

September 2016

PSNC Briefing 043/16: The Value of Community Pharmacy – a summary of PwC's report

As part of the response to Government proposals to reduce community pharmacy funding by £170m, the Pharmaceutical Services Negotiating Committee (PSNC) commissioned PricewaterhouseCoopers LLP (PwC) to examine and quantify the economic contribution of community pharmacy in England in 2015.

The resulting report analysed the value (net benefits) to the NHS, public sector, patients and wider society of 12 specific services provided by community pharmacy.

Key figures

	Short-term ¹ (in 2015)	Long-term ² (in next 20 years)
Total value	In 2015, the 12 community pharmacy services analysed contributed a net value of £3 billion.	These activities in 2015 are expected to deliver a further £1.9 billion over the next 20 years.
Per pharmacy	On average, the net value added by each pharmacy was more than £250,000.	The net value added by each pharmacy rises to more than £410,000 if long-term impacts are included as well.
Per prescription	The short-term benefits were on average nearly £3.00 per prescription in 2015.	The short-term benefits rise to £4.86 per prescription if the long-term effects are included.
Per person	The short-run net value generated by the services considered are equivalent to £54.61 for every resident of England.	The net value per resident in England increases to £88.67 when long-term effects are considered.

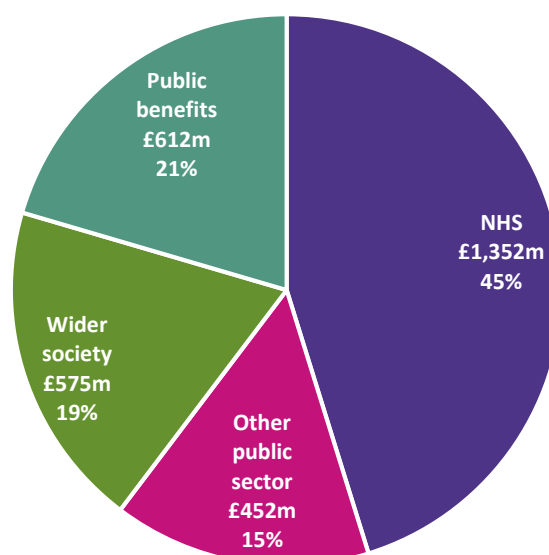
Who is benefitting?

The NHS: The potential savings for the NHS resulting from the 12 community pharmacies considered were £1,352 million in 2015, including cost efficiencies and other avoided costs. A further £172 million of savings to the NHS are expected to occur in the long-term as a result of these services having been provided in 2015.

The public purse: Other public sector bodies (e.g. local authorities) and wider society together received over £1 billion of benefits in 2015 as a result of the community pharmacy services covered, through increased output, avoided deaths and reduced pressure on other services such as social care and justice. A further £1.7 billion is expected to accrue over the next 20 years.

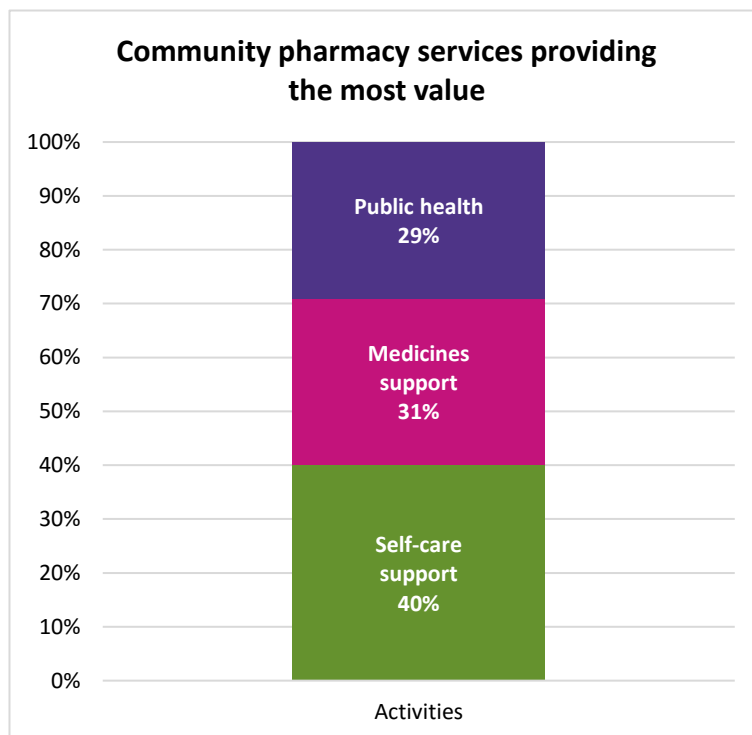
Patients: Patients experienced around £600 million of benefits, mainly in the form of reduced travel time to alternative NHS settings to seek a similar type of service as the ones provided by community pharmacy.

Value of community pharmacy (short-term)



How was this achieved?

- Through the services covered in PwC's analysis, community pharmacy made more than 150 million interventions in 2015 – including nearly 75 million minor ailment consultations and 74 million medicine support interventions – and supported 800,000 public health users.
- Focussing on value added in the short-term (2015), activities related to self-care support contributed the largest share (40%), followed by medicines support (31%) and public health (29%).
- Indirect health system cost savings could be worth up to a further £2.5 billion in 2015 from the knock-on effects of self-care and medicines support.



Conclusions

The expected amount of public sector spending saved directly as a result of the 12 services analysed, £3 billion, is enough, by itself, to offset the entire amount of public funding provided for community pharmacy in 2015.

Effectively this means that all the other benefits of community pharmacy – including the patient, society and knock-on health benefits of the 12 services analysed, and, more importantly, the benefits of the core NHS prescription service itself – can be seen as additional net benefits of community pharmacy that are provided at no cost to the Exchequer.

It is important to assess robustly the significance of any proposed changes to the support and delivery of these services. PSNC is calling on the Government to ensure that:

Patients will not lose the value and benefit they get from community pharmacy

A reduction in funding would impact on accessibility, either due to fewer community pharmacies or reduced opening hours, and lead to increased pressure on more expensive points of delivery in the NHS.

There is a needs-based approach to community pharmacy services

Ministers should work to maximise and increase the benefits of community pharmacy in future. Areas for future development could be: more widespread public health services, a nationwide minor ailments service, and expansion of the scope of NMS and MUR, for example the drugs/illnesses covered.

Further information

Find out more about the report at: psnc.org.uk/valueofpharmacy

If you have queries on this PSNC Briefing or you require more information please contact [Zoe Smeaton, Head of Communications and Public Affairs](#).

1. The in-year benefit in 2015 of £3 billion is net of the compensation which pharmacy received through funding from national and local sources for the 12 services evaluated.
2. Long-term: impact that occurs from 2016 onwards (i.e. the period over which the benefits are expected to accrue is assumed to be 20 years).