

Community Pharmacy Funding Settlement Summary Briefing

Overview

A new funding settlement for community pharmacies has been announced following negotiations between Community Pharmacy England, the Department of Health and Social Care (DHSC) and NHS England.

The settlement brings an overall funding increase across the Community Pharmacy Contractual Framework (CPCF) and Pharmacy First budget of 7.5% in 2024/25, and a further 22.7% in 2025/26. It brings over £800 million in additional funding for the next financial year – a 30% increase – as compared to 2023/24.

As well as additional core funding for pharmacies, key patient services such as Pharmacy First, Blood Pressure Checks and Contraception are provided for and will continue.

This is the first significant investment in community pharmacy's core funding for 10 years, but it still leaves a large funding gap – of over £2 billion – as compared with the findings of the independent Economic Analysis of the costs of delivering pharmaceutical services.

Community pharmacies will remain under pressure, and it is critical that Government's very welcome commitment to work towards a sustainable funding and operational model for community pharmacy is met.

"This funding uplift is a positive first step towards stabilisation of the community pharmacy sector and a vote of confidence in the sector's future. We welcome Government's commitment to working towards a sustainable funding and operational model for pharmacies. But the settlement does not fully close the funding gap, meaning we still have concerns about the future."

Janet Morrison, CEO, Community Pharmacy England



Funding

The total funding available for the CPCF (which is the core pharmacy funding) will be **£3.073 billion in 2025/26**. Much of this will be delivered to pharmacies through **an increase of 19 pence in the Single Activity Fee** – this fee is paid per item dispensed, and it will rise to £1.46.

£215 million of additional services funding is also allocated for pharmacies to earn through services such as Pharmacy First, blood pressure checks and contraception.

However, the Independent Economic Analysis shows that the costs of providing pharmaceutical services have outgrown the available funding offered. **The difference between the funding available and the economic costs as shown by the analysis is over £2 billion.**

Crucially, **the Government has acknowledged this funding gap and committed to working towards a sustainable funding and operational model for community pharmacy**. Community Pharmacy England has made the point loudly and clearly that more funding is still needed, and we will need to see progress towards sustainability continuing.

What does this mean for pharmacies?

The investment in the sector is significant and welcome – it is a vote of confidence in the sector, and coming as it does with a commitment to working towards a sustainable model we hope it is a significant step towards a brighter future. But there remains a large funding gap.

Pharmacies have been in crisis for many years now, with closures continuing at an alarming rate as businesses grappled with a range of pressures. For some businesses, this funding uplift could be the lifeline they need; but given the size of the funding gap that remains, it is clear that many will continue to struggle. **Ongoing inflationary pressures, combined with added costs from 1st April as set out in the Budget, workload and workforce pressures will remain.**

More broadly than the funding announcement alone, significant progress has been made on regulatory matters to help pharmacies have more scope to amend core opening hours.

The Government has also agreed to **review margin distribution** – to help improve equity of access to this core part of community pharmacies' funding, and it has committed to looking at the timing of payments, to help ease the cashflow squeeze that pharmacies currently face at the start of every month.



The Government recognises the need to work with us to secure a sustainable funding and operational model for community pharmacy to stabilise the sector, and we welcome this. A fully sustainable community pharmacy sector has much to offer as the Government works to reform the NHS to improve access to care, support the prevention agenda, and deliver on the three shifts for the health service.

Patient Impact

For now, this settlement should help pharmacies as they do all they can to continue to provide the services that patients rely on. But as above, given the scale of the funding gap and the long-standing crisis in the sector – **pharmacy businesses will still be operating under huge pressures and need to see continued progress towards a sustainable future.**

Additional funding means that services including **Pharmacy First, blood pressure checks, and contraception services will continue.**

And the settlement heralds the introduction of new elements to existing services: From October, patients newly prescribed **antidepressants will be eligible to receive the New Medicine Service, and emergency contraception** will be added to the Pharmacy Contraception Service, giving women consistent access to free emergency hormonal contraception across the country.

But patients, just like pharmacy teams, will need to see the sustainable funding and operational model in place if they are to be assured that community pharmacies continue to be able to deliver the services they need, when and where they need them, into the future.

Medicines Supply

The settlement includes some measures which will help with, but probably not solve all medicine supply issues.

The Government is working with the supply chain to improve coordination among manufacturers, wholesalers and pharmacies. We have requested they consider evaluating current payment timetabling, which would help pharmacies more sustainably manage medicine purchases.

A review of medicines margin distribution has been agreed as part of this settlement to try to ensure a fairer distribution of margin to pharmacy owners; this is a key priority. Government have also uplifted the amount of margin that pharmacies can earn from medicines supply – this helps to put a little extra money into a very constrained system, **but ultimately the UK remains at the low end of medicines prices, meaning we don't expect medicine supply issues to be resolved.**



But these are small steps in the right direction towards addressing medicine supply issues.

Conclusion

“Community pharmacies are the front door to the NHS and have so much to offer patients and the NHS to help shift more care into communities. But the impact of a decade’s worth of real-terms cuts to funding has left pharmacy businesses fighting to survive, and closures continuing at an alarming rate. We are pleased that this settlement takes a positive first step in the right direction for pharmacies, we hope towards stabilisation and a better future. A sustainable community pharmacy sector can and must play a huge part in the future of the NHS and we look forward to working with you all to deliver on this.”

Janet Morrison, CEO, Community Pharmacy England

Call to action

We are very grateful to MPs for their ongoing support for community pharmacy and ask that this continues as we work towards a long-term sustainable future for community pharmacy.

In particular, would be grateful if MPs could consider taking some of the following actions:

- Continue to support pharmacies through parliamentary activity (WPs, OPs, Westminster Hall debates) which CPE can support with
- Visit your local pharmacies on constituency days, including over the Easter recess, which CPE can facilitate
- Sign up to the All-Party Parliamentary Group for Pharmacy
- Attend future Community Pharmacy England events (including the upcoming Lung Health event on 20th May)

For more information or support with any of these actions, please contact:

commsteam@cpe.org.uk