



Department  
of Health &  
Social Care

Medicines and Pharmacy Directorate  
39 Victoria Street  
London SW1H 0EU  
[www.gov.uk/dhsc](http://www.gov.uk/dhsc)

Lewis Macdonald MSP  
Convener of the Health and Sport Committee  
Scottish Parliament  
Edinburgh EH99 1SP

24 January 2020

Dear Mr Macdonald,

**Price setting powers under the NHS Act 2006**

On 21 January I gave evidence to the Health and Sport Committee as part of the inquiry into the supply and demand for medicines in Scotland. I was asked about the price setting powers for medicines in the NHS Act 2006 and promised to write to you about these powers and how they apply in Scotland.

Section 262 of the NHS Act 2006 enables the Secretary of State for Health and Social Care to limit the price of any medicine that is not covered by the Voluntary scheme for branded medicines pricing and access (VPAS). As I told the Committee, the Department is considering use of these powers for high-priced generic medicine. These are UK wide powers and therefore, where the Secretary of State sets a maximum price for a generic medicine, that maximum price would also apply in Scotland.

The Department worked closely with the Scottish Government on the Health Service Medicines (Cost) Act 2017 which strengthened the price and cost control powers including section 262, as well as the information powers.

In addition to use of the price setting powers, the Department is also exploring other, non-legislative interventions in the market to lower prices for high-priced generic medicines. We will discuss these proposals and how they apply in Scotland with the Scottish Government before we consult on all the proposals later this year.

Your sincerely,

Liz Woodeson CBE, Director of Medicines and Pharmacy