

Facts about high street pharmacies in England (October 2016)

Author: Francis Brown, francis@fbrown.org 30 Oct 2016

Background:

On 20 Oct 2016 new Government plans to modernise community pharmacies were announced. This document is intended as a factual input to discussions about the pressures being exerted on pharmacies. If you detect any inaccuracies or if you would like a list of all the sources, please send me an email.

FACTS

There are 11647 "High Street" or "Community" Pharmacies in England. This number includes 211 "Distance Selling" or "Mail Order" or "Internet" Pharmacies, as at the March 2014.

In the year 2015-16 community pharmacy funding will be cut by 4% to £2.7 billion and in 2016-17 the funding will be cut by a further 3.4%. This is part of the £22bn savings the NHS has committed to find in the period 2015 to 2020.

On average the NHS pays £220,000 a year for "pharmaceutical services" to each community pharmacy. Included, but so far regardless of the service provided, almost all pharmacies receive an "establishment payment" of around £25,000. The new package will progressively phase out the establishment payment and place a much greater emphasis on rewarding pharmacies for the quality of services provided to the public.

Over the 10 year period 2005-14

- The number of Community Pharmacies increased by 20%
- Number of items dispensed increased by 52%
- The budget for community pharmacies increased by 40%
- In the same period RPI increased by 33%
- The percentage of prescriptions dispensed by larger pharmacies (larger means dispensed over 10,000 items a month) increased by 62%.

In the period 2008-14

- The number of Internet Community Pharmacies increased from 56 to 211

Current situation

- 40% of pharmacies are within 10 minutes walk of at least 2 other pharmacies
- Net profit is estimated to be in the range 7.4%-10.8% (A T Kearney, 2012)

New initiatives

- £42m 2016-18, the **Pharmacy Integration Fund**, aims to reduce the number of patients attending A&E or making emergency GP appointments by increasing the no of clinical pharmacists working in primary care and GP surgeries.
- £75M 2017-18 **Quality Payment Scheme**. This is a reward system for locally promoting preventative schemes, patient ratings in NHS choices and evidence of training to support patients with conditions like dementia.
- 2016-18 **Pharmacy Access Scheme**: applies to 1356 smaller pharmacies more than a mile from the nearest pharmacy. This will to some extent offset the phasing out of the "Establishment payment" to smaller pharmacies. The aim is to maintain good public access to pharmacies and pharmacists in England.

Independent and multiple contractors

- Community pharmacies who own six or more pharmacies are known as 'multiple contractors' (also known as "pharmacy chains").
- Those who own five or less pharmacies are known as 'independents'.
- In the period 2006-14 the proportion of pharmacies owned by multiple contractors increased by only 2% to 61%.
- Overall there is 1 independent for every 2 multiples. However, in the London area there are 2 independents for each multiple.

PSNC Pharmaceutical Services Negotiating Committee comments included:

"Although we are unlikely to see pharmacies closing immediately, we expect that pharmacy owners will be forced to take steps to reduce costs," the PSNC said. "These are likely to include reducing opening hours and staffing, and stopping the provision of services which they are not obliged to provide, such as home delivery of medicines and... We are very concerned about the impact that this will have on patients".

The Local Government Association, LGA, which represents more than 370 councils comments included:

- "...a reduction in the NHS budget for community pharmacy planned for 2016/17 ...could force many businesses across the country to close."
- "The government is currently consulting on plans to use clinical pharmacists in primary care settings such as GP practices, but the LGA instead envisages a much bigger role for community pharmacists in future, to help alleviate the growing pressures on hospitals and practices."
- "Councils believe that local pharmacies should be expanded within their communities, providing important public health services such as health checks, smoking cessation, sexual health, screening and immunisations, in addition to dispensing and selling medicines."

Key references

For Pharmacy statistics 2004 to 2014 see hscic Health & Social Care Information Centre publication "General Pharmaceutical Services England 2004-05 to 2013-14

<http://content.digital.nhs.uk/catalogue/PUB15933/gen-pharm-eng-201314-Report.pdf>

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Community pharmacy in 2016/17 and beyond Final Package. See

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/561495/Community_pharmacy_package_A.pdf Oct 2016, 18 pages

Other sources: send email for list.

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