract. All those things are for the future. In the meantime, we have a commitment to fulfil our obligations under the law and to make sure that there is

a proper solution in relation to the remuneration for 2011-12 and, looking forward, to a transition towards a more stable and sustainable future.

The Minister has been very closely, personally, engaged in the process, and we have a clear remit from him regarding how to go forward. I hope that we can convey a sense of momentum and confidence during this afternoon's session. That is my intention. I will ask Norman to go through the main points in the briefing paper, and I will say a few words after that.

Dr Norman Morrow (Department of Health, Social Services and Public Safety): Thank you, permanent secretary, Chair and Committee members. I will bring two points to your attention: the outcome of the legal process, and the actions that have followed the final court order.

When we appeared before the Committee in January, we had just received written judgement from the High Court in respect of the community pharmacy judicial review. The final order of the court was handed down on 7 February. The court did not impose any financial penalty on the Department or the board. The decision to implement the amended drug tariff from April 2011 was not quashed by the court, nor did the court find the tariff illegal. However, the court restated its criticism of the processes. We have made that written judgment available to the Committee. Costs have been awarded to CPNI, but, as yet, those costs are undetermined.

Subsequent to the court order, the Minister met CPNI representatives and restated his commitment to address the immediate issues facing community pharmacy services in 2011-12 and, as the permanent secretary said, to move the situation forward and ensure that CPNI is in a position to provide extended services to patients and is enabled to deliver the new healthcare model as envisaged in 'Transforming Your Care'. Indeed, 'Transforming Your Care' specifically set out the further contribution that pharmacy does and can make to public health and, indeed, to supporting people with long-term medication needs.

Officials have been tasked to continue negotiations with CPNI on pharmacy funding and the way forward taking account of the current financial situation. A series of meetings is in place, and there will be a further meeting this Friday. As the permanent secretary and I have said, negotiations are in progress. The following three matters are the main focus of those negotiations: the immediate issues as presented in 2011-12; the process for proceeding with the required margin and cost surveys and a needs assessment of pharmaceutical need for community pharmacy services for the public; and the way forward for 2012-13 onwards. I will touch briefly on each of those matters.

In the last evidence session to the Committee, we indicated that £8 million was available for investment in community pharmacy services in 2011-12. Of that investment, £1.5 million has already been provided in respect of fees earlier in the year. The balance of £6.5 million remains available for the delivery of additional services. Negotiations with CPNI are continuing, with an initial focus on the profile of that investment. One dimension of that, in line with the previous commitment to the Committee, is specific support for pharmacies providing services in rural and socially deprived areas. The board has developed proposals for that. It has shared those with CPNI, and negotiation continues on the proposed arrangements.

Secondly, I will talk about process. As you know, the court criticised the Department for not making sufficient investigations into the profits available to the community pharmacy service through the procurement of prescription medicines, the margins survey, nor investigating the costs of delivering pharmacy services in Northern Ireland, the cost survey. The Department is committed to proceeding with those surveys and, as I said earlier, a needs assessment. Those matters are being actively addressed in negotiations with CPNI allied to the procedures and methodologies to be adopted.

Finally, as far as the way forward is concerned, as chief pharmaceutical officer and speaking on behalf of my colleagues, we remain committed to developing and strengthening the role of community pharmacy in the context of the new healthcare model proposed under 'Transforming Your Care'. As I said the last time, that model is based not on prescription volume but on health outcomes and working as a member of an integrated primary care team.

I have also been encouraged by a recent speech by the president of the Ulster Chemists' Association, setting out a progressive vision for the future, again built around 'Transforming Your Care', and putting patients and the public at the centre and identifying the pharmaceutical contributions that make for improved health outcomes. I think that some members of the Committee were at that function and heard that speech. In addition, we have planned some work to update the previously published community pharmacy strategy, and we have signalled to CPNI and the Ulster Chemists' Association our plans for a pharmacy workforce development review, primarily focused on the community sector and, again, inviting their involvement.

Against that background, it is a propitious opportunity, despite the recent difficulties, for the profession, the board and the Department to work together to develop a community pharmacy service that is intimately linked to contemporary and emergency needs. I hope that the Committee will be assured that considerable effort has and is being expended to move the situation forward in a more positive manner.

Dr McCormick: To finish our opening points; I reinforce the commitment that the Minister has given. Our instructions are very clear. He asked me to get personally involved in the issue, and I am glad to stand beside colleagues who have dealt with the issue over a number of years and have been through many stages of discussion. If I can add to their expertise with some further contribution to a difficult negotiation process, that is what I am here to do. We have to fulfil our clear responsibilities. If there were an easy solution, it would have been found some time ago. The fact is that there are different views of the truth. The Minister received, as you did, the individual stories and testimonials of the difficulties being faced. That is part of the truth. We have a view of the issues from a regional perspective.

The issue is to get into and to sustain a process of dialogue and engagement towards a sustainable resolution and to move into a different way of working. That is our determination. There is no question of the significance and value of the community pharmacy service in the new model of care and its significance in the integrated care partnerships that are talked about in 'Transforming Your Care'. That is a very significant opportunity.

The Minister met CPNI on 14 February, and there have been further meetings that I have led. We are meeting again this Friday. It is a highly complex area of work. There are genuinely different perspectives. The court asked us to take forward further investigative work, and that will help to get us to a resolution. Again, there is commitment on both sides to transparency and openness in the use, deployment and investigation of information. That gives me every reason to be confident that the margins survey and cost survey will produce results that are understandable and acceptable. Ultimately, the idea is for those to be clear and accepted by all sides and, therefore, to provide a basis for a new set of judgements and discussions as to how to go forward. That is our hope and aspiration.

We have obligations regarding the use of public expenditure. I have been known to sit in this chair and to face a different Committee. Whatever we do, it is important that it is defensible in accounting terms. We have explained that issue in our discussions with CPNI, and the team has brought forward ideas and suggestions as to how to move forward in ways that are acceptable as regards public expenditure control. That is an obligation on me as accounting officer. It limits what we can do, but we have looked at the issues as creatively and thoughtfully as we can, and we are committed to continuing to do so in our discussions with CPNI. I believe that resolution is possible and that we can make a step change in the nature of the relationship, because the old model of remuneration is not providing what is needed across the community as regards looking ahead to the new ways of working. There is genuine commitment on both sides to move forward.

We want to do our best to answer your questions this afternoon. However, I hope that you will bear with us if there are times when we say that we would rather not open up the details of what is under negotiation because we want to protect that process. I hope that that was helpful, Chairperson.

The Chairperson: Thank you for your presentation. This Committee is wise enough to be steered on any of that stuff, especially because we are in public session, and we will be guided on where we go on some of these issues.

Andrew, with regard to a couple of comments that you made; I welcome the fact that you said that there is a commitment to move forward on the issue and that you believe that a resolution is possible. We have received personal testimonies from pharmacists on this issue, and some of them make for interesting reading. However, I am glad that the Department and the Minister are meeting to try to get to the bottom of the issue. Is this the first time that a court case has been taken on this issue?

Dr McCormick: As you know, there have been judicial reviews, and it has been a long, difficult process going back several years. We have had to seek to find a way forward on this issue, and we are continuing to do so. Everyone would prefer not to be going through the judicial process; hence the Minister's clear instructions to us to do everything possible to achieve a resolution.

The Chairperson: I am concerned that it is continuing.

Dr McCormick: We understand that.

The Chairperson: You said that there is a commitment to move forward and that you believe a resolution is possible, but it seems that this subject has come up every year over the past number of years. When will it end?

I know that the Department has to cover the costs, and Norman mentioned that earlier, but I would appreciate it if we could get a copy of the costs for the other cases and an update on the costs for this case. When you talk about being careful with public money, there is a duty to be careful with every penny of public money, and, sometimes, going down that road is not necessarily the right way to go when public money is involved.

Paragraph 7 of your briefing paper states:

"The HSCB has developed appropriate proposals and has communicated the principles of the proposals to CPNI."

Taking you back to your presentation, when you said that there is a commitment to move forward and that you believe a resolution is possible, can we have a copy of those proposals? What was the view of CPNI? Was it involved in bringing forward those proposals or recommendations?

Dr McCormick: I would be grateful if you could bear with us on this point because this is exactly the point of negotiation. The best outcome that I can foresee is for us to be able to share with the Committee as soon as possible something that is accepted and agreed as the best way forward. That is a better way forward, and it is best served by us going through further discussion with CPNI as is planned for Friday.

The Chairperson: Was CPNI involved in drawing up the proposals?

Dr McCormick: These were proposals made to them, based on ideas. We had to look at the situation in which we had committed as much of the budget as was reasonably possible to that point, so, £83.5 million is the shorthand number to use in relation to that. What had been happening up to now was that there had been an outstanding amount of money, as was made clear at the January session with the Committee, available in the budget for 2011-12, which had not been paid over. At this stage of the financial year, we have to find legitimate and reasonable means of releasing that. Those were our instructions from the Minister. The intention is to make use of that budget, but it has to be something that is defensible in accounting terms. Therefore, we are working on that.

The Chairperson: I appreciate all that.

Dr McCormick: We are still in discussions, so, if you do not mind, I would rather not talk about the elements of it at present. They also wanted additional resources.

The Chairperson: My reading of it is that the Department has developed proposals and has handed them to CPNI. Without getting into the detail of those proposals, can you tell me whether my reading of this is right, or has there been a partnership approach to come up with proposals that the Department and CPNI can be happy with?

Dr McCormick: It is an approach based on a very open and genuine dialogue process. We have shared some ideas, and we have listened to CPNI's ideas, and the objective is to find ideas that are, ideally, acceptable to both sides and acceptable to the Minister. Anything that goes forward has to be acceptable to him. We are in that space working away to try to find the best possible outcome.

The Chairperson: OK. Many members are keen to get in on this issue. I will ask one question now and come back in at the end. Is the cost survey being done in partnership with CPNI? According to an earlier ruling, from information that I received, a joint cost survey was carried out and recommendations were, in a sense, ignored.

Dr McCormick: The court has required that we, as the Department, secure the information in a cost survey. We are still in discussions with CPNI as to precisely how that will be carried out. I would not want to take a definitive position on that in public today.

The Chairperson: Is there a possibility that it will be involved in that survey?

Dr McCormick: Certainly, at the very minimum, there will be transparency of process and a sharing of information. There is no question about that. As regards precisely how the process is handled, we have both an obligation to comply with what the court tells us to do and to secure the best possible engagement with CPNI. We are seeking the solution that deals with both of those issues. However, at this point, that has not been resolved. Therefore, again, I would rather not say any more.

The Chairperson: On what date was the joint survey carried out?

Ms Emer Morelli (Department of Health, Social Services and Public Safety): The initial joint survey was carried out in 2005-06.

The Chairperson: It was carried out in 2005-06. That was a joint survey between the Department and CPNI, which had a different name at that time. What happened to the findings of that joint survey?

Dr Morrow: As far as I recall, Chairperson, they were fed into the negotiations around contractual matters. Those negotiations, ultimately, broke down. That led us to the first judicial review.

The Chairperson: People have suggested to me — sometimes, I take things up wrong, so these are my words — that, basically, the Department refused to recognise the findings.

Mr Joe Brogan (Health and Social Care Board): I want to come in on the contract negotiations. The board picked up the baton with regard to trying to negotiate the way forward after the first judicial review. We looked at that cost survey. It came out at a cost of £65.5 million in 2005-06. That information helped to inform the development of a financial envelope. We shared our understanding of the financial envelope. We are now at a floor of £90 million. Therefore, we have used that information. As regards how we pick up on the judgement's criticism, we need to look at updating those costs using empiric data. We need to proceed as quickly, but as judiciously, as possible. We will seek information from CPNI and community pharmacies to validate that information.

The Chairperson: Yes, Joe. I will give the floor to members now because I could be here all day on that issue. However, you are saying that that goes back to 2005-06. In the present judgement, the judge says that respondents failed to carry out sufficient consultation and investigation to enable them to identify need. However, the joint survey had been carried out. In my words, did the Department ignore that joint survey?

Ms Morelli: No. The joint survey informed our position. The court was aware of the joint survey. A range of other evidence was gathered at the time. The judge decreed that an up-to-date cost survey was required. The judge was fully cognisant of that information, yes.

The Chairperson: Will it be a joint survey similar to the one carried out in 2005-06?

Dr McCormick: I want to acknowledge that we would not be in this difficult position if there were an easy way to get to a single view of the truth. We now have a commitment to find a way to get there. A final decision has not been made on the precise process for the conduct of the margins survey and the cost survey that will happen as soon as possible. Therefore, I do not want to go further on that now. However, I will say that we are working determinedly and carefully with CPNI to get the best possible way forward on these matters. The Department has direct obligations with regard to the recent and previous judgements. Therefore, we have to walk that line. It is quite a narrow line to walk. We are determined to find the way forward.

Mr McCarthy: Thanks for your presentation. I get angry when I hear what is being said. We are in a crisis situation. This is the second judicial review and the second time that the Department has been criticised. Although I welcome the fact that you are now in discussion with CPNI at the last minute, a number of pharmacies — probably all pharmacies — throughout Northern Ireland are on the brink of collapse because of the decision of someone in the Department to withdraw up to £30 million last April. We are nearly a year on from that, and, even after the judgment, there has been no talk of going back to the pharmacy people and saying, "Look, we made a mistake in taking the money off you. Here is some money to keep the pharmacy service going".

We all agree that the Compton review places an awful lot of emphasis on community pharmacies. If we have to wait another year, we will have a hell of a lot fewer pharmacies to deal with. Is that what the Department wants? I hope not, because everyone in this room benefits from the community pharmacy up their street.

As the Chair said, we have a file here, and what pharmacists are saying is horrendous. One pharmacist has had to borrow from their son and daughter to keep going. It is criminal for you people to sit there and allow that to happen, and that is only one example. This is a Health Committee. We are trying to keep people well and out of hospital. These people are all under enormous stress, and they will be patients. It will cost the health service more if something is not done urgently.

I appeal to whoever is responsible. There is £6.5 million lying about somewhere. Could that not be invested in pharmacies to keep them going until a conclusion has been reached?

Dr McCormick: The simple answer to that is yes.

Mr McCarthy: I could go on and on and on. However, the bottom line is: get some money to these people who serve me and everyone else in the community before they are not there.

Dr McCormick: That is exactly what we are seeking to do. In the current negotiations, we want to find the precise basis for making sure that that £6.5 million is made available. There are also further ideas under discussion, but I do not want to go any further because we have not yet got something that we can fully recommend to the Minister and on which the Minister has given us a clear direction as to what he wants us to do.

What you outlined is why we are treating the issue very seriously and urgently to deliver the best outcome in 2011-12. A critical short-term piece of work has been going on last week and this week. There will be a further meeting on Friday that we have high hopes will move us forward. Separate from that is the longer-term piece of work that flows from 'Transforming Your Care'. We recognise that there is an urgency and a need to resolve the 2011-12 financial position in a way that is acceptable and secures the services for the present time. We are doing exactly what you said to ensure that that money is used.

Mr McCarthy: That is fine. You are having a meeting on Friday. What can we expect to be the outcome of that meeting on Friday in respect of what you, the Department and the Minister are prepared to do? A figure of £6.5 million is a long way short of the £38 million that has been taken out of the system from last year. Can we be satisfied that, after Friday's meeting, sufficient funding will be provided to keep these people doing their professional job rather than going under?

Dr McCormick: The very purpose of the further work in the information-gathering exercises, which the court requires us to do, is to establish and clarify the evidence for the position on costs. That is the cost survey, and it goes right to the heart of that issue.

The margins survey will look at issues relating to profit. It is a highly complex area of finance, and there is a difference of view. I am here fundamentally not to cause difficulty, but I need to say that there is a difference of view about those numbers. Those numbers are not all proved and accepted. I do not want to make a big point about that, but I will just say that we would not have had to go to court if there was clarity and simplicity about the figures. The figures are highly complex, and hence the way forward is to undertake the surveys as transparently and openly as possible with CPNI and ideally to establish a single view of the truth that allows a new basis on which to move forward. That is where we are trying to get to and then to make sure that, whatever the basis, future funding for community pharmacy provides something that fits the strategic purpose of the administration of the Minister in securing local services and making sure that there is a fair balance between opportunity for profit and sustaining services of lower volume that are more vulnerable. We have to develop a strategic approach to that, and that is what the Minister is asking us to do.

Mr McCarthy: Andrew, you are talking here, but that could have been done a long, long time ago to help these people. The information in the documents is horrendous. Professional people who have studied and done their work are on the brink of breakdown. Banks are writing to them. It cannot be right. There is something wrong. I blame the Department for whatever happened this time last year when it withdrew that funding without doing its homework right. The court has warned you and said, "You have done wrong". I will finish there for the minute, Chair.

Mr Gardiner: Andrew, I am very disappointed to come here to learn that you had to go to court again. It is not the first time. I do not blame the pharmacists; I have every sympathy with and support for them because, if a pharmacy closes, the public suffer, and we are representing the public. I would be inclined to surcharge you for the money that you have wasted from the health service through this court charge alone. Andrew, you need to look at your Department and get it running a wee bit more efficiently. This service is not good, and we do not accept it. We want a better and higher standard so that the pharmacists can work with the community and can live and get the required medication. More often than enough, pharmacists do as much as hospitals do. Hospitals are in an empire and are working hand to hand. Pharmacists are working around the clock to try to get the medicines out to the community, and I feel that you have cost this Department a considerable amount of money by wasting it. You need to look at who is running your Department, because it is not efficient. I do not want this issue with the pharmacists to ever come up again. They are doing a good job, and it is time that they were respected for that.

Mr Dunne: Andrew, we appreciate you and your team coming this afternoon to speak on this difficult issue. We have all been given a folder of evidence from the pharmacists; I am sure that you have seen something similar, Andrew. We are all struck by the evidence, and it is very clear that there are real issues that need to be addressed. Do you believe that the Department is causing hardship to our community pharmacists out there? Do you feel that the Department has a responsibility for the hardship that is evidenced in this folder? It is very well documented that there are real issues such as wholesaler accounts being frozen, increased pressure from banks, safety concerns about patients, staff redundancies and a reduction in service provision. I could go on. It has already been made clear that we want to see action. We appreciate that you are moving forward on it. Is it your understanding that it has to be resolved before the end of this financial year, which is not far away? What are you looking for in return? Are we looking for changes in the pharmacists' processes and methods of operation? Is that part of the work that you are doing?

Dr McCormick: I will take the last point first. The desire for change is as strong on the side of the pharmacists as it is on ours. There is a clarity that there is more that they, as professionals, can contribute to a strategic approach to health and social care than that which is facilitated by the present system, which has some major difficulties and does not reward the right things. So, we need to look at that radically and thoughtfully, and there is willingness on both sides to do exactly that.

To address your second point: it is not possible to complete that full process quickly. That will take longer because there is a need for further information to be gathered. Therefore, we need to have a process that ensures a tolerable or acceptable way forward for the amounts of money that are paid over in the financial year 2011-12. We are very clear as to what CPNI would want to have had. We have also deployed the full information as to our view of what has been provided up to this point in the current financial year. We are in discussion about how to supplement that and to make use of the full budget that is available and about what else can be done over and above that to achieve something that is acceptable. There is absolutely no intention to cause hardship. That is not a desire or an intention on anybody's part. We are here with the clear responsibility to secure — in the case of the Health and Social Care Board, to commission — services that are appropriate for the needs of the population.

There is a wider context because there is an interface between a publicly funded service and a business. There are elements that we influence and affect strongly. We have to be very responsible about that. Part of the situation is the wider economic world. By the nature of the business model that exists, certain decisions are the responsibility of individuals. We have a responsibility to secure services. We cannot control the entire economy. We have to be sensitive to ensure that the way in which public money is used serves the public interest. Again, that is what I would be asked about if I were facing your colleagues on the Public Accounts Committee. We need to find the right balance of use. We are committed to finding the best way forward. We understand and have heard and listened to the concerns that have been expressed by representatives of community pharmacy.

Mr Dunne: Do you recognise them?

Dr McCormick: We understand the points. We are seeking a resolution. That is the Minister's clear commitment at this time.

Dr Morrow: One issue that Andrew mentioned earlier is that we are keen to have transparency on the matter. That makes discussion and progress much easier for everybody, particularly with regard to the fact that it has been difficult to get transparency around the purchase of medicines from which pharmacists derive part of their income. Clearly, that is an important issue. It is also important from the point of view of preserving the principle of a drug tariff, because that is the mechanism by which we set reimbursement prices. It is important that that instrument is available. An example of that is that, in the next year, we will see a number of branded medicines come off patent. The price of those medicines will drop substantially. We think that the benefit to the health service might be in the order of between £12 million and £20 million. We need to have mechanisms that allow those savings to be captured. That is not about taking money off community pharmacists, because there are actually better profits, if I can put it in those terms, from generic medicines than branded ones. The point is the principle of having mechanisms in place to allow us to price medicines appropriately in the context of the health service.

Andrew has also made the point that the private sector has a contract with the public sector. Therefore, a lot of issues are outwith our responsibility, such as investments that people have chosen to make, etc. We are not privy to all of it. We can deal only with the bit that is, in effect, of interest and within the contractual arrangements.

Mr Dunne: You obviously recognise the urgent need and the concerns of pharmacists. You are fully aware of them.

Dr Morrow: Those concerns have been well expressed to us, yes.

Mr Brogan: I will make a point from the board's perspective, which I made at the previous meeting: it is absolutely in our interest. In commissioning, we need community pharmacy as we do other elements of the service. We need to maintain a vibrant community pharmacy network. I appreciate what they do for us. We know that they can provide additional services. Therefore, from my perspective, I want to commission and buy new services through community pharmacies. I can do that only if those pharmacies are existing and viable entities. We absolutely want to sustain that network. We need to do that in partnership and within an appropriate financial framework. We need to do it so that we get the best outcomes for patients.

Mr Dunne: Thanks very much. And thanks, Chair.

The Chairperson: You are welcome. You are looking to me to propose to you today, aren't you? It is a leap year this year, so be careful. *[Laughter.]*

Mr McCallister: That is why I was not going to come.

Mr Dunne: I think that you need more tablets.

The Chairperson: Me and you have a history. *[Laughter.]*

I remind the officials that the judgement went against you. I have picked up on a few things. It is fair to remind us that we are in a different economic situation at the minute, but this has been going on for a number of years. We were not in this economic situation in 2005 and 2006. I just remind you of that.

Norman, you mentioned the issue of transparency, the principle of having a mechanism and all that stuff, and Joe talked about partnership. However, the judgement states:

"The Respondents have failed to carry out sufficient consultation and investigation".

There is an issue about partnership. I do not want any responses; I am just reminding you that the court case went against you. There is a play on words here, in a sense. We all want a resolution. None of us, and I include you in that, is criticising the commitment of the work that community pharmacy has done in all our communities. We are here to try to get a resolution, but we need to be mature and adult about it and not play on words; that is my job.

Mr Brady: Thanks for the presentation. I have to say that the more I hear and read about this subject, the more confused I become. There seems to be a fair degree of doublespeak from the Department, in saying one thing and necessarily meaning another. It seems to me that this is an ongoing saga that should have been resolved a long time ago.

The testimonies that we received from community pharmacists have been alluded to. There are commercial issues, but there are also very personal issues with people being put in a very difficult position. Staff redundancies have been mentioned. I know from talking to pharmacists in my constituency that staff redundancies have happened already and people are struggling. As has been mentioned, wholesale accounts have been frozen, and there is increased pressure from banks. All sorts of things are going on that could have been avoided.

This needs to be addressed urgently. You talk about resolutions and negotiations. How long will those take? People are suffering, and that is transferred to the public. As Sam said, we are here to represent the public. We were elected by the public, and we have to do our best for them. Given what has happened here, it seems to me that sometimes the best is not being done.

Norman talked about £8 million being available for investment and said that £1.5 million had already been given out. He also talked about pharmacies in rural areas and areas of deprivation. Is that the same money, or is there more, separate money available for those areas? There are a number of deprived areas in my constituency, but there are also a number of rural pharmacies.

Mr Brogan: We are looking to use an element of the £6.5 million that is available in 2011-12 to invest in rural pharmacies and pharmacies that provide services in deprived areas. We will want to do similar types of activities moving forward. We are at the end of year. It is pretty tricky to try to get something in at the end of 2011-12, so we have come up with proposals.

Dr McCormick: I will just caution that this is all still subject to negotiation. There is a range of views on the issue. We have an understanding of the concerns that you have expressed, Mickey. We know and understand that issue. The key thing is to secure something that delivers a combination of public interest and acceptability in negotiation terms. We are not there yet, so I just want to keep a veil over

that. I am sorry to be awkward about that, and I apologise for having to intervene. However, we are determined to find something that works. It is very urgent. This week and next week is the only opportunity to commit any resource in the 2011-12 financial year. Any time after that is too late. Therefore, we need to get it sorted out.

Mr Brady: Is "pretty tricky" a bureaucratic Civil Service term, or does it mean that you just cannot do it?

Mr Brogan: It is not that we cannot do it. We have proposals, as Andrew has outlined. We have sought the views of CPNI on those proposals, and we seek to come to a resolution. Speaking from my organisation's perspective, we recognise the good work that community pharmacy does in rural areas and in deprived areas, and we wish to make sure that we have models that will sustain those services. Therefore, it is part of the negotiation process now for 2011-12, and it is on our agenda for 2012-13 and beyond.

Mr Brady: There is obviously a very tight window of opportunity between now and the end of the financial year.

Mr Brogan: Absolutely. We need to get a resolution to the 2011-12 issue fairly soon. We are committed to working with the Department and CPNI to try to do that as quickly as we can.

Mr Brady: Maybe that will be a catalyst to get it resolved.

Mr Brogan: I hope so.

Mr Wells: I have been in politics for 31 years. Maybe before Emer was even born, I was representing the people of South Down.

The Chairperson: Charmer.

Mr Wells: Complaints from pharmacists have never featured on my radar until now. They have just got on with the job and provided a very high quality service. Suddenly out of nowhere, files such as this one started to arrive on my desk. This is indicative of what I have been getting from practically every town and village in South Down. You are still maintaining that £6 million is a minor adjustment to the budget, and they are saying that it is a calamity. Somebody is wrong. There is a huge gap between your understanding of about £6 million and their view of something between £28 million and £33 million. You both cannot be right.

One of these testimonials is from a lady in Fermanagh, who states:

"I'm miserable, stressed and have lost faith in the Health System".

She goes on to say:

"I haven't been able to pay myself a wage in months, and have accounts on hold with many wholesalers."

One of those wholesalers is Sangers Healthcare. There is a testimonial from a gentleman at the other end of the country, in Londonderry, who is 60 and has had to cash in his life insurance policy in order to stop him from going over his overdraft limit. Another man has even submitted a letter from the Bank of Ireland threatening him because he has exceeded his overdraft limit. For people to bear their souls so publicly like that indicates to me that something has happened out there that is dreadfully wrong.

I accept that it is right to capture the savings that accrue as a result of drugs becoming generic. However, the problem was that, as I put to you at the previous Committee meeting, you did not have the statistics available to you, and you had not carried out the required assessment, in order to judge the impact of what you were doing on the industry. It is quite clear that this has had a devastating impact on the small, single practice or the person with a couple of practices, particularly in rural areas. Now we are arguing about giving out £6.5 million. I put it to you that that £6.5 million will not help the small, single man in a non-deprived urban area. If that is how you are going to target it, he will not get anything. I have been approached by many pharmacists in that position. I talked to pharmacists on

the phone last night until almost midnight. A single operator in a non-deprived area such as Bangor who is up to their neck in debt will not get anything. Is my interpretation of what you are saying right?

Dr McCormick: No, sorry; it has not yet been decided what will happen. The position is still under negotiation. There are different proposals around, as we have said, but neither the total quantum nor the precise way in which it is distributed have been settled yet. That is why we are at a particularly difficult stage today. It limits what we can say today, but, ultimately, we can commit only what the Minister authorises. Ahead of each meeting that we have had with Community Pharmacy NI, we have had a specific remit from the Minister as to what can be said and what cannot be said in each of those meetings. That remains the case. I am hopeful and confident that we can move forward after Friday's meeting, because time is running out and we need to ensure that there is something that has elements that address the broad range. That is part of the agenda. Part of our approach to the negotiations is to be sensitive to all pharmacies because we recognise that there is a general issue. However, we need to be careful here not to prejudice that process. I would not want to overstate what might be our objectives in that negotiation, some of which are clearly shared by colleagues here. The objective is to get something that works and allows us to move forward, to buy time and to complete the process. I do not disagree with what you say; somebody is wrong in terms of the assessment of costs —

Mr Wells: I put it to you that you are wrong.

Dr McCormick: If that is the case, we will have to deal with that when the further information is available. We are well aware of that possibility, and we need to move forward in a way that gathers objective information in a clear evidence base that is comparable with those in other parts of the UK so that we can look at the issues and see what is affordable. Part of where we are is within the budget set by the Executive for the total health and social care system. On many occasions, the requirement in the face of this Committee has been to find further savings. The pharmacy sector has been a very important source of savings in the past few financial years. That remains an issue. We recognise that we have a statutory obligation to provide fair and reasonable remuneration to community pharmacies. We have not yet found a resolution of that. The surveys that I talked about are absolutely central to securing a single view of the truth rather than, as you put it, two different views of the truth.

Mr Wells: It is quite clear that if your assessment of what was taken out of the industry was correct, it would be a minor local difficulty whereby the industry would have tightened its belt a bit and we would not be having those letters. I accept that you do not believe that the £30 million is right, but, somewhere in that gap, there is a big ticket number that has been taken out of the industry. Therefore, you must now accept that your initial assessment of what has been taken out is wrong. It has to be, or else those people are telling us fairy tales. Do you accept that your assessment of what has been taken from pharmacists in Northern Ireland was wrong by a factor of several numbers?

Dr McCormick: I do not want to prejudice the processes, but it is only fair to say that it is not simply a two-dimensional situation. There are more than four dimensions in the calculation, because there are issues around the scale and nature of the business and the recent investments that they may have undertaken. We are dealing with independent contractors, some of whom are individuals and some of whom are part of multinationals. It is a very broad range.

Mr Wells: Eighty three per cent of them are planning to reduce staff, 72% are having difficulty meeting wholesaler payments and 57% have additional pressure from the bank. Those are not people who made unwise commercial decisions; this is the entire industry.

Dr McCormick: I wonder what proportion you would get if you looked at the entire economy in the same parameters.

Mr Wells: But it has happened overnight.

Dr McCormick: It is a process that has happened over a number of months and maybe over a couple of years. We are accepting our responsibility to do what we are required to by the court, which is to secure further information and to continue to avoid, if at all possible, further recourse to the court. We need to find a viable and sustainable solution for the future. That is what the Minister is asking us to

do. He is determined to find a positive way forward. We have to work within the budgetary constraints on public expenditure that we face. That is also a factor in this situation. It is not that we have got £30 million spare that we can just give away; we do not have that.

Mr Wells: I understand that, but you do have £6.5 million.

Dr McCormick: We are determined to find the right way to go about it.

Mr Wells: Surely, you should release that money immediately to the small providers and then have your long-term negotiations about the way forward. The problem is that it has been well over two months since the judicial review decision was announced and the situation is dragging on and on. That money is available, and you know that you will end up paying it to the pharmacists anyway. Why not release it so that they can pay their tax bills and meet their demands in order to give them some relaxation from their present troubles, and then have long-term discussions about the best way forward?

Dr McCormick: We are very close to exactly that position. We had negotiations on Monday of this week and last week, and we will have a further meeting on Friday on precisely those points in order to move forward. We are working within the remit set by the Minister, so we are determined to establish exactly that point and secure the right outcome.

Mr Wells: But, that money could have been released at the start of January.

Dr McCormick: There is a genuine point in that the remedies hearing happened in February, so we did not finally know where we stood with the court until 7 February.

Mr Wells: You could have released the money in January regardless of the remedies decision.

Dr McCormick: We had that discussion with lawyers and the Minister. It was not possible at that time.

Mr Wells: The bottom line is that there are 166 fewer staff working in pharmacy now than before you made this decision. Clearly, if they are crying wolf, they are backing it up by the fact that they are making staff redundant or part time. I believe them. I cannot believe that every pharmacist from so many disparate backgrounds in South Down is spinning me a yarn without substance. There is a crisis out there. As a Committee, we will all be annoyed if we are back here in two weeks' time and money has still not been released into the system, because the Sangers and Eli Lillys of this world have only a certain length of fuse, as do the Northern Bank and the Bank of Ireland. Somewhere along the line, they will call in their money. I am deeply worried by what I am seeing here, particularly as it affects the small one-man and two-man operations. We cannot afford to let this matter go beyond Friday. There must be some reassurance, if for no other reason than to at least let the banks know where they stand with the Department and the debts that they hold with various pharmacists.

The Chairperson: OK. Mark and John have questions. Do any other members want to come in on this issue? That will give me an idea of how long I can let people go on for.

Andrew, you mentioned a few times that you are meeting again on Friday. Several members have made the point that there is a short window of opportunity, so it would be useful if we could get an update as quickly as possible following that meeting.

Dr McCormick: We will do our best on that.

Mr Durkan: I welcome the panel. I know that it has been a difficult few weeks for them, but that is nothing to the difficult few months faced by community pharmacies across the North. We are lucky that the court did not also hand down a severe financial penalty to the Department, although there has been the cost of the judicial review and the huge reputational cost. I would say that community pharmacies' confidence in the Department has all but evaporated, and there has now also been an erosion of public confidence in the Department. When the witnesses were here five weeks ago, this was an urgent situation: now, it is dire.

Jim hit the nail on the head: pharmacies have overheads that they must pay on time. We and the Department are duty-bound to deliver the money that is due to pharmacies to them in a timely fashion. Since the previous evidence session, I have no doubt that there has been much negotiation. I think that it is time for a little less conversation —

Mr Gardiner: — and a little more action.

Mr Durkan: — and a little more action.

Jim said that he did not think that the pharmacists' testimonies were fairy tales: well, they are certainly grim stories. They are just the tip of the iceberg. I am sure that we have all been contacted by pharmacists in our constituencies.

Moving from the immediate situation: Andrew, you said that the old model of funding was not providing what was necessary. Although it was far from perfect, it made better provision than the current model, and it is vital that a suitable model is arrived at, given the enhanced role that the Compton review envisages for community pharmacies. Regarding that enhanced future role, do you envisage enhanced funding for pharmacy?

Dr McCormick: It depends how we move forward and how that further process of service development continues. At the core of the old model was the payment of dispensing fees. That is clearly an essential function, and there is a cost associated with that, which we need to look at. What we were doing was not found to be in breach of the statutory obligation to be fair and reasonable. Precisely how we get to the way forward is the issue before us. That is why we need to find something that is resolvable for 2011-12, and then move into a new negotiation.

A financial envelope has been set by the Budget, and that places a constraint on us. That is simply part of the way of the world, and it affects this aspect of public services as it does many others. This is not the only area in which there is constraint. We need to find the right balance. If we were to invest more fully and allocate a larger budget to the community pharmacy sector, that would need to have a tangible effect of creating savings in other parts of the service. If the service were as effective as it could be and we could draw as fully as possible on the skills and services in that community context, I think that there is potential. However, we have to have a business plan that addresses those issues and provides evidence. That is difficult and significant work, but —

Mr Durkan: The service has certainly not been as effective as it could have been over the past number of months, and that is due to —

Dr McCormick: None of us wants to be in the present situation; there is clear regret about that. However, we are where we are, and the question now is how we find the best way forward.

The Minister made it clear that he was impatient to get past the constraints of being in a judicial review and move into a new phase of engagement and negotiation to secure a way forward. We need to change the model, the basis, and our relationship with the community pharmacy sector. Plenty of innovation and creativity is possible from community pharmacists and the wider primary care partnership approach. We have to look at this as positively as we can. We have to secure something that will deliver a new way of working that lasts for many years and that assures access and provides an effective service and a supplement to the other services that are provided at local level. A good way forward is possible.

Mr McCarthy: Andrew, you said that we are where we are, but someone in your Department caused this situation. There have been two judicial reviews, yet, two years later, you say that we are where we are. Things should have been done differently and properly. In my opinion, this has been a case of pulling funding from community pharmacists. It is as though you were saying, "To hell with them; let them struggle and we will see how we can make out as the years go on." And, here we are.

Dr McCormick: I do not accept that characterisation of what happened. There has been real difficulty in dealing with this issue over a number of years. The Department and the Health and Social Care Board have clear responsibilities to seek to act in the public interest, and we have sought to do so in

good faith. We have hit a difficulty in the interpretation and application of information, and we now need to find a way to resolve that. I want to dwell as little as possible on the difficulties of the past and commit to finding a positive way forward. That is what I am here to say and do. I am engaged in that, and I am supported by this team and a number of others in trying to create a proper way forward.

Mr Brogan: I want to add to those comments. The finances for pharmaceutical services for all family practitioner budgets are managed by the board. It is my responsibility to manage the £400 million drugs budget and the £90-odd million pharmacy budget, and I have been struggling to contain drug costs.

Picking up on Mr Durkan's point about community pharmacies and where we see them going, the permanent secretary made the point that we are struggling with the financial resources that we have been given. However, I dearly want to engage with the 1,000 or so community pharmacists, who can help me to manage the pharmaceutical and wider drugs budgets. That is where I see my colleagues helping me to manage that budget. I take the Chair's point about partnership; I absolutely want to work in partnership, but I hold my hands up to the fact that it is difficult. We try to work in partnership, but it can be difficult if the partner does not want to dance with you. However, I will continue to redouble my efforts.

The Chairperson: It depends what dance you are doing.

Mr Brogan: That is true; maybe I will pick a different dance. It is important to me that I make sure that I manage that £400 million budget on drugs spend for our patients and deliver the service through the community pharmacy. Those twin-track approaches are critical to me, and I think that both can work in unison. That is the opportunity that has been alluded to, and I think that that is where we want to see the future direction.

The Chairperson: I let Kieran come in there only because he told me earlier that he was in bad form and I respect our elderly population.

Mr McCallister: I think this is the third or fourth time since the election last May that we have been here on this matter, and I have to say that I have not heard anything new, just the same warm chat saying that we all need to get together and sort this out.

Seven weeks ago, Joe, you had £6.5 million or £8 million. That was before the tax bills were due, and the Committee was urging you at that time to get support out to pharmacies. Seven weeks later, something may have happened, but no money has yet gone out to support pharmacists.

We have had warm words about supporting pharmacies and accepting the need for pharmacies, but we are not getting the impression that you are anywhere near to having a deal. Following on from Jim's point to you, Andrew, it is true that businesses are failing in different sectors, but not every business is taking a government Department to court. The Department lost, was told to sort this out, failed to do so, and the case went back to court again. What happens if individual pharmacists start to take the Department to court? That could be quite likely.

This has to be sorted out quickly. It is going on and on, and we are not hearing anything new apart from that you are working on it and that there are bits that you cannot talk about — it is just like Groundhog Day. When you here at the start of the session in September, you could not talk about it then because it was going to court. During the court process, you could not talk about it because it was at court, and now you cannot really talk about it because you are in negotiations. What is really going on, and why is it so difficult to get agreement?

I accept that the matter is complex, but you were very close to an agreement. On the last day that you were here, I think Jim asked you who scuppered the agreement that you almost had. I also think that if we check the Hansard report, we were probably promised an answer about who the individual or group of individuals responsible was, maybe as far back as last summer. I am frustrated, as are colleagues, because I am not hearing anything different to what I heard last September.

Mr Brogan: Perhaps I should respond to the first point about the £6.5 million. Yes, I did say that we had money available and that we wished to try to get that out there, and I also said that we needed to wait until the remedies hearing was complete before we could do anything with that. That is the process that Dr McCormick alluded to. We expect to, hopefully, reach a conclusion to those negotiations on Friday.

Mr McCallister: The remedies hearing was on 7 February, and it is now 29 February.

Mr Brogan: We went through the process that we outlined in the presentation for the engagements that have come about, the proposals that have been made and the ongoing negotiations that we have been having.

Mr McCallister: I was just making the point that the Committee made it clear on that day that it expected something to happen quickly, given all that my colleagues said, given the different accounts from pharmacies across Northern Ireland, given that tax bills were due and given that the financial year ends in a few weeks. We are coming very close to the end of the financial year, and you may struggle to spend the £6.5 million in that time.

Mr Brogan: We have committed to getting that £6.5 million spent. We have made proposals and we are negotiating. I do not want to prejudice the negotiation, but we are committed to getting that funding into the community pharmacy sector. We hope to do so by agreement, and Friday will be one further meeting in the process.

Mr McCallister: I imagine that the Committee will be very angry if it turns out that the money is not used or is returned to sender.

Mr Brogan: I will share your anger. I am absolutely committed to trying to get it spent and will endeavour to do that.

The Chairperson: If you are afraid of a judicial review, wait until a statutory review starts.

Dr McCormick: The final written statement by the court was released on 7 February. The Minister was away that week. He had a meeting with community pharmacy representatives as soon as possible after he got back on 14 February, which I was at with him. We had further meetings as soon as we could possibly agree them. There has been no delay from either side in committing to get together, to explore the issues and to put ideas on the table. We are now recognising that this is the final opportunity.

This opportunity will be taken. I am quite sure it will be taken and that money will be made available in 2011-12 to do the very best possible. That is not the long-term solution. The work on that will take longer. Part of the reason for that is that it will require the surveys that we talked about, which will take some months to undertake and resolve.

Mr McCallister: Has that started?

Dr McCormick: Part of the negotiation process with CPNI at the moment is on precisely how the surveys will be carried out. There are a number of options under consideration. We need to find the best possible option with which to move forward, and all that is happening under the Minister's instructions and directions. We are working very closely to the remit that he sets: no one at this table, or anybody who is participating in the negotiations, is a loose cannon. This is all done after full discussion and involvement. The Minister calls the shots in that sense, and we are determined to comply with his instructions in fulfilling all of this.

Going back to the discussions, I was involved in them last September and there was a proposal. The clear position was that what was being sought was not affordable in the budget that we had at that time, so it was not possible to proceed. We now have the Minister asking us to move forward to find a positive resolution in the present context. That is what we are now seeking to do.

Things have changed very significantly, because the court proceedings have finished and we know where we stand. We have to comply with what is required of us; we are well aware of our accountability in that sense and are subject to decisions by the court. There is no doubt or hesitation about that from us. We will now seek to move forward, if at all possible by agreement, but certainly in such a way that ensures that the budget is fully used in 2011-12. We have proposals that will go further than that. So, we will not be found wanting.

Mr McCallister: Who made the decision? Was it an individual or a collective decision, and did it go to ministerial level?

Dr McCormick: You are well aware of how decisions are taken in any government Department, where everything done is in the Minister's name and, therefore, under his authority.

Mr McCallister: In this case, it seems that it is slightly mysterious.

Dr McCormick: It is for the Minister to answer questions like that. I was involved in the decision, and in our discussions with a small number of people, we were clear that that could not be afforded. It is not appropriate to disclose exactly how these things happen.

Mr McCallister: It might end up costing you more than was on the table then.

Dr McCormick: We do not believe so but we are subject to the outcome of future processes. We have a view of the issue, but the way forward is to proceed with the objective, transparent process of gathering information, applying a proper methodology to that and ensuring that we then understand properly what is going on. We will do that faithfully and objectively, because that is our fundamental responsibility.

Mr McCallister: When do you see the survey starting and being completed by? Have you a target date in mind, given that it might take a number of months?

Dr McCormick: I do not want to commit to that precisely.

Mr Brogan: There are nuances on that in that the margins survey is an ongoing, rolling margins survey whereby the invoices that community pharmacists pay against to their wholesalers for their supplies are uplifted on a rolling basis, and we identify the level of profit that has been earned between what they paid the wholesaler and what we paid them for the reimbursement of the drugs. There is a target amount of retained profit that we are trying to identify, but that will shift as the market shifts. Prices change all the time.

The point that Norman alluded to is an important one to reiterate. We need an active drugs tariff to manage drugs costs; we cannot freeze the drugs tariff. In the next few months, we have one drug — Lipitor, a cholesterol-lowering drug — coming off patent. We invest £16 million a year in that one drug alone. Within two or three months, that price will reduce as a generic. It will go down to the overall investment for that drug being only £2 million or £3 million a year. Therefore, we cannot freeze the tariff. If we did so, we would end up paying lots of money for no outcomes.

Mr McCallister: Andrew said that he is finding that pharmacists are willing to make the change, and when pharmacists have presented to the Committee, we have found that they are up for and ready to do this. However, there is a serious lack of trust between pharmacists and the Department. You have called for transparency in how pharmacies work. They would probably expect similar transparency in how the Department works and reaches its decisions. By the very fact that you have lost twice, you have seriously undermined the relationship between you and the pharmacists and made it very difficult to get a deal and to build that trust up again. That is one of the difficulties that you face in solving this.

Along with colleagues, I am very frustrated at the length of time that this is taking to sort out, and I am seriously concerned that we will end up in another judicial review. You have heard the hardship stories from colleagues across all parts of Northern Ireland. It is seven weeks since you were last here. You have not got the money out yet and you do not have a date for the start or the completion of the

survey. We do not have any reason to think that this will be sorted out any time soon, and that is a huge source of concern for the Committee.

Dr McCormick: I understand your perception of that, but since the court judgement on 7 February, things have moved as fast as they possibly can. We will continue that process in relation to the surveys. They are complex tasks and will take some time to produce, but my undertaking is that we will move these things as quickly as possible and proceed, because there is now extreme urgency about the 2011-12 funding position, and we know that this week and next week is the final, final decision-making time on that. As quickly as we possibly can, we will carry out further work to secure a basis for moving forward for the longer term.

I understand your perception, but I assure you that my perception, from being involved in the discussions, is that things are moving in a very genuine and very real way. Real progress is being made. I am confident that we will be able to report more fully on this before too long. It depends on further discussions with CPNI and decisions that the Minister has yet to take. For example, there is still the possibility of an appeal. As the paper to the Committee states, that is still for him to consider and to judge how best to proceed. It is a complex area and that would not in any sense be contradicting or undermining our commitment to work with community pharmacy. Even if an appeal was to proceed, our clear plan A, determined approach is to work to resolve these issues in a consensual way. That is the clear purpose.

Mr McCallister: I feel frustration and probably speak for my colleagues as well. We have heard, since at least September, the line that we hope that once the judicial review is out of the way, we will be able to progress these issues or be able to report in a short time. It certainly feels, however, that little or nothing has been happening, and that is what is so frustrating. We could be six, seven, eight, nine months off getting a resolution by the time you do your cost surveys.

Mr Wells: Surely, the simple solution is to decouple the restitution to the pharmacists from the negotiations about an agreeable solution. Everyone now accepts, regardless of whether it is £6 million or £36 million, that, somewhere in between, a huge amount of money has been taken out of the industry. You have lost the judicial review. Why are the negotiations not on how do we reimburse what money we have left and how do we get that back into the system? Then go back and negotiate over the long term the actual deal that you want. At the moment, it strikes me that all you have to do is to sit on your hands and say, "Well, we haven't reached agreement because the Department is unhappy with how the negotiations are going," and the money will never be paid out.

Mr McCallister: While pharmacists go to the wall.

Dr McCormick: What is happening is very close to what you said. There is a decoupling —

Mr Wells: Why do you not start telling us about that?

Dr McCormick: Well, there is a decoupling. The way that I have put it in discussions with CPNI is that we have two separate issues to resolve. Ideally, we can do it by a two-stage process. It may be longer than that if things are more complicated. The first stage is exactly as you say: to find a resolution in relation to 2011-12 and to ensure that we get the full budget deployed and, subject to what the Minister decides, something further. However, that is affected by the budget limits and by the fact that I cannot sit here in six months' time and be asked, "Why on earth did you pay that money over when there was no accounting basis?" There has to be something that the Audit Office will support and recognise as legitimate. That is not trivial. It is a highly complex area. We can stand over everything that we have put on the table in the discussions. However, there are limits on that. The scope to commit resource in the present time in a way that will stand scrutiny by the auditors is a non-trivial issue for me as accounting officer.

Mr Wells: As accounting officer, you will have no difficulty proving to the auditors that at least £6.5 million has been taken out of the pharmaceutical budget in this year.

Dr McCormick: I think that the way that I put it is that of the budget that was available, £6.5 million has not yet been paid. We are now finding the best possible way to ensure that that money is now paid, and that is part of the ongoing process.

Mr Wells: The only argument there is whether it is a cheque, direct debit or cash. That should be the only argument, not a long and convoluted process, because there is a very easy mechanism per prescription to pay that back.

Dr McCormick: If an accounting officer could do that, we would have a lot more expenditure flowing, and that is not a trivial point. I have to have something that will stand up to audit scrutiny. We are doing this. I am not trying to say that we cannot do it. I am saying that we will do it in a way that satisfies that process. The process that we are engaged in will deliver this. We have given assurances and options to CPNI and that is, I think, just very close to resolution. So, there is no reason to look at that as a glass that is half empty. This glass is half full, and the matter will be resolved within a small number of days.

Mr McCallister: Will you write to the Committee to inform us of when it is resolved?

The Chairperson: We asked for an update following Friday's meeting.

Dr McCormick: We will give you an update as soon as we possibly can. I can look forward with optimism, but we will write to you when the time is right and when the position is clear. I am sure that you would not want us to go before that. If we were another day away from a good outcome, it would be right to hold back another day. Please bear with us. We are in a complex position, trying to find a positive resolution.

As the Deputy Chairman said, we need to get into that other process for the second stage. They are decoupled in the negotiations that we are having. We are trying to get those moved forward.

The Chairperson: I appreciate that there is a lot of sensitivity around this, as you are involved in negotiations, but I also appreciate that we need as much information as possible. Some of that might have to be given in confidence. Do not be holding information from us on the basis that it is sensitive. We have been in this position before, and the Committee has held information in confidence. So, keep us updated.

Dr McCormick: I am willing to have a confidential discussion with you, Chair, and the Deputy Chair, if that is the best way forward. I will be happy to do that.

The Chairperson: On behalf of the Committee, I thank you for your paper and presentation. I do not think that this is the end of this; we will probably come back to it, but that is dependent on what you send us on Friday. We will probably get it at about one minute before midnight on Friday.

Mr McCallister: I hope that there is slightly better news when you next come back.

Dr McCormick: We hope so.

The Chairperson: Members, on the back of that, should we look at inviting CPNI to make a briefing to the Committee? I do not know whether CPNI wants to do that, but we will ask them.

Andrew, Norman, Joe and Emer, it was good seeing you.