

Briefing 010/25: Funding Settlement for 2024/25 and 2025/26

Community Pharmacy England, the Department of Health and Social Care (DHSC) and NHS England have announced the 2024/25 and 2025/26 funding settlement for community pharmacy. This briefing outlines the key elements of the settlement.

Overview

In this briefing we cover:

- Funding for 2025/26;
- Service developments and changes to fees;
- Pharmacy Quality Scheme (PQS);
- Regulatory changes;
- Additional points of note; and
- Appendix: Timeline of changes.

Details of the settlement on the CPCF for 2024/25 and 2025/26 are also included in the [joint letter to pharmacy owners](#) from Community Pharmacy England, DHSC and NHS England.

You can also read Community Pharmacy England's full announcement and statements on [our website](#).

Funding for 2025/26

The settlement secures baseline funding of **£3,073 million** for provision of the Community Pharmacy Contractual Framework (CPCF) in 2025/26. £30m of spend on the HCFS and PCS, which is currently within the contract sum, will instead be funded from the Pharmacy First budget. This means the baseline funding is effectively **uplifted by 19.7%** compared to 2023/24.

A further **£215 million** (the 'Pharmacy First' budget) will fund the cost of Pharmacy First clinical pathways, the Pharmacy Contraception Service (PCS) and the Hypertension Case-Finding Service (HCFS).



The level of allowed medicines margin for 2025/26 is being **increased to £900 million**, with **£193 million of historic over-delivery also being written off**. This leaves £42 million of margin over-delivery to be recouped over the next 12 months.

Together, these elements represent an overall uplift of greater than 30% in funding for the year 2025/26, compared to the final year of the previous 5-year settlement (2023/24).

The **Single Activity Fee (SAF) will increase to £1.46** per item.

Funding changes summary:

	2023/24	2024/25	2025/26
CPCF contract sum	£2,592m	£2,698m*	£3,073m*
Margin write off			£193m
Primary Care Recovery Plan ('Pharmacy First') spend	£48m**	£140m**	£215m
Total	£2,640m	£2,838m	£3,481m
Percentage change Year on Year		7.5%	22.7%
Percentage change versus 2023/24		7.5%	31.9%

*Includes increased margin allowance of £850m in 2024/25 and £900m in 2025/26

**Significant portions of the Primary Care Recovery Plan budget were allocated towards historic fee write offs, marketing for Pharmacy First and IT development, and are not shown in the table above.

Service developments and changes to fees

Pharmacy First

Fees for the Minor Illness and Clinical Pathway consultations part of Pharmacy First are being uplifted to **£17**, whilst the Urgent Medicine Supply fee will remain at **£15**.

In the negotiations, we were successful in gaining agreement to moving to a banded approach for the Pharmacy First monthly payment: **£500 for those delivering 20–29 consultations** per



month and **£1,000 for those that achieve 30 or more.**

This change will commence from June 2025 and will help address the concerns from pharmacy owners who have not been able to achieve the 30 clinical pathway consultations monthly target over the last few months.

To enable the introduction of this variable monthly payment within the NHSBSA's payment systems, **the claim window for Pharmacy First consultations will be reduced to one month** from June 2025. The [recent change](#) to allow an additional twelve months to claim payment where an issue with IT systems prevented the submission of a claim will remain.

It was previously announced that 'bundling' requirements would be introduced from April 2025 requiring pharmacy owners to provide the HCFS and PCS in order to receive the Pharmacy First monthly payment, when they also meet the monthly volume target.

We have agreed revisions to this plan with a **phased introduction of 'bundling' requirements.**

To receive the monthly Pharmacy First payment, subject to also achieving the relevant volume of clinical pathway consultations:

- **From June 2025**, pharmacies will need to be **registered to provide the PCS and HCFS**;
- **From October 2025**, in addition they must **deliver at least one Ambulatory Blood Pressure Monitoring (ABPM) provision per month**; and
- **From March 2026**, a **specified number of contraception consultations** (to be agreed by Community Pharmacy England, DHSC and NHS England in due course) will also need to be provided each month.

In recognition of changes to the rules around provision of Advanced and Enhanced services to patients present on the premises of Distance Selling Pharmacies (DSPs) (see further information in the Regulatory changes section below) the above requirements related to registration to provide the HCFS and the provision of at least one ABPM per month will not apply to DSPs.

DHSC has also pledged to review delivery and capping of Pharmacy First and other services.

Pharmacy Contraception Service

We have been successful in persuading DHSC and NHS England to increase the **consultation fee for both initiation and repeat supplies of contraception to £25** (a 39% increase). This



increased fee better reflects the costs of provision of the service, particularly initiation consultations, which generally take longer to provide.

Suitably trained and competent Pharmacy Technicians will also be able to provide the service, supporting greater use of skill mix by pharmacy owners, where that fits within their business plans.

From October 2025, subject to the introduction of IT updates, the service will be **expanded to include Emergency Hormonal Contraception (EHC)**, with a fee of **£20** per consultation, plus the cost of any EHC provided to the patient.

Hypertension Case-Finding Service

The service specification will be updated to clarify patient eligibility requirements, e.g. where people request frequent measurement of their blood pressure (which is outside the scope of the service) and groups of patients that general practices can appropriately refer to the service for clinic checks.

When the service was **introduced in 2021**, the fees were based on a pharmacist providing the service, with the expectation that they would be changed once VAT regulations were amended to allow greater skill mix to be used in this and other clinical services.

In November 2023, following changes to the VAT regulations, the service specification was changed to allow suitably trained pharmacy staff to provide the service. Accordingly, from April 2025 the fee for the clinic blood pressure check will be adjusted to **£10.00** per consultation.

There is still plenty of potential to provide more ABPM consultations within the service and to support that aim, it has been agreed that the fee for ABPM provision will be increased to **£50.85** (a 13% increase) from April 2025.

NHS England will also consider whether alternative approaches to ABPM can be taken to support the potential diagnosis of hypertension, where the patient does not wish to have ABPM.

New Medicine Service (NMS)

The payment structure for NMS will be simplified to a **£14 fee** for each Intervention or Follow up consultation provided to the patient, i.e. a total fee of £28 will be paid if the pharmacy has done both the Intervention and Follow up consultations. This change removes the current, complex fee structure, so it is clear what pharmacy owners will be paid for providing the service and it also



recognises the difficulty in reaching some patients for Follow up consultations.

Later in 2025, the NHSBSA will amend the MYS module which pharmacy owners use to claim for their provision of NMS to allow the number of Intervention consultations and Follow up consultations to be separately entered. For claims for NMS provided in April and subsequent months, up until that change is made to MYS, pharmacy owners will need to claim the total number of Intervention consultations and Follow up consultations they have provided in the month. For example:

Number of completed Intervention consultations	20
Number of completed Follow up consultations	11
Number of NMS provisions to be claimed in the MYS module	31

Once the NHSBSA have updated the MYS module, pharmacy owners will be able to separately report on the number of Intervention consultation and Follow up consultations, with the NHSBSA making payment based on the total number of each.

From 1st October 2025, the service will also be **expanded to include depression** within the conditions and associated medicines covered by the service. This is an addition to the therapeutic areas covered by the service which has significant support from stakeholders within pharmacy.

There will be no mandatory training related to the addition of the new therapeutic area to the service, but a related training programme on consulting with people with mental health problems will be included in the Pharmacy Quality Scheme (PQS) – further details can be found below.

Smoking Cessation Service

We have gained agreement for skill mix changes to the Smoking Cessation Service to be introduced, to allow suitably trained and competent staff to provide the service, alongside pharmacists and pharmacy technicians, who are currently able to undertake consultations.

PGDs will also be introduced to enable **provision of Varenicline and Cytisinicline (Cytisine)** under the service by both suitably trained and competent pharmacists and pharmacy technicians.

Both changes will require developments to IT systems and the date from which the changes will apply will be announced in due course.



Pharmacy Quality Scheme (PQS)

A smaller than usual PQS will run in 2025/26, worth **£30 million**, with many of the elements repeating those in previous schemes to support the ongoing embedding of these quality improvements into pharmacy practice.

The scheme will continue to be an optional part of the CPCF and pharmacy owners that choose to participate will be able to claim an **Aspiration payment of 75%** of the overall points value (**circa £2,300 per pharmacy** aspiring to undertake the whole scheme) in May for **payment on 1st July 2025**.

In summary, the scheme will consist of the following elements:

Gateway criteria	The pharmacy must be registered for and able to provide Pharmacy First and the Pharmacy Contraception Service.
Medicines Optimisation domain 30 points	<p>Palliative and End of Life Care: Pharmacies must develop or update a Palliative and End of Life Care action plan and if they stock the 16 Palliative and End of Life Care medicines, update their Directory of Services profile to confirm this.</p> <p>Introduction of Depression into the NMS: all pharmacists must complete the CPPE Consulting with people with mental health problems online training. There is no online assessment for this training.</p> <p>Respiratory:</p> <ul style="list-style-type: none"> ▪ Referral of patients aged 5–15 years prescribed a pMDI and who do not have a spacer. ▪ Referral of all patients using 3 or more short-acting bronchodilators without any corticosteroid in 6 months. <p>Emergency Contraception: all pharmacists must complete the CPPE Emergency contraception training and pass the online assessment, and any pharmacy technicians intending to provide the Pharmacy Contraception Service must also complete that training programme and pass the online assessment.</p>



<p>Patient Safety domain</p> <p>20 points</p>	<p>Pharmacy First: completion of a national clinical audit focused on antimicrobial stewardship within the Pharmacy First service.</p> <p>All registered professionals must have completed the CPPE Sepsis training and pass the associated online assessment.</p> <p>Enhanced DBS checks: must have been undertaken for all registered pharmacy professionals within the last three years.</p>
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Full guidance and resources are available on our [PQS hub webpage](#).

Regulatory changes

In the negotiations we proposed and got agreement to a number of regulatory changes to support pharmacy owners with some of the operational and capacity issues they are facing, and to ensure the integrity and intention of the NHS (Pharmaceutical and Local Pharmaceutical Services) Regulations (the PLPS Regulations).

Clinical audits

During 2025/26, there will be **no requirement to complete a nationally chosen or pharmacy owner selected clinical audit**.

Health campaigns

During 2025/26, pharmacies will only have to take part in a **maximum of two national health campaigns** and **two campaigns selected by their Integrated Care Board (ICB)**.

Practice leaflets

The requirement to produce a practice leaflet **will be removed**.

References for new staff

The requirement to seek references for staff involved in NHS services **will be removed**.

Patients signing prescription declarations

The requirement for patients that pay an NHS prescription charge to complete and sign the declaration on the rear of the prescription form or EPS token **will be removed**.



NHS Profile Manager

We will work with NHS England to seek to ensure pharmacy owners' NHS website and DoS

Profiles within NHS Profile Manager are comprehensive and accurate. This is important for the patient journey to receive NHS pharmacy services – to ensure patients go to or are referred to pharmacies that are open and provide the relevant service. This is also important for the pharmacy's provision of information to patients and compliance with their Terms of Service.

Amendment of regs' test for changing the days and times of core opening hours

In recent years, many pharmacy owners have found it difficult to change the days and times of their core opening hours, which were often set many years ago. These regulatory amendments should enable pharmacy owners **to change their opening hours to days and times that better serve their patients and likely users of the pharmacy**, and in some cases, close at quiet times or out-of-hours. The amendments should also support pharmacies with operational and capacity issues. Generally, pharmacies only receive NHS funding to provide NHS services, not just to be open, so need sufficient patient numbers during opening hours to meet the costs of opening.

The Pharmacy Manual will also reflect this change and will clarify that the contractor's evidence of the economic viability of their current opening hours should be considered alongside evidence of patient demand for the pharmacy's services during these hours and other evidence relevant to the regulatory test.

At quiet times, out-of-hours or on Bank Holidays, patients and likely users of the pharmacy may have to travel further to a pharmacy, for example, to one of the pharmacies that were permitted to open if they provided longer opening hours. Usually, these 100-hour pharmacies (now often open for only 72 hours) are open 5 – 9 pm Monday to Saturday and 11 – 4 pm on Sunday.

Exceptionally, if an ICB wants a community pharmacy to be open at quiet times, out-of-hours or on Bank Holidays and no pharmacy is available, the ICB can go through a process to direct and separately fund the pharmacy to open. This may be assisted by an out-of-hours opening rota agreed with local pharmacy owners.

Key points are:

- Changing core opening hours remains an application process – the ICB must approve any proposed change.

- The total number of core opening hours must remain the same (another provision applies for applications to reduce the number of core opening hours).
- The new/proposed core opening hours must better meet the needs of patients and likely users of the pharmacy.
- A pharmacy owner's evidence of the economic viability of their current opening hours may be considered by the ICB.
- The PLPS Regulations (Terms of Service) must be amended first – only then will this change be effective/apply.
- The Pharmacy Manual will be revised accordingly.

This change will only be effective after the PLPS regulations have been amended.

Provision of services by Distance Selling Premises (DSP) pharmacies:

The PLPS Regulations will be amended so that DSPs will no longer be able to provide Advanced and Enhanced services to patients on the pharmacy premises. Where the service specification for individual services allows remote consultations to be provided or off-site provision of a service, that will still be possible for all pharmacies, including for DSPs. **This is likely to be effective on/from 2 October 2025, after the PLPS regulations have been amended.**

NMS service change

The service requirements for the New Medicine Service (NMS) will be changed to state/clarify that the service **cannot be subcontracted to another provider**. This will stop NMS being provided via a remote consultation with the patient by a pharmacist working off the pharmacy premises who is not employed by the pharmacy owner. **This change will only be effective after the Directions for the service have been amended.**

Additional points of note

Within the final offer, the Government made the following additional statements confirming its position on some of the other matters raised during the negotiations.

Overarching points

- Crucially, recognition of the funding gap that remains for community pharmacy – given the [findings of the Economic Analysis](#) undertaken by Frontier Economics for NHS England – and that this settlement is a first step towards sustainability.

- A commitment to continuing to work with us to set out a sustainable funding and operational model to underpin the sector's contribution to healthcare.
- A commitment to working with us to manage and review both Pharmacy First delivery and the operation of the margin system.
- Confirmation that the views and points raised in the negotiations and wider discussions with us (including the findings of the Economic Analysis) will inform the ongoing work on the Government's Comprehensive Spending Review.
- An intention to begin 2026/27 negotiations shortly after the summer when the current Spending Review process has concluded.

Funding and reimbursement

- Commitment to improving the medicine margin survey and working with us to validate the results.
- Consideration of further strategies to stabilise Category M.
- Examination of ways to speed up Category M reimbursement price setting arrangements and change Category C reimbursement price setting.
- Exploration of the impact of prescribing activities (such as the use of Branded Generics) on community pharmacy medicine margin.
- Adoption of appropriate actions arising from the [RPS Medicines shortages: Solutions for Empty Shelves](#) report.
- Consideration of supporting earlier payment for dispensing (on the 1st instead of 12th of the month) but with a wider ambition to redesign the whole payment timetable to reduce complexity.

Services

- Further consideration of the use of caps, where required, to provide equity of access to funding for the clinical services.
- A pledge to conclude development of MYS APIs for all clinical services.



Appendix: Timeline of changes

April 2025

- **Margin:** allowed level increases to £900m per year
- **SAF:** increases to £1.46 per item
- **Pharmacy First:** increases to £17 fee for Minor Illness & Clinical Pathway consultations
- **HCFS:** clinic check fee reduces to £10 and the ABPM fee increases to £50.85
- **PCS:** fee increases to £25 for initiation and repeat supplies
- **NMS:** payments are simplified to a £14 fee for each Intervention or Follow-up consultation completed

May 2025

- **PQS:** Aspiration payment claiming window

June 2025

- **Pharmacy First monthly payment:** Intermediary band added (£500 for those delivering 20–29 clinical pathway consultations)
- **Pharmacy First monthly payment:** Need to be registered to provide HCFS and PCS to qualify

July 2025

- **PQS:** Aspiration payments made (1st July)

Autumn

- **Negotiations:** 2026/27 CPCF negotiations begin

October 2025

- **Pharmacy First monthly payment:** Must deliver at least 1 ABPM per month to qualify
- **PCS:** EHC added to the service (subject to IT developments)
- **NMS:** Depression added to the service as an eligible condition

March 2026

- **Pharmacy First monthly payment:** Must provide a specified number of contraception consultations per month to qualify