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24 February 2003

Mr R Fraser
Scottish Executive Health Department
St Andrew's House
Regent Road
Edinburgh EH1 3DG

Dear Mr Fraser,

Re: OFT recommendation regarding control of entry regulations.

The OFT has argued that the control of entry regulations:

(1) Inhibit price competition, (2) Stifle efficiency improvements, and (3) Limit the availability of pharmacy services.

The OFT 's report:

(1) Looks exclusively at the effect of the regulations on retail activities, and
(2) Ignores the NHS activity that makes up 80-90% of the turnover of the average pharmacy.

The fact that the previous OFT recommendation regarding Retail Price Maintenance on over the counter (OTC) medicines was adopted tends to negate point (1) of its argument.

With regard to the second point - 'Stifle efficiency improvements' - I take great exception to this. Pharmacies are very efficient. We are expected to be able to provide a wide range of prescription medicines immediately - most of the time we do exactly that. If we are unable to provide an item immediately, we can normally provide it in a few hours, due to extremely efficient pharmaceutical wholesalers. There are few sections of the community which can provide such a level of service.

The existing contract regulations have given us a widespread network of local pharmacies which provide a service to the most vulnerable sections of the community, the elderly, and young mothers. Abandoning the existing contract could result in disruption of this situation with pharmacies opening and closing. It is essential that we have a rationally distributed and stable network of community pharmacies, and I would suggest that we have such a network at present. The NHS must retain control of how it provides services. If the OFT recommendations are implemented, that will remove control of NHS services from the NHS.

In addition to NHS dispensing many other services are provided by pharmacies, including a wide range of non-prescription medicines, oxygen delivery, needle and syringe exchange, supervised methadone consumption, palliative care supplies, collection and delivery services, medicines management, monitored dosage systems, counselling on minor ailments, and personal service.

I would ask you to represent my views to the Scottish Health Ministers.

Yours sincerely,

Alastair R Murray