



Department
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Dame Meg Hillier
Chair
Public Accounts Committee
House of Commons
London
SW1A 0AA

By Email: pubaccom@parliament.uk

14th February 2024

Dear Chair,

RE: Public Accounts Committee hearing: NHS Supply Chain and efficiencies in procurement

During the hearing of the committee on 7 February 2024, I committed to writing to you about business rates paid by community pharmacies.

Both community pharmacies on the high street and those in health centres pay business rates. Community pharmacies on the high street are charged the applicable business rates directly by their local councils. Pharmacies that are co-located with GPs or are in health centres may not be directly charged by their local council but may pay their share of the business rates charged for the entire premises through their rent or service charge. This may also apply to pharmacies in supermarkets or shopping centres. The large majority of community pharmacies are eligible for small business rate relief.

GPs are reimbursed the costs of their rent and operational costs including business rates for the part of the premises they use. That is part of the contractual arrangements in place for GPs. Community pharmacies, including those co-located with GPs or in health centres, have their own contractual arrangements, and they are expected to pay rents and operational costs from the funding they are paid for the provision of NHS pharmaceutical services. There are currently no plans to change this as this would change the principles of how community pharmacies are funded. NHS England has however commissioned an economic analysis of the costs of providing NHS pharmaceutical services. The outcome of that analysis will feed into future funding considerations for community pharmacies.

In conclusion, we do not consider that the differences in the way business rates are paid by community pharmacies, either as part of rent or direct to the local

authority contributes to decisions around the placement of community pharmacies and consequently to patient access to pharmaceutical care. In general, access to pharmaceutical services is good with 80 percent of the population living within a 20 minute walk of a physical pharmacy and with twice as many in more deprived areas. In addition, the population in England can access pharmaceutical services from nearly 400 distance selling pharmacies. These provide services nationally and must deliver the medicines they dispense free of charge.

I hope this answers your questions.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Shona Dunn', with a long horizontal flourish extending to the right.

SHONA DUNN

DHSC Second Permanent Secretary