

Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
His Majesty's Treasury
1 Horse Guards Road
London
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1 December 2023

Dear Chancellor

Raising the National Living Wage: impact on a sector in crisis

I am writing on behalf of the Community Pharmacy sector in England to express our concern about the financial impact of the increase in the National Living Wage for 2024 on a sector in crisis.

As employers, we do of course, support the goals of the National Living Wage and would always wish to ensure that employees have a fair wage, particularly during a time of rising cost of living and in an increasingly competitive workforce market.

However, as a sector, our core funding has been cut by 30% in real terms during the period of our 5-year NHS contractual framework agreement. We have seen the second largest chain of high street pharmacies – Lloyds Pharmacy – exit the market, 236 pharmacies in Sainsburys stores close and Boots announce 300 further closures. Other multiple pharmacy groups have recently posted record losses and are currently eating into reserves. But the pain is being felt across all sizes of pharmacies – from large and medium chains to small independents, with many dispensing medicines at a loss and struggling to pay their rents, drugs and utilities bills. We have seen increasing numbers of permanent and temporary closures which has caused stress and concern for the 24 million patients and their carers who rely upon us for repeat prescriptions, and the many people who rely upon our health advice and services.

Whilst we are delighted by the recent investment in the new Pharmacy First service and expansion of other services through the Delivery Plan for Recovering Access to Primary Care – and we are working hard with DHSC and NHS England to get this implemented as quickly as

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Community Pharmacy England is the operating name
of the Pharmaceutical Services Negotiating Committee.

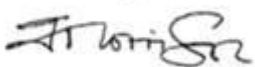


possible for the benefit of patients and the wider NHS – we are extremely concerned that underlying core funding remains at critically low levels and that the additional cost of implementing the uplift in the National Living Wage – of, we estimate, between £150m – £195m – is unsustainable.

Recent polling of pharmacy contractors also indicates that the pressures on medicine supply and dispensing at a loss are making dispensing precarious, impacting on patients as well as the sustainability of pharmacy businesses. We are concerned that there is insufficient money in the system to ensure reasonable margin allowances for community pharmacies and to ensure continuity of medicine supply.

We know that there are many business sectors similarly affected but pharmacies cannot pass cost increases onto their customers as other businesses can, since over 90 percent of a typical pharmacy's income is derived from NHS funding. We are also very aware that there are many calls on public finances but we are deeply worried that we need at least to ensure that community pharmacies can remain open to offer the important new Pharmacy First service, as well as continuing to dispense essential medicines and deliver other vital health services in every high street. We are about to enter into negotiations for our next year of contractual funding and would urge you to bear this in mind when the mandate for those negotiations is agreed. Community pharmacy needs a targeted funding uplift to the core contract to keep us afloat, and our doors open to ensure our new services have a real impact for patients and their communities.

Yours sincerely



Janet Morrison OBE
Chief Executive