



Pharmacy Pressures Survey 2024

Funding and Profitability Report

Summary

Community pharmacies are facing critical financial pressures. As privately owned businesses providing NHS services, pharmacies are run by skilled business people who combine an entrepreneurial approach with a real desire to improve health outcomes.



The average pharmacy relies on NHS funding for around 90% of its income. But that core NHS funding has decreased in real terms by 30% since 2015, while costs and activity have spiralled. The number of NHS services they are expected to deliver has grown over that period so they are working harder and harder for significantly less money.

The reality is now that too many pharmacies are struggling to stay afloat, with less than half barely breaking even, and **countless pharmacies are at risk of closure with an indication that nearly 1-in-6 may close within the next year.**

Community pharmacies urgently need more funding to cover the costs of delivering their core contractual services for the NHS and their patients. Over half (52%) of pharmacies have revealed that **the pressures are having a negative impact on patients.**

Community Pharmacy England is seeking increased funding for the sector so pharmacies can continue their frontline role supporting the NHS and the long-term health needs of local communities.



Pharmacy teams are being burdened with unnecessary administrative tasks, diverting their attention from crucial services such as Pharmacy First, Blood Pressure Service, Contraceptive Service, and ensuring patients receive their regular medications.

Pharmacy owner

Pharmacy Pressures Survey 2024

Community Pharmacy England represents all c. 10,500 community pharmacies in England. This report has been produced based on the results of Community Pharmacy England's 2024 Pharmacy Pressures Survey, which was carried out between early March 2024 and early April 2024. The survey consisted of two parts, an online questionnaire specifically for pharmacy owners (or head office representatives) and another separate questionnaire for pharmacy team members (or head office representatives).

Over 900 pharmacy owners – between them representing more than 6,100 pharmacy premises in England – and over 2,000 pharmacy team members (mostly pharmacists, but also some technicians, dispensers and assistants) took part in their respective surveys. The results once again show a community pharmacy sector in deep distress.



Community pharmacies are under severe financial strain, with widespread profitability concerns. Many are losing money, and several are uncertain about their ability to survive another year. These pressures are negatively affecting patient care, resulting in longer waits for prescriptions, reduced time with patients, and limited access to essential healthcare services. This is deeply concerning, especially for the communities that rely heavily on their local pharmacies.

Pharmacies depend on 90% of their income from the NHS contract, but significant funding cuts over the years and spiralling costs have pushed them to the brink. We urgently need increased funding, support, and policy changes to secure the future of community pharmacies and ensure they can continue providing essential services and supporting the NHS. Without this, our local towns and neighbourhoods are at serious risk, and patient health will suffer.

Janet Morrison OBE
Chief Executive of Community Pharmacy England

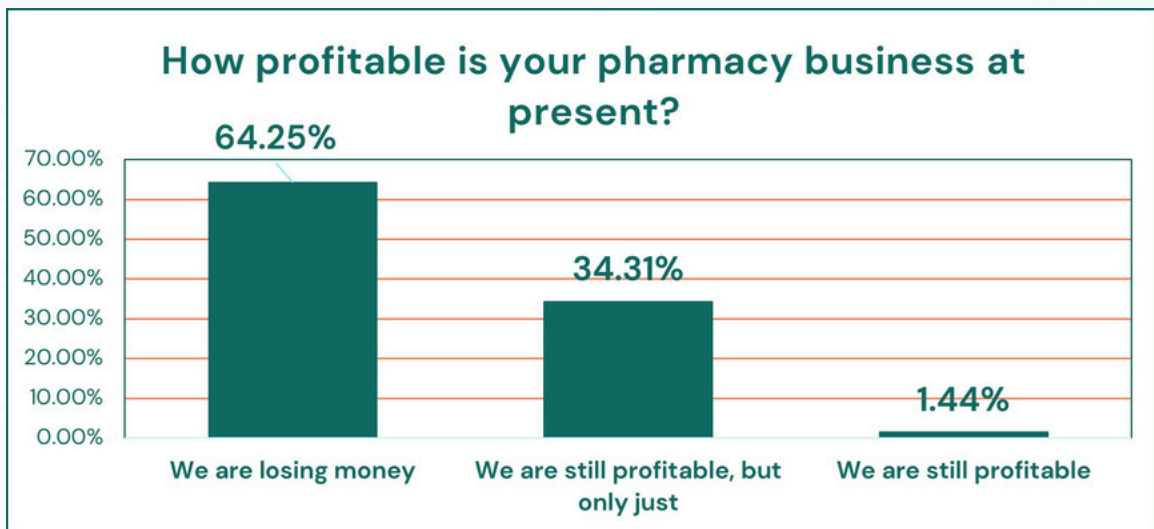
Key findings



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Profitability and threats

- Half of pharmacy owners report that their businesses are losing money, and 45% say they are just breaking even.
- Less than 2% of the pharmacy premises represented in this survey are profitable (see graph below). Worryingly, almost 65% of pharmacy premises report they are losing money.



- Almost 80% of pharmacy owners report that they are unsure how much longer they can continue to manage the threats to their business.
- About 1-in-6 (16%) pharmacies are unsure they can stay open for another year or less due to financial difficulties (see graph below).



Case Study



Pharmacy businesses are under immense financial strain due to reimbursement rates that often don't cover our costs. We're stuck between a rock and a hard place—either dispense items at a loss or risk breaching our contractual obligations. We have no control over our income, which is heavily dependent on NHS funding. We also find it hard to justify developing and investing in our staff due to the funding crisis and lack of financial support.

Despite our best efforts to supplement our income with private services, NHS funding remains our primary revenue source, making it difficult to balance our finances. The constant need to innovate and adapt is exhausting, and it's disheartening to think that skilled professionals might be forced out, leaving communities without crucial care.

I've worked incredibly hard for 14 years, and my patients know and rely on my pharmacy. I can't just throw in the towel because local people depend on NHS services, and they'd be shocked and confused if we had to cut back or close.

The pressure on pharmacies means we're constantly facing tough choices. I have to consider whether to cut staff hours, but I don't want to do that because it would impact the quality of service we provide. So, I deliberately overstaff, even though it might seem imprudent from a business perspective. This helps me manage stress and ensures I have time to see patients while my staff handles other parts of the pharmacy.

But even though we run a successful and well-regarded business, I'm feeling burnt out and overwhelmed. The burden of dispensing medicines at a loss and the lack of fair reimbursement are preventing us from doing our jobs properly.

It's deeply worrying to think about the impact on our communities if pharmacies like mine are forced to scale back or shut down.



Lindsey Fairbrother
Community Pharmacy Owner based in Derbyshire

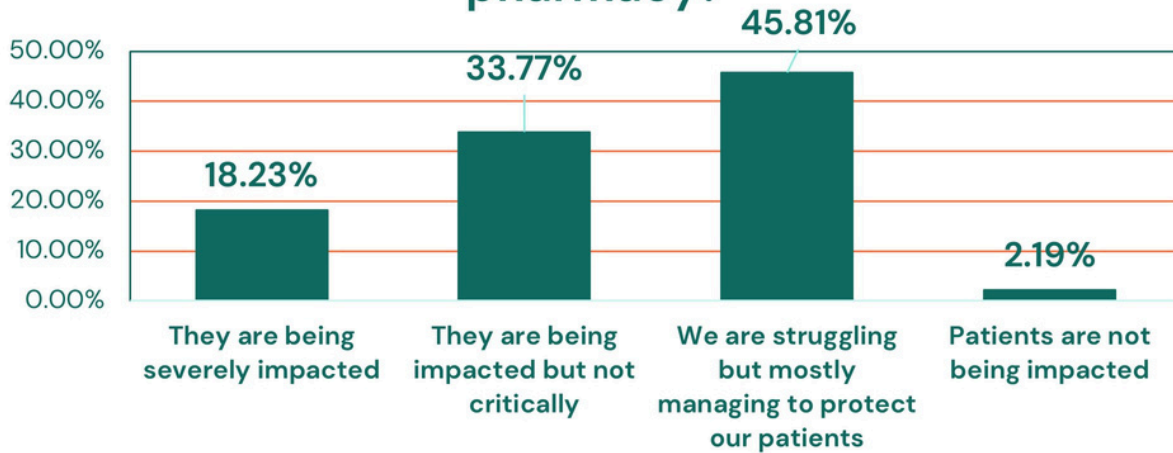
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Impact on patients and pharmacy teams

- Over half of pharmacy staff (52%) report that patients are being negatively affected by the pressures on pharmacies, with 18% stating that patients are being severely impacted.



Are patient services being negatively affected by the pressures on the pharmacy?



We know that closures have already impacted public confidence in using pharmacies and delayed people from accessing vital services and prescriptions. The prospect of further closures is particularly worrying as medicine shortages continue to worsen, with people having to ration drugs and engage in 'pharmacy bingo' as they look for stock.

We have called for urgent action to address medicine shortages and support pharmacy teams under financial pressure.

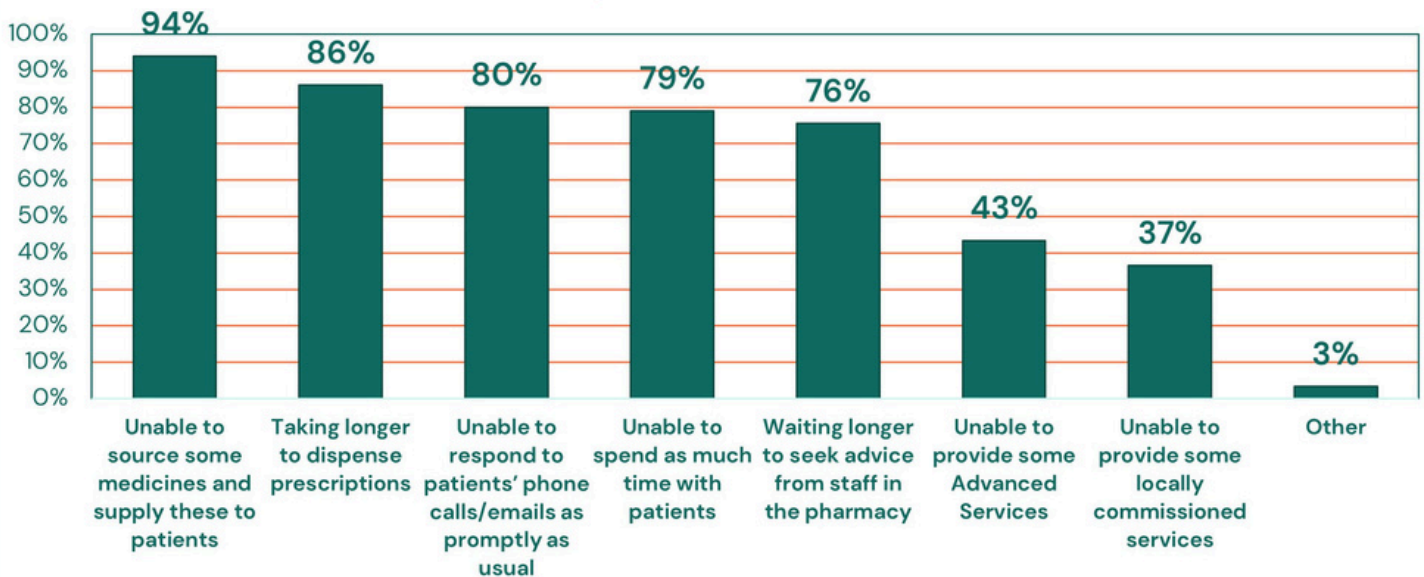
William Pett

Head of Policy, Public Affairs & Research at Healthwatch England



- More than 90%** reveal the inability to source and supply some medicines as a major issue for patients. Additionally, **most report longer prescription dispensing times (86%), delays in responding to patient phone calls and emails (80%), and less time to spend with patients (79%) as significant issues.**
- More than 40%** of pharmacy owners note that the financial strain is limiting their ability to provide some Advanced services, such as the New Medicine Service or vaccinations.

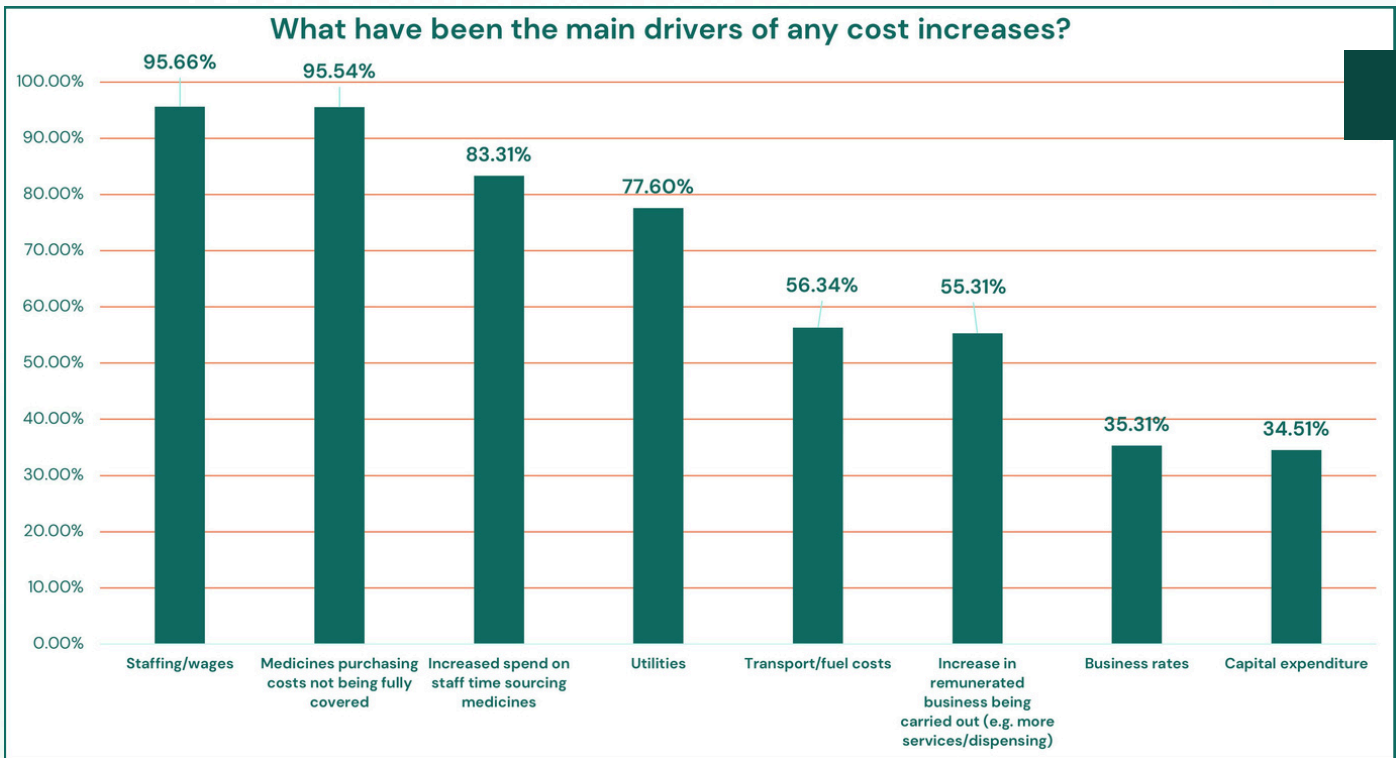
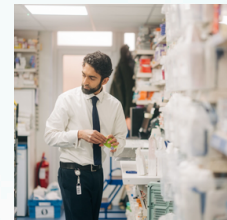
If patients are being impacted, what has the impact on patients been?



3

Increasing costs

- More than **90%** of pharmacy owners report that business costs are significantly higher than this time last year.
- Staffing costs (95.66%)** and **medicine purchasing costs (95.54%)** are the biggest reasons for the cost increases in the community sector. This is similar to last year, but staffing costs have just overtaken medicine purchasing costs as the largest reported cause.
- Pharmacy owners were also candid that regulatory and administrative burdens, **shortages and supply issues, poor infrastructure and technology, and patient care and safety concerns** are other key drivers of increasing costs.



Key facts about Community Pharmacy's closure crisis

The number of pharmacies open in England is now the lowest since the 2008/09, despite the annual number of prescriptions growing by over 40% since then and the growth in clinical services commissioned by the NHS in the pharmacy contract. This is completely uneconomic and unsustainable – a significant proportion of pharmacies have already closed as a consequence, and the squeeze has left most of the remaining pharmacy businesses teetering on the edge of collapse.

Pharmacy closures and market changes demonstrate the sector's unsustainability. The funding crisis is affecting businesses of all sizes, with more than 1,200 pharmacies closing since 2016. In 2023, Lloyds Pharmacy, the second largest operator, exited the market. Boots have closed or consolidated 300 stores and Sainsbury's have closed 230. Our recent analysis revealed clear red flags, with 75% of a sample of the 20 largest pharmacy groups having negative net assets. Where closures do occur they have had disproportionate impact on the most vulnerable communities where the need is highest.

Community pharmacy is ambitious for the future, but further services must be commissioned in the context of fair, sustainable funding.



Community Pharmacy in Crisis: Our call for support and funding





Pharmacy owners and their teams are under immense pressure but continue to go above and beyond for their patients and communities.

Despite their dedication, issues for pharmacies are worsening. After years of stepping up to protect the NHS and our communities during extraordinary times (such as the impact of Brexit and the COVID-19 pandemic), and despite a serious funding squeeze, our pharmacies are beyond breaking point.

Without urgent action, the future of community pharmacies in our towns and neighbourhoods is at serious risk. Community Pharmacy England is urgently seeking increased funding to help protect these vital healthcare assets.

Our recommendations

We need to build renewed resilience in the sector so pharmacies can continue their frontline role in saving the NHS and protecting our communities' long-term health. This is why we urgently need:

-  **A sustainable funding model for community pharmacy.**
-  **Investment in the clinical future of community pharmacy.**
-  **A plan to safeguard the pharmacy workforce.**
-  **A full review of the medicines supply market and short-term relief measures.**





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