



**Community
Pharmacy
England**



Annual Report 2023/24

Comments from our CEO and Chair

CEO's comment

It's easy to remark almost every year on what a big year it has been for community pharmacy. Politically, 2023/24 certainly was, with the launch of Pharmacy First really putting the sector on the healthcare policy map; leading healthcare think tanks setting out an ambitious vision for the sector's future; and a Prime Minister throwing his weight – and some new investment – behind the sector. For the first time we have seen pharmacy mentioned in all the major political party manifestos ahead of a general election.

Yet as the year closed so many of you were left wondering for how much longer your businesses could survive – and this is still no clearer. We continue to hear heartbreaking stories about pharmacy closures, and know many are putting personal finances into their businesses in last desperate attempts to stay open.

It's just not acceptable. Pharmacies do so much for patients and local communities, but to continue doing so you need to be able to earn a living. At the time of writing we are less than three months into the new Labour Government who have had nothing but positive words for community pharmacy – this now needs to translate into the money we desperately need to stabilise the sector, and ensuring that it does is our focus.

To do this we have improved our ways of working – from bringing in more economic, financial and political experts, to expanding our LPC Support team, and providing unprecedented levels of support for you all ahead of the new service launch – all of which meets our core objectives to represent and support community pharmacy owners and their teams.

I hope this report will give a snapshot of some of the work Community Pharmacy England has been doing for you over the past year, as well as a sense of things to come. Please do stay in touch whether that is by taking part in our regular polling, engaging with our website content and training materials, or coming along to one of our engagement events.



**Janet Morrison OBE,
Chief Executive Officer**

Chair's comment

Alongside our ongoing external work, including the critical negotiations on Pharmacy First, this past financial year has felt a genuinely transformative one from the inside of the organisation. The most obvious signal of this has been the name change to Community Pharmacy England, but the shift has reached far beyond the rebranding project.

As we moved forwards as Community Pharmacy England, we committed to new ways of working with the whole community pharmacy sector as part of an engagement strategy which Committee Members described as 'a real step change'. We have been trying hard to reach all corners of the sector, to listen to what everyone has to say, and to better reflect your views outwards and upwards: and we hope the changes have been noticeable, even if our stronger voice is yet to reap the financial rewards that the sector so desperately needs and deserves.

As a Committee we have also taken a long, hard look at ourselves and how we work. Under the guidance of an external governance expert, the Committee explored every aspect of the organisation – including the Constitution, rules, our mission, purpose and values – and we are now guided by a new set of principles better aligned with those of LPCs. We are starting work to make changes so that the Committee's composition reflects the changes in pharmacy ownership that we have seen in recent years. And work with LPCs has continued apace. As this annual report goes to print, we look forward to the inaugural meeting of the new LPC Chairs

Forum: this, along with our annual LPC conference, will bring together representatives, local and national, for the benefit of the whole community pharmacy sector. We hope this will mark the beginning of an enhanced phase of collaborative working to strengthen representation across the board.

Finally, I would like to thank our Committee Members for their energy and input over this past year. Every single one of them is a highly experienced community pharmacy expert and advocate. They do not have an easy job – representation is often a thankless task – yet they approach every meeting and challenge with the aim of answering the impossible questions, finding innovative solutions, and doing their very best for this extraordinary sector. We will continue to rely on their passion and expertise.



Sue Killen, Chair



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The year in review

2023/24: An important year for clinical services and political recognition

2023

April



Pressures Survey 2023 results released:

Revealing a worsening situation for community pharmacies as 96% of owners report rising costs and increased workloads, with 73% unsure how much longer they can sustain their business.

VAT services exemption introduced:

Considering the wider challenges in the sector, this came as a small but significant development, allowing pharmacies to better utilise team skills and manage services effectively.

May

PSNC rebrands to Community Pharmacy England:

Embracing a new identity to help more strongly and effectively represent the sector's interests.



July

Pharmacy owners feed directly into Committee meeting for the first time:

We introduced polling to ensure pharmacy owners' input shapes Committee meeting discussions and decisions.

MPs launch Pharmacy Inquiry: England:

We gave evidence to the Health and Social Care Select Committee who went on to make important recommendations in support of investment in community pharmacy.

August

Concerns over early autumn (C-19 & flu) vaccination programme:

We stressed the need for improved planning and adequate funding for pharmacies in a joint letter to the Health Secretary.

Community Pharmacy Local established:

LPCs undergo rebranding and consolidation into a unified "Community Pharmacy Local" identity, including a reduction in their numbers to better align with NHS Integrated Care Systems.

September



Nuffield Trust and The King's Fund set out vision for pharmacies:

The two influential think tanks published their vision for the sector.

HSJ Award for PQS patient safety work:

Community Pharmacy England, NHS England, and DHSC won the 'Patient Safety Team of the Year' award for work on the Pharmacy Quality Scheme (PQS) which community pharmacy teams worked hard on to enhance patient safety.

PRWeek Awards 2023:

Public affairs agency Luther Pendragon was recognised for their work with Community Pharmacy England to influence the Government's primary care recovery plan.

Launch of Pharmacy First webinar series:

Close to 3,000 attended the webinars held from November to January, providing key information and resources to help pharmacy owners implement the new service.



2024

ITV1 and MPs address crisis:

We collaborated with ITV Tonight to highlight the crisis impacting pharmacies, while 20 MPs raised the alarm over pharmacy closures in a joint letter coordinated by Community Pharmacy England.

3,000 Pharmacy First appointments in first three days:

The immediate impact and success of the new service were highlighted by the Health Minister.

Contractual framework negotiations begin for 2024/25:

Formal tripartite negotiations begin for CPCF 2024/25 – the first year following previous the five-year CPCF deal.

Supervision consultation:

Broadly, our response supported the proposals and sought amendments to ensure the new provisions can be used in practice.

October



November



December



January



February



March



Pharmacy First service and other changes:

We concluded Recovery Plan negotiations with the Government and NHS, winning critical set-up and monthly payments for Pharmacy First, and a £112 million margin write off.

National Living Wage crisis:

We wrote to the Chancellor and secured national media coverage warning about the unacceptable cost burden of £150m – £195m.

Pharmacy First launches:

Following intense preparations, the much-anticipated service began across the community pharmacy sector with over 96% of pharmacies registered to provide it.



Expanded powers granted for pharmacy technicians:

DHSC announced plans to allow pharmacy technicians to supply and administer medicines under a patient group direction (PGD).

Impact

A critical year with new investment

The strategy to improve the outlook for community pharmacy delivered some key outputs in 2023/24 with Government investment, a jump forward for clinical services and hugely improved political status for the sector.

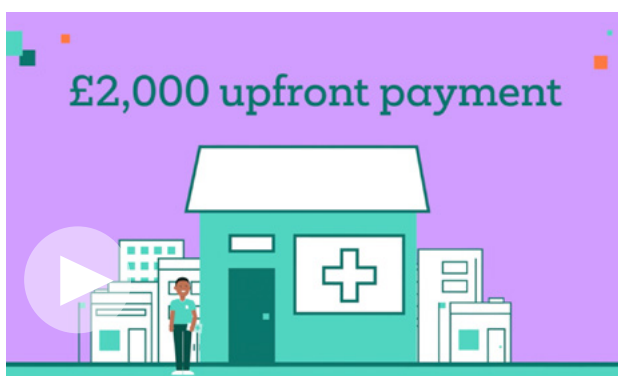
Sector investment

Work to make the case for community pharmacy and specifically to influence the then Prime Minister’s Delivery plan for recovering access to primary care secured a funding pledge for community pharmacy. This was the first investment of new money in the sector in 10 years.

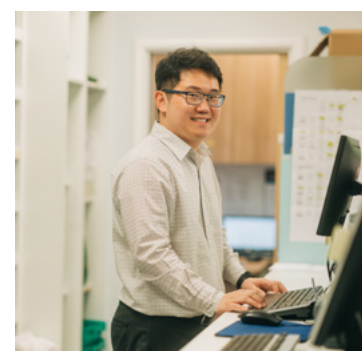
Through the extensive negotiations on the new Pharmacy First service – alongside other services – we also won some key improvements for pharmacy owners including preventing recovery of a fee over-delivery worth £112 million.

While a huge challenge for the sector to deliver, and not addressing the underlying funding crisis, this was a significant step forwards for community pharmacy.

Community pharmacy owners across the country did a fantastic job against all the odds to get the new service off the ground in the face of both seasonal demand pressures and the existential funding and operational challenges that they face.



[Community Pharmacy England’s Impact](#)



The Pharmacy First Negotiations

Community Pharmacy England won some key improvements through the negotiations with Government and the NHS on Pharmacy First, including:

£112 million

CPCF fee
over-delivery
written off



A **£1,000**
monthly
payment for
Pharmacy First...

The inclusion of
a **£2,000**
upfront
payment for
Pharmacy First

...with activity
thresholds
negotiated
down

Baseline CPCF
funding
protected



Delayed
introduction of
service bundling



Expanding Pharmacy Services

Pharmacy First has huge strategic significance for community pharmacy as it further cements the sector’s position at the heart of primary care, providing a platform for the future. There remain many challenges to the rollout of the service and this will be a key focus for Community Pharmacy England during the coming financial year.

But this was not the only service to launch during the past financial year as a new Lateral Flow Device service was also finalised, continuing pharmacy’s contribution to the nation’s COVID-19 efforts.

During our CPCF negotiations we argued that there was insufficient funding for the expansion of other services. As a consequence part of the Primary Care Recovery Plan funding was allocated to service enhancement. The Pharmacy Contraception Service was expanded, to allow initiation as well as ongoing supply of contraception in community pharmacies, and the Hypertension Case-Finding Service was expanded to allow appropriately trained staff to provide the service. Both these services received a funding boost included within the Government’s investment to pharmacies.

Vaccination services also continued to be a key area for clinical services with community pharmacies administering upwards of 3.5 million flu vaccinations.

Community Pharmacy England provided ongoing service implementation support for pharmacy owners to help them to maximise service delivery and income.

“The Government and NHS are not only starting to recognise the value of pharmacy in their ambitions to improve access to primary care, but also to understand the need to appropriately fund our expertise. We will be using this as leverage in the CPCF negotiations for 2024/25, stressing the need for core pharmacy funding to cover the spiralling costs and wider pressures that are crippling so many pharmacy businesses.”

Fin McCaul, Community Pharmacy England Regional Representative for the North West, Negotiating Team Member and Chair of our Service Development Subcommittee commenting on Pharmacy First during the launch in January 2024.



Wider funding work

In all discussions with Government, we have made clear that without urgent action, more pharmacies would close leading to potentially very serious impacts for patients. We sought an increase in core funding, higher fees for existing services, an uplift to retained medicines margin, and improvements for the medicines supply chain. And we were clear that the NHS could not afford any more services without investing in community pharmacy.

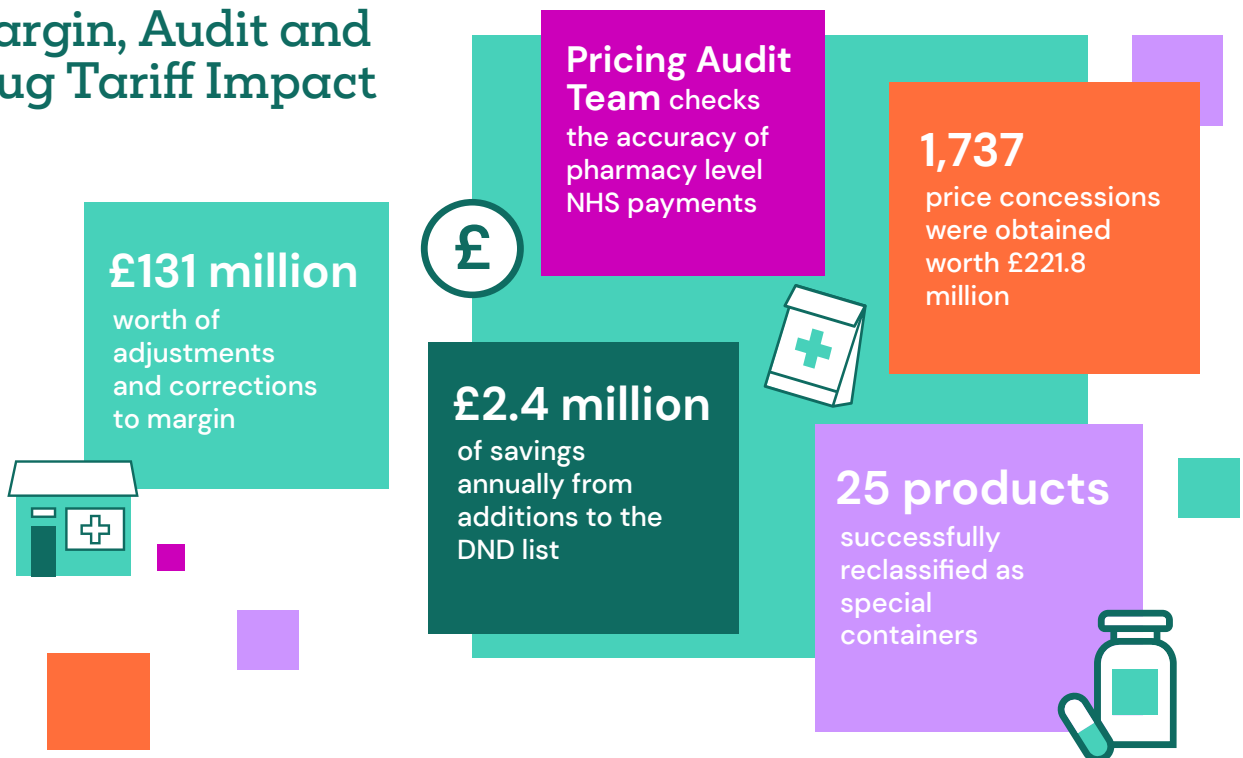
We have been in constant discussions with the Government and NHS pushing to secure fairer funding for the sector. This includes working with DHSC to get the best outcomes possible on reimbursement reform issues such as Category A and discount deduction changes.

As a result of our ongoing representations on the margin allowance, improvements were introduced to the price concessions system to make items exempt from discount deduction, introduce a roll-over process from one month to the next and develop a retrospective top-up payment system. We continue to make robust representations to improve the margin allowance and its distribution.

As part of the CPCF arrangements for 2022/23 and 2023/24, we secured a commitment from NHS England to commission an Independent Economic Review to provide a true analysis of pharmacy owners' current financial situation and the economic landscape for the sector as a whole. Data from this will be vital and inform future contractual negotiations.



Margin, Audit and Drug Tariff Impact



Raising pharmacy’s profile

Under our new name – Community Pharmacy England – we were able to engage more effectively with a wide range of organisations who influence Government and the NHS, building advocates for community pharmacy and raising the profile of the sector with a focus on both the value of community pharmacy and the very serious challenges the sector faces.

National media work in 2023/24 included highlighting the results of the 2023 Pressures Survey, extensive BBC reporting on pharmacy closures, an ITV documentary on pharmacy pressures, and supporting the cross-sector #Saveourpharmacies campaign. Alongside over 100 pieces of national press coverage we built stronger relationships with national media journalists to highlight the challenges facing community pharmacy and call on

the NHS and Government for action. We also built support across Parliament, think tanks, charities and patient groups, leading to many of these groups publicly backing Pharmacy First and co-signing letters to Ministers about community pharmacy. This included feeding into Healthwatch England’s investigation into pharmacy services with their report later backing many of the things we have been arguing for on behalf of community pharmacy.

Parliamentary events focused on winter pressures, the funding crisis and medicines supply problems. And the Health and Social Care Select Committee in Parliament ran an inquiry on community pharmacy – the Committee’s report would later mirror our own calls for support and development of the community pharmacy sector, providing a powerful endorsement.

Pharmacy's profile

102
national
media
mentions
in 2023/24

Over 100

MPs attended
our Parliamentary
events in 2023/24

30+
MP pharmacy
visits were
facilitated and
supported by our
team

11+
letters to Ministers
coordinated, including
one backed by 20+
MPs and covered by
national media

Our Pharmacy First
public affairs work, with
Luther Pendragon, was
Highly Commended at the
PRWeek Awards 2023

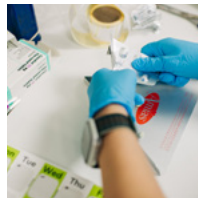
Strategy

Fighting for a better future

Community Pharmacy England is a committee of community pharmacy owners and their representatives from businesses of all shapes and sizes. Like all pharmacy businesses, Committee Members are directly impacted by the ongoing, extreme pressures on the sector, and finding solutions to ease these has been their only focus.

All of our strategy and workplans are geared towards delivering our vision: to have a sustainable and ambitious future for community pharmacy, with the right funding and investment to deliver better health outcomes to patients and the public.

Through 2023/24 the Committee worked to a clear strategic plan aimed at both making the case for immediate investment in community pharmacies and strengthening the position and outlook for community pharmacies in the long-term.



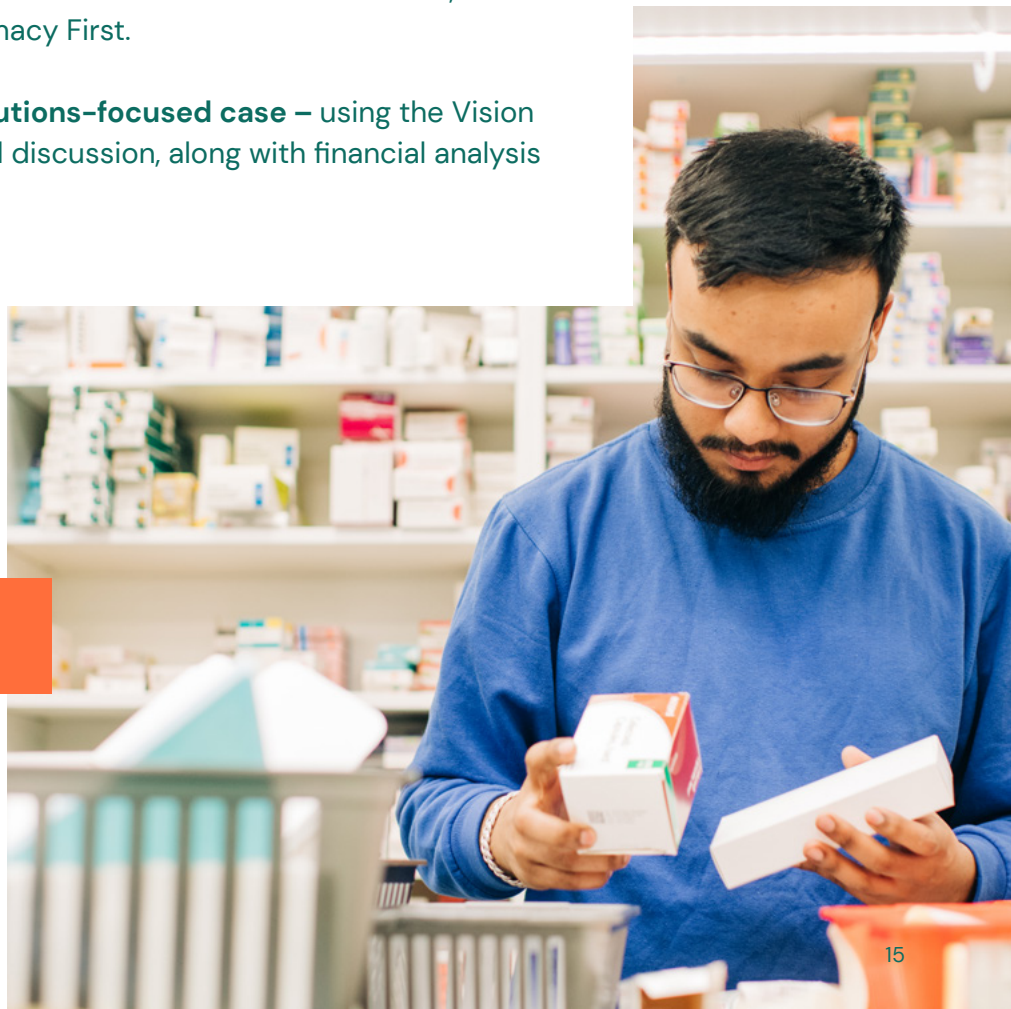
Committee Pharmacy England Objectives

1. Deliver an improved Contractual Framework
2. Drive the success of Pharmacy First, Hypertension Case-Finding and Contraception services
3. Promote the role of community pharmacy
4. Build the investment case
5. Lead future thinking
6. Continue to support the community pharmacy sector effectively

Strategy

In 2023/24 the most critical community pharmacy negotiations were focused on Pharmacy First and the funding pledged to the sector as part of the then Prime Minister's *Delivery plan for recovering access to primary care*. Alongside extensive work to get the best outcome for the sector from those formal negotiations, Community Pharmacy England's workplan was focused on:

- **Building relationships of influence across Government** – positioning community pharmacy for the future, including working with Ministers and the Labour and Liberal Democrat teams in anticipation of a 2024 General Election.
- **Building economic evidence** – ongoing data gathering and financial analysis to continue to press for a funding increase and wider support measures.
- **Influencing the next Government Spending Review** – we commissioned a major economic project from independent consultants to help influence future funding.
- **Building leverage** – playing off the enormous value that pharmacies offer, their essential role in local communities, and the importance of Pharmacy First.
- **Presenting a strong solutions-focused case** – using the Vision to drive policy ideas and discussion, along with financial analysis and pressures data.





Building relationships

Our wider influencing work to press Government and the NHS to invest more in the sector has been a crucial ongoing project, with 2023/24 seeing us continuing to work collaboratively across the sector to build advocates for community pharmacy across Parliament, national media, think tanks, charities and patient groups.

Tactics have included hosting [Parliamentary events](#), co-ordinating letters from MPs to Government alongside writing ourselves to Ministers, taking part in Select Committee Inquiries, supporting the work of the pharmacy All-Party Parliamentary Group in Parliament, hosting briefing events for patient representatives, working with Healthwatch England and others, and building positive relationships with all the major political parties ahead of the anticipated 2024 General Election.



Economic evidence and the Spending Review



Thousands of pharmacy owners took part in our regular opinion polls and then in the Pressures Survey 2024, providing ongoing data on the financial crisis and sharing their views on the negotiations and the future. Alongside this we analysed the accounts of major pharmacy companies and carried out ongoing economic analysis to look at the cost impacts on pharmacy of changes such as inflation, National Living Wage, cost of living price rises and activity increases across the sector.

All of this has been used to show Government and the NHS the deep distress that the sector is under and to underline to them the risks – to patients and the NHS, as well as pharmacies – should they allow the sector to collapse. In negotiations and public statements we have repeatedly made clear that it is not acceptable to expect pharmacies to absorb additional costs whilst underlying core funding remains at critically low levels.

Through negotiations we secured an agreement from NHS England to hold an independent economic review to help demonstrate the scope and scale of the financial pressures on the sector. And work to influence the next Government Spending Review has commenced, with the help of external consultants.



Investing in the future



- 1. A vision for community pharmacy: influential think tanks Nuffield Trust and The King's Fund** set out a future in which well – supported pharmacies do even more for patients and the NHS. The vision gave strong, independent support for community pharmacy.
- 2. Negotiations Training: our Committee Members and the Negotiating Team** received training from PA Consulting – an independent consultancy with extensive experience across Government.
- 3. Rebranding as Community Pharmacy England:** a new name and branding were designed to be more impactful, helping us to make a stronger and more authoritative case.
- 4. Spending Review Preparation:** we expanded our financial analysis team, and also started a significant economic project to help influence the next Government Spending Review in community pharmacy's favour.
- 5. Governance review:** we commissioned an independent governance expert to conduct a full review of our Governance frameworks and structures – looking at mission, values, composition, elections, functions and responsibilities. We collaborated with LPCs on shared principles of Governance.
- 6. Expanding LPC Support and Finance teams:** we have employed additional members of staff to strengthen the support we can offer to LPCs and the financial analysis we can undertake.



A solutions-focused case and leverage

The enormous value of pharmacies and their essential role in local communities is a major part of the sector’s appeal. We pitched community pharmacy as a solution to policymakers’ needs through Pharmacy First and demonstrated further potential by commissioning the Vision for Community Pharmacy from health experts Nuffield Trust and The King’s Fund. This presented a blueprint for how to make the most of community pharmacy, helping make the case for a better deal.

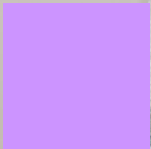
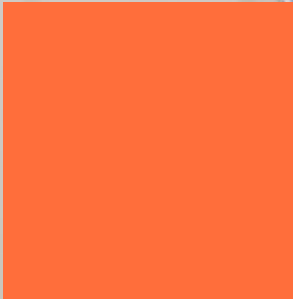
The launch of Pharmacy First was a pivotal moment, cementing community pharmacy’s role in primary care and providing a foundation upon which other clinical services can be built. Pharmacy owners told us that they were optimistic about the service, recognising that it begins to value the expertise that pharmacists have, and to provide funding for more of the healthcare advice that they are able to offer. The service will make community pharmacy ever more critical to primary care – a position that we will continue to leverage in negotiations.

Medicines supply has continued to be a major concern and we used data – from our ongoing surveys of pharmacy owners – and evidence about the impact on patients to continue to highlight this. We have pitched both short and longer-term solutions to Government, underlining to Ministers how critical a role community pharmacy plays to the nation in assuring the safe supply of medicines.





The Strategy for Community Pharmacy



Support

A crucial part of Community Pharmacy England's role is offering support to pharmacy owners and LPCs. 2023/24 saw a range of help offered from governance toolkits for LPCs to fully booked Pharmacy First webinars.

8,600
pharmacy
owner
and LPC
queries



5,300
attendees to
our webinars
and events



39
briefings on
topics such as
regulations, data
security and
new pharmacy
services



Specialist
working
groups for
LPCs and on
pharmacy IT



3.19m
visitors to our
website



Throughout the year we published a wealth of guidance, webinars and other support for pharmacy owners and LPCs. This included publishing 39 briefings and hosting 23 live webinars covering topics from price concessions to the delivery of new services. Ahead of the launch of Pharmacy First and the expansion of the Contraception and Hypertension services we hosted a series of 5 webinars, and lunchtime drop-in sessions for anyone with questions to join. We also produced a range of promotional materials for [Pharmacy First](#) and the [Flu Vaccination Service](#), as well as a series of [infographics to demystify negotiations and explain the price concessions process](#).

Support for LPCs

Supporting the network of Local Pharmaceutical Committees (LPCs) also remained a key area of work. A new four-year term of office for LPCs began in July 2023 and help was provided for LPCs to adopt a new model constitution, as well as hold elections and appointments for over 650 LPC member places in England.

Transformation resources continued to be provided to help LPCs present a strengthened and unified identity to the local NHS, local government, and other stakeholders, as the local voice of community pharmacy. This included the development of a sibling brand identity for each LPC, known as 'Community Pharmacy Local' to use freely.

The number of LPCs reduced from 69 to 54 with further consolidation expected into 2024/25. The changes mean there is better alignment between LPCs and the 42 NHS Integrated Care Boards (ICBs) in England, who have taken on the responsibility for commissioning pharmaceutical services delegated by NHS England.

We have employed additional LPC and local policy support staff to increase the support available to LPCs, to build awareness and support for pharmacy, and encourage investment in the sector in line with the Vision, across the 42 ICBs.



"The move to Community Pharmacy <Local> is a great opportunity to build awareness, deepen engagement, and embrace consistency across England. We have been working for some time to collaborate more closely with LPCs and strongly believe that we can be more powerful as a sector if we work together to champion community pharmacies."

James Wood, Director of Member and LPC Support at Community Pharmacy England commenting on the introduction of Community Pharmacy Locals.

Continuous Improvement

Continuing to strengthen our governance and improve our negotiating capacity was a key focus throughout the year. We entered the second year of delivering on the mandate for change from pharmacy owners, following recommendations put forward by an independent review into PSNC (as we were called at the time) and LPCs, shaped and driven forward by the Review Steering Group (RSG).

The Transforming Pharmacy Representation (TAPR) Programme was overseen by the full Committee, to ensure that the changes pharmacy owners voted for were delivered. This was with the ultimate aim of ensuring that pharmacy owners have a better relationship with (and more oversight of) our organisation, helping us become a stronger national negotiator.

We commissioned an independent governance expert to carry out a full review of our governance frameworks and structures – looking at mission and values, Committee composition, elections, functions and responsibilities and the respective roles of the Committee and Subcommittees. We collaborated with LPCs on the development of shared principles to inform a new Governance Framework and Code of Conduct.

At the time of writing the Committee has revisited its composition after a significant period of change in sector ownership. Detailed evidence has been examined and there is agreement to make permanent changes to the committee as quickly as possible, along with immediate interim changes to ensure all main parts of the sector remain fairly represented.

After consultation with the LPCs, levy changes have been implemented with a Committee-approved programme for investment in strategic programmes and staffing capability alongside a full programme of work that supported LPCs through the changes. We published briefings to outline areas of investment to show how levy funding has been used.



To strengthen the overall organisation we have employed additional members of staff to boost the support we can offer to LPCs and the financial and economic analysis we can undertake. An additional communications professional has increased our national media output and helped to deliver more regular and informative communications to the sector.

Investment was made in a new organisational name and branding which were designed by branding experts to be more impactful, helping us make a stronger and more authoritative case for the sector.

During the year we implemented new ways of engaging with pharmacy owners and their teams, which has led to thousands of pharmacy owners responding to polls and surveys to feed directly into Committee discussions and negotiations. We have also introduced feedback from Committee meetings and investment has included online events and undertaking in person regional meetings with LPCs and pharmacy owners.

For the first time, LPC Chairs and Chief Officers are being invited to observe the work of the committee on a rotational basis by region. During the year this included the Yorkshire and Humber region and the South East region.

We are entirely funded by pharmacy owners via the levy collected via LPCs and all of the funding is devoted to fulfilling the functions outlined in our constitution, strategy and workplan, largely through direct staffing costs or externally commissioned professional advice and services. We continue to deliver our work via core functions/teams: funding, NHS services, legal and regulatory, contractor and LPC support, and communications and public affairs.



Annual accounts 2023/24

PHARMACEUTICAL SERVICES NEGOTIATING COMMITTEE
(Operating as Community Pharmacy England)

Income and Expenditure Account

Year ended 31 March 2024

	£	2024 £	£	2023 £
Income				
Levies from Local Pharmaceutical Committees received and outstanding		4,010,077		3,342,214
Exceptional income				
Insurance claim re:				
Reinstatement building costs	-		247,207	
Contents	-		17,897	
Compensation for business interruption	-		30,521	
		-		295,625
Exceptional expenditure				
Reinstatement building costs	-		247,207	
Temporary rental office space/Meeting room costs	-		30,071	
		-		(277,278)
		4,010,077		3,360,561
Administration				
Staff employment	2,473,995		2,321,053	
Rent, rates, other property costs and interest	143,404		115,678	
Printing, stationery, postage and telephone	52,538		50,414	
Travelling and meeting expenses	220,771		126,054	
Sundry expenses	932		847	
	2,891,640		2,614,046	
Finance				
Audit fees	11,000		10,500	
Depreciation	131,156		124,183	
	142,156		134,683	
		(3,033,796)		(2,748,729)
		976,281		611,832
Service				
Professional fees	216,021		209,932	
Communication				
Public relations	102,240		139,148	
Conferences	16,351		19,673	
	118,591		158,821	
		(334,612)		(368,753)
Operating surplus carried forward		641,669		243,079
Review Steering Group (RSG) expenditure				
RSG member expenses	-		2,608	
RSG legal & consultancy costs	-		25,209	
RSG communication costs	-		7,585	
		-		(35,402)
		641,669		207,677
Transforming Pharmacy Representation (TAPR) expenditure				
Staffing expenses	99,051		80,651	
Consultancy costs	479,703		236,573	
Communication costs	1,200		5,875	
		(579,954)		(323,099)
Surplus/(deficit) on ordinary and exceptional activities		61,715		(115,422)
Other income				
Interest receivable		24,227		7,457
Surplus before tax		85,942		(107,965)
Tax charge		(4,603)		(1,417)
Surplus after tax		81,339		(109,382)

Balance Sheet as at 31 March 2024

	2024		2023	
	£	£	£	£
Fixed assets				
Tangible assets		3,714,184		3,760,839
Investments		2		2
		<u>3,714,186</u>		<u>3,760,841</u>
Current assets				
Debtors	78,820		59,161	
Cash at bank and in hand	1,314,344		1,388,719	
	<u>1,393,164</u>		<u>1,447,880</u>	
Current liabilities				
Creditors: Amounts falling due within one year	(497,588)		(608,412)	
Net current assets		<u>895,576</u>		<u>839,468</u>
Total assets less current liabilities		<u>4,609,762</u>		<u>4,600,309</u>
Creditors: Amounts falling due after one year		(1,528,815)		(1,600,701)
Net assets		<u>3,080,947</u>		<u>2,999,608</u>
General fund				
Balance at 1 April 2023		2,999,608		3,108,990
Surplus for the year		81,339		(109,382)
		<u>3,080,947</u>		<u>2,999,608</u>

Cash Flow Statement

Year ended 31 March 2024

	2024	2023
	£	£
Cash flows from operating activities		
Surplus for year before tax	85,942	(107,965)
<i>Adjustments for:</i>		
Depreciation	131,156	124,183
<i>Changes in:</i>		
Trade and other debtors	(19,659)	(3,684)
Trade and other creditors	(113,653)	50,598
Cash generated from operations	<u>83,786</u>	<u>63,132</u>
Tax paid	(1,417)	(33)
Net cash from operating activities	<u>82,369</u>	<u>63,099</u>
Cash flows from investing activities		
Purchase of fixed assets	(84,501)	(75,620)
Net cash used in investing activities	<u>(84,501)</u>	<u>(75,620)</u>
Cash flows from financing activities		
Repayment of bank loans	(72,243)	(72,600)
Net cash from financing activities	<u>(72,243)</u>	<u>(72,600)</u>
Net decrease in Cash and Cash Equivalents	<u>(74,375)</u>	<u>(85,121)</u>
Cash and Cash Equivalents at Beginning of Year	<u>1,388,719</u>	<u>1,473,840</u>
Cash and Cash Equivalents at End of Year	<u>1,314,344</u>	<u>1,388,719</u>

Notes on the accounts

- PSNC's rebrand to Community Pharmacy England commenced in FY 2022/23 and was completed within the first quarter of FY 2023/24.
- The 2023/24 CPE Financial Statements were once again audited and prepared by our Chartered Accountants Sawin & Edwards LLP. The above figures summarise Community Pharmacy England's income and expenditure and financial position.
- The Independent Review into contractor representation and support undertaken by Professor David Wright and subsequently the Review Steering Group (RSG) recognised that Community Pharmacy England was significantly under-resourced for the work that it does.
- The RSG accepted the recommendation in the Wright Review that levy funding should be redirected towards representative activities which have the greatest impact.
- The RSG recommended, at a minimum, that the levy uplift should be introduced in staged payments – increasing to £1,500,000 by 2024/25.
- Following the sector vote in support of the RSG proposals, the Committee applied the levy uplift, recognising the additional capacity needed to deliver the RSG recommendations on top of an already demanding work programme at such a crucial time for community pharmacy.
- After a period of many years of the levy been held at a flat rate, the first increase was made in 2023/24. A majority of this levy increase was spent on workstreams, and activities recommended under the Transforming Pharmacy Representation Programme (TAPR). The TAPR investment in 2022/23 was funded by Community Pharmacy England's reserves.
- Community Pharmacy England has continued to focus on cost control with the Committee again challenging the office with a negative budget. This was overachieved in most areas, with substantial savings primarily through an underspend on service costs in particular legal/professional fees due to lower spend on discretionary elements such as specialised consultancy services, as well as lower communication costs due to fewer events and lower spend on conferences throughout the year. Community Pharmacy England's main source of income remained levies from LPCs, and the largest item of expenditure was administration costs.
- Community Pharmacy England's balance sheet has strengthened slightly due to the small surplus being achieved at the year end of (£81k) compared with the deficit of 109k for FY 2022/23.
- Debtors increased primarily due to the increase in Prepayments. All levies were collected in full, prior to the year end. Current liabilities decreased owing to lower Trade Creditors and lower general accruals carried forward.

Outlook

Working to reset the dial

As the 2023/24 financial year closed there remained both opportunity and severe threat for community pharmacies of all shapes and sizes. Community Pharmacy England’s resolve and focus through the next twelve months will remain the same: to ease the pressures for community pharmacies; to make the case for immediate investment to stabilise the sector; and to strengthen the position for community pharmacy for the long-term.

CPCF Negotiations

At the end of the financial year, negotiations on the CPCF for 2024/25 were ongoing with our Negotiating Team – which includes pharmacy owners – arguing strongly for:

- **Significant realignment of the Contract Sum:** to match costs
- **No unfunded increase in activity:** the NHS cannot afford more services without more investment
- **Write-off of cumulative retained margin owings**
- **Re-establishment of the principle of indexation for activity and inflation**
- **A full review of retained margin delivery**
- **A full review of the wider medicine supply chain**

Our analysis of the sector shows that many pharmacies are now on the brink of insolvency and that without additional injection of funds, or some other form of relief, they will close. This will have disastrous consequences for patients and primary care. While the General Election purdah period stalled these negotiations, at the time of writing this report, we have met with Minister for Care Stephen Kinnock and expect negotiations to resume soon.

Negotiations inputs



Our negotiating objectives set out clearly what the sector needs, with the most critical being the funding uplift. Our negotiating approach has been supported by independent policymaking experts who have helped refine our strategy and tactics and acted as a critical friend through the process. Our evidence provided to Government and the NHS covered:

- **Financial data, Pressures Survey responses, and analysis of inflationary, cost and activity increases.**
- **NHS funding levels and parity.**
- **Detailed analysis of the top 20 pharmacy company accounts showing the huge profitability challenges – their accounts show clear warning signs.**
- **Cost pressures including:**
 - National Living Wage increases
 - Ongoing inflation on non-staff costs
 - Increased prescribing levels and demand for other services
 - Pharmacy First delivery and the 'halo' effect



Pharmacy First

Pharmacy First is a clear opportunity for community pharmacy to further cement its position at the heart of primary care, but coming into the new financial year there remain problems to resolve and this will be a key focus for 2024/25.

IT issues need to be ironed out – and this includes addressing steps taken by some GPs which have made full integration more challenging. The ability of pharmacy owners to reach the monthly payment thresholds remains a major concern for us and we have already proposed options to resolve this to the NHS and new Government. We will continue to work closely with DHSC and the NHS to make the service a success, including pressing NHS England to take action to promote the service more effectively to both the general public and to general practices to drive up referral rates.

Thanks to all pharmacies who took part in the Advice Audit over the summer. This has helped to gather further evidence of the informal healthcare advice that pharmacies are giving; this evidence will be used in both Parliamentary and media work, and negotiations.

A new Government

The General Election in July has led to both a new Government and a significant number of new MPs in Parliament. Since the election we have been working both to build constructive relationships with the new Government and to get across the critical situation that community pharmacies are in and the urgency with which the sector needs answers.

Effective relationships with the new Government will be critical, and we are working on this, building on the preparatory work done for many months before the election to build relationships with the Labour health team. It was encouraging through the election campaign period to see how much pharmacy’s political profile has risen – with specific mentions for pharmacy across all the main party manifestos.

Work since the election has included meeting with Minister for Care Stephen Kinnock, and holding an event at the Labour Party Conference at which he spoke; making a submission to the Darzi Review; making submissions – both ourselves and jointly with other primary care professions – to the Spending Review; public polling work; and Parliamentary work to rebuild a network of advocates across Westminster.

The Labour Government has committed to strict fiscal rules and is relying on long-term economic growth to boost public spending power. Community pharmacy can support this long-term goal, as well as their priorities for patients and the health service, but only if it is put on a sustainable economic footing. We will be working throughout the rest of this financial year to press for improvements for community pharmacy, influencing both the Comprehensive Spending Review and the NHS Ten Year Plan.





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