INDEPENDENT PHARMACIES ASSOCIATION

Statement

We welcome and applaud the Government's commitment in today's announcement to wanting to work in partnership with the community pharmacy sector as a crucial network at the heart of our local healthcare system. But sadly, the funding package announced today, provides pharmacies with little certainty over their future and will not fully alleviate the immediate fiscal pressures the majority of pharmacies face after years of underfunding. Furthermore, the increase in employer's National Insurance (NI), Business Rate increases and the rise in National Minimum Wage (NMW) starting from April will erode into this funding settlement.

Crucially there is no immediate cash injection vitally needed to help struggling pharmacies who have had to endure over five years of a stagnated funding deal that did not consider inflationary costs.

Despite the challenges the overall deal presents, there are elements within it that we welcome. The additional investment in Pharmacy First recognises the vital role pharmacies provide in delivering accessible, front-line healthcare for many, relieving pressures on stretched capacity across the NHS. We are still calling on reform to the scheme, such as making the service a self-referral service rather than its current dependency in GP referrals. Without this crucial reform the service will continue to be faced with concerns regarding uptake.

However, without a cash injection, many pharmacies across the country will now be weighing up whether they can afford to remain open and deliver the vital primary care services their communities require.

Essentially, the Pharmacy Single Activity Fee (SAF) is the only element in the new contract that adds some cash in contractor's pockets (please see our calculations below); however, the majority of this will be wiped by the increase in employer's National Insurance (NI), Business Rate increases and the rise in National Minimum Wage (NMW) starting from this month.

Pharmacy owners should take into account their monthly cash burn when looking at the viability of this deal.

We are disappointed in the disproportionate, unrepresentative Community Pharmacy England (CPE) for repeating their 2019 mistake again and falling into the trap of voting for a deal that does not address the funding deficit in community pharmacies.

Unfortunately, CPE fail to see that many pharmacies have not got the funds to keep them going for another year.

To make matters worse, CPE voted for this deal with full knowledge of the findings of the Independent Economic Analysis conducted by Frontier Economics. The report which has highlighted a shortfall in pharmacy funding in the region of £1.13 - £2.199 billion and outlined that **99% of pharmacies are operating at a loss** when full economic costs are considered, was made available to CPE executives and committee, but the NHS officials did not publish it to the public in advance of the CPE vote despite IPA and our members pushing very hard for it to be made public.

Had CPE not voted in favour of the DHSC and NHSE offer, the officials would have likely imposed the deal in April. However, we should not be in any doubt that the implications of accepting a funding deal, with the full knowledge of it being inadequate, rather than having it imposed is huge. An imposed contract can be contested, but an agreed deal cannot be contested.

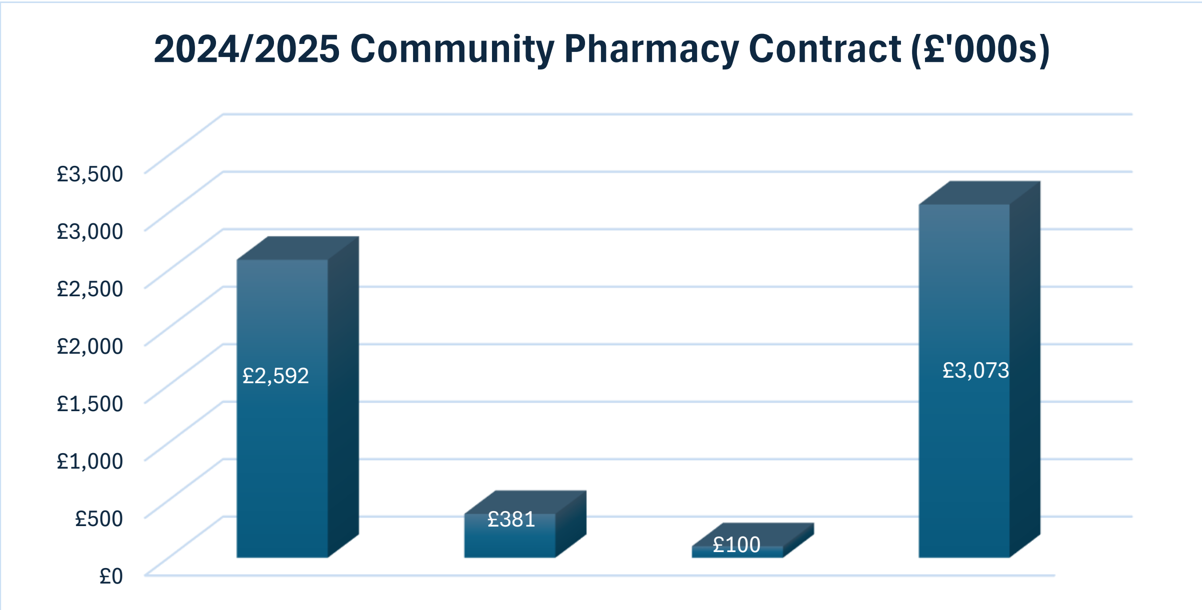
Our members have always worked very hard to care for their patients – we have been very clear that as a sector we want to play a bigger role in primary care, including a larger role in the prevention agenda contributing further to vaccination services and the management of long-term conditions such as diabetes. Investing is community pharmacies will save taxpayers money.

As the Government looks to shift care from hospitals to communities through its 10 Year Plan, the independent pharmacy sector can play a pivotal role in delivering these plans.

Over the coming weeks and months, before the next round of negotiations for 2026/2027 contract start, IPA has been invited to meet with the Treasury and senior officials to ensure they hear firsthand from pharmacy owners about how pharmacy can be a solution to our health service and save taxpayers money.

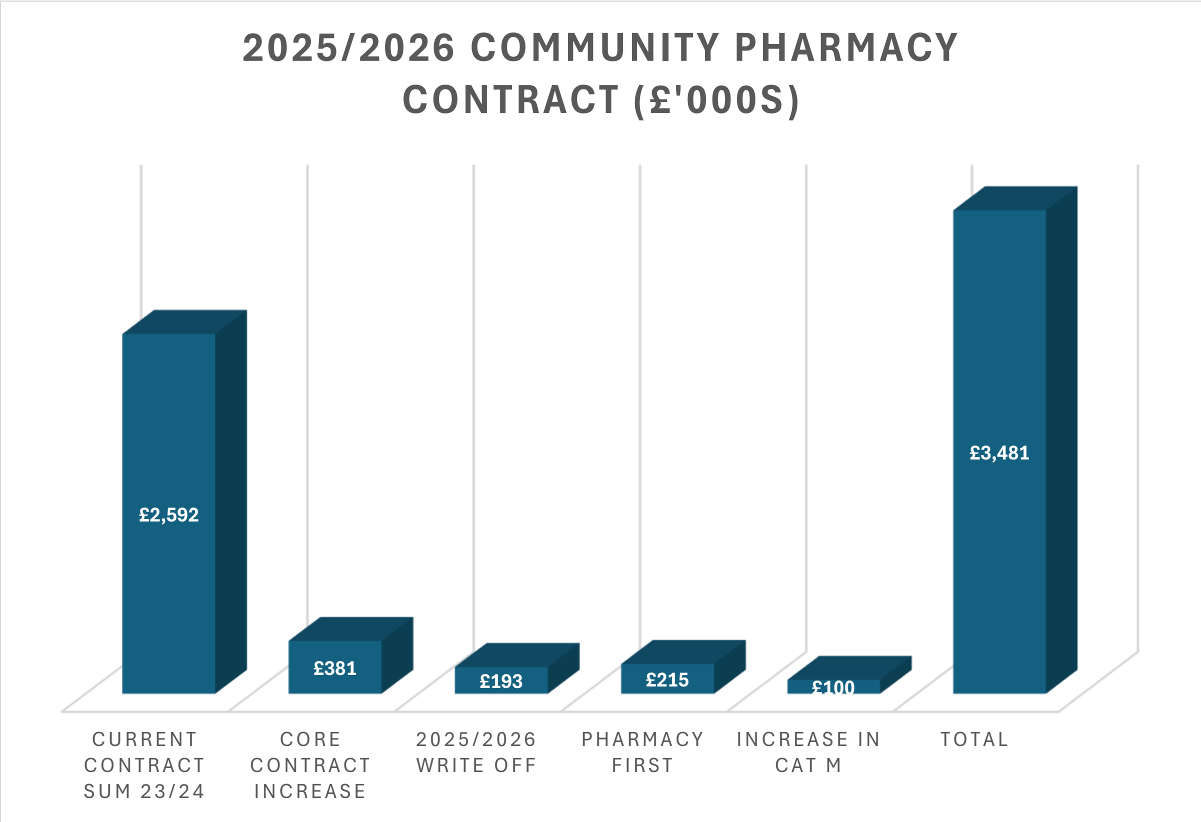
We hope the recently released Economic Review and its shocking outputs which illustrate the dire financial situation in community pharmacies will be fully taken into account for 2026/2027 community pharmacy contract negotiations. We look forward to working with the Government and NHS officials to take this further and to bridge the funding gap created over the past 10 years.

Calculations:



Current Contract Sum 23/24	£2,592M
Core Contract Increase	£381M
Increase in CAT M	£100M
Total	£3,073M

Note: Current contract sum includes all current overheads i.e. rent, rates, incurrence



2025/26

Current Contract Sum 23/24	£2,592M
Core Contract Increase	£381M
2025/2026 Write Off	£193M
Pharmacy First	£215M
Increase in CAT M	£100M
Total	£3,481M
Net Increase	£3,073M

Note: Current contract sum includes all current overheads i.e. rent, rates, incurrence

The below calculations showcase how much the new contract may add to an average contractor's pockets in England:

Number of Prescriptions Dispensed	1,249,182,873
Number of pharmacies	10,042
Average Number of Items	10,366
Core Increase Per Item	0.39
Average Increase Per Pharmacy Per Year	£47,899
Cost of increase NI	£4,485
NMW Rise	£7,517
Business Rate Increases *	£5,252
Net Increase	£30,645
Monthly Net Increase	£2,554

https://www.colliers.com/en-gb/news/21-01-25-colliers-forecast-further-carnage-on-the-high-street
Business rates increase differ across the country, the figure here is used as an illustration

Pharmacy owners should take into account their monthly cash burn when looking at the viability of this deal.