

# National Pharmacy Association Submission to the Low Pay Commission's Consultation on the National Living Wage

*The National Pharmacy Association (NPA) is the trade body for independent community pharmacies. There are approximately 7,000 independent pharmacies in the UK. We count among our members large regional chains through to single-handed independent pharmacies. We also provide services to multiple community pharmacies.*

*The NPA is uniquely positioned as the only community pharmacy body representing pharmacies across all four nations.*

## Introduction

Community pharmacies are labour-intensive healthcare providers operating within a constrained NHS funding settlement. Increases to the National Living Wage (NLW) and National Minimum Wage (NMW) create significant cost pressures because pharmacy owners hire a range of staff from pharmacy technicians to healthcare assistants.

Unlike many retailers, pharmacies cannot easily pass wage inflation on to consumers as majority of the income pharmacies receive is from set NHS funding. Any increase to the NLW and NMW will place pressure on an already squeezed sector, which an economic report commissioned by NHS England identified as having a £2.5bn funding gap<sup>1</sup>.

Community pharmacy supports fair pay for staff and recognises the importance of the NLW/NMW in improving living standards. However, the financial position within the community pharmacy sector is too precarious, and pharmacies cannot absorb repeated employment and business cost increases indefinitely within a fixed and constrained funding model. Without a funding settlement that reflects real operating costs, wage policy could potentially unintentionally accelerate pharmacy closures, reduce patient access and undermine the Government's ambition to shift care into the community.

## Recommendations

- ✓ The Low Pay Commission to advise the Department of Health and Social Care to explicitly account for NLW/NMW increases in future pharmacy funding settlements.
- ✓ The Low Pay Commission to work with the Department of Health and Social Care to review the impact of NLW increases on pharmacies in deprived, rural and high-need areas where closures would worsen health inequalities.
- ✓ In the Commission's submission to the government, we recommend DHSC should be encouraged to assess the impact of employment cost increases, including NLW/NMW, employer NI contributions, and business rates across the whole pharmacy sector

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<sup>1</sup> Frontier Economics: Economic Analysis of the pharmacy sector (March 2025) – Access [here](#)

- Introduce a Business Rates exemption for community pharmacy (similar to dentists and GPs) as a mechanism to relieve financial pressures brought on by increases to NLW.

### **Pharmacy Business Calculator**

Due to the challenge state of pharmacy finance, the NPA has had to create a Funding Impact Calculator to help NPA Members assess how the financial changes introduced for the 2026/27 tax year (including change to the NLW) in England may affect their business's profitability following this spring's funding uplift.

### **Current State of Play: The community pharmacy funding model**

Community pharmacy is being asked to by the Government to deliver more clinical care, absorb more demand from general practice and hospitals, and expand services such as Pharmacy First all while its cost base continues to rise faster than core funding. The underfunding of community pharmacy, leading to closures and a reduced pharmacy workforce, could have wider consequences for the health system. In fact, recent NHS statistics show that an average pharmacy is now providing patients 30 per cent more medicines than it did just four years ago, with pharmacies now dispensing over 1.16 billion prescription items a year<sup>2</sup>.

In 2025, 47% of community pharmacies are operating at a loss<sup>3</sup> and pharmacies have reached a breaking point. Financial liquidity within community pharmacy must be addressed if community pharmacy is to deliver on the ambitions of the 10 Year Health Plan.

An independent Economic Analysis commissioned by the NHS found that NHS pharmaceutical services within community pharmacy are not financially sustainable in the short run for a large proportion of pharmacies and for a greater proportion in the long term<sup>4</sup>. The full economic cost (FEC) of delivering NHS pharmaceutical services in England in 2023/2024 was found to be >£5 billion (including OTC and health care products). This breaks down to £409K- £573K per pharmacy, depending on the type of pharmacy<sup>5</sup>.

The 2026/2027 funding announcement from the Department of Health and Social Care and Community Pharmacy England for pharmacy budgets was overdue but offered little in terms of the need for root and branch funding reform to stabilise the sector and close the £2.5bn funding gap identified by the NHS itself over a year ago<sup>6</sup>.

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<sup>2</sup> NPA: Deprived areas with greatest health needs worst hit by pharmacy closures (October 2025) – Access [here](#)

<sup>3</sup> The Pharmaceutical Journal: Funding gap: economic analysis paints dire picture of community pharmacy's sustainability (May 2025) – Access [here](#)

<sup>4</sup> Frontier Economics and IQVIA: Economic Analysis of NHS Pharmaceutical Services in England (March 2025) – Access [here](#)

<sup>5</sup> Frontier Economics and IQVIA: Economic Analysis of NHS Pharmaceutical Services in England (March 2025) – Access [here](#)

<sup>6</sup> Frontier Economics and IQVIA: Economic Analysis of NHS Pharmaceutical Services in England (March 2025) – Access [here](#)

NPA analysis shows that an 8.9% funding increase is needed to allow pharmacy budgets to 'stand still'; however, the £340m increase in funding is only 1.3% higher than that<sup>7</sup>. As an organisation, we are concerned that much of the above allocation will be spent on increased costs, which include any upcoming increase to the National Living Wage<sup>8</sup>.

### **NPA Data (Survey and Calculator)**

To underpin the recommendations in our submission, the NPA ran a survey among our members to gather quantitative data on the ongoing impacts of last year's increase in NLW.

1. 100% of our members said that it was financially challenging to implement the NLW in their pharmacy.
2. 91% of our members said that increases to the NLW resulted in them needing additional payment uplifts to staff not on the NLW.
3. 98% of our members said the NLW increases had added to the existing financial pressures on their pharmacy
4. 86% of our members said that the NLW increase had resulted in them cutting both staff and hours.
5. 95% of our members believe that the LPC should recommend that the government cover increases in the NLW in their funding for public service roles, such as pharmacy.

*\*Based on a sample size of 44 respondents | Please see data annex at end of submission*

Please see the quotes below from our members who took part in this data gathering exercise:-

- "I used to offer two Saturday jobs to kids - usually the first job they have. But regulation, plus their wage means it just not worth the hassle. It's a closer call with apprentices but not by much" – 'KE'
- "Nothing wrong with low pay controls, we just need it applied to our rates" – 'MU'
- "I used to have three members of Saturday Staff, but one is leaving for University next month. It's getting to expensive to hire them so I think I may just do alternative Saturdays with the foundation pharmacists" – 'TU'
- "I use to hire 16-17 year olds, but now it is getting too expensive. It is a shame as some teenagers really enjoyed it and the experience went on inspire them to study pharmacy" – 'MP'

**Case Study: 'MH' Pharmacy:** NPA Member 'MH' reported to us that the consecutive increases to the national living wage have caused an increase of over £100,000 in their pharmacy's wage bill over the past three years. As the NHS does not reimburse the additional burden, MH's pharmacy has had to reduce its working hours. MH fears that this could be a factor pushing other community pharmacists and community pharmacy owners to close their businesses. During an interview with the NPA, MH relayed the following concerns over the proposed increase: *"The central estimate being around £12.71/hour, a further 4% increase compounding*

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<sup>7</sup> NPA: National Pharmacy Association responds to pharmacy funding announcement 2026/27 (May 2025) – Access [here](#)

<sup>8</sup> NPA: National Pharmacy Association responds to pharmacy funding announcement 2026/27 (May 2025) – Access [here](#)

*off the back of 5 years of significant rises (roughly £4/hour since 2020 if they do increase it to £12.71/hr).*

*This is a 45% increase since 2020, which now impacts virtually all members of the pharmacy team, including the pharmacists, because of the knock-on impacts up the pay scale and the need to maintain pay differentials within organisations”.*

Furthermore, MH relayed concerns that increases to the NLW, coupled with last year’s Employers National Insurance contribution increase, mean that community pharmacies employing anyone over the age of 21 could take a ‘significant hit’, *as last year’s increases added a forecasted £115-200m in additional costs for pharmacy contractors*<sup>9</sup>.

### **Why NLW/NMW matters for community pharmacy**

Community pharmacy owners employ a wide range of staff, including pharmacists, technicians, administrative staff, and apprentices. Even where staff are already paid above the legal minimum, increases to NLW/NMW could create wage pressure. For example, employers may need to raise pay across bands to maintain differentials between junior staff, pharmacists, and staff with longer tenure. For community pharmacies, wage increases are not simply a staffing issue; they directly affect the cost of maintaining patient safety, clinical service delivery and patient access.

The impact is likely to be uneven, with the greatest pressure falling on smaller independents and pharmacies serving communities with high health needs who do not have the same potential financial buffers as national chains may have which can buffer these changes by passing costs down to their retail items, such as cosmetics.

### **Financial Pressure, Pharmacy Closures, and Patient Access**

If wage increases are not reflected in pharmacy funding, the policy risk is not just financial pressure on businesses; it is reduced access to the front door to the NHS through services such as the Pharmacy First Programme and clinics such as flu and Covid vaccinations, which risks exacerbating primary care waiting times and increasing health inequalities.

Further pharmacy closures or reduced opening hours and staffing levels risk hampering the government’s leftward shift to preventative care through the soon-to-be-rolled-out HPV vaccine catch-up service, and other potential services such as weight management advice and smoking cessation services<sup>10</sup>.

Bricks-and-mortar pharmacy closures have disproportionately been seen in council areas with high rates of deprivation. NPA analysis found that three-quarters of the top 50 areas for pharmacy closures had higher-than-average levels of deprivation<sup>11</sup>. Around 9 in 10 council areas have seen at least one pharmacy permanently close in the last three years, with around 1,400

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<sup>9</sup> Community Pharmacy England: Budget to cost pharmacies £200m without mitigation, pharmacy bodies warn (November 2024) – Access [here](#)

<sup>10</sup> NPA: Community Pharmacy: Indispensable to Delivering the NHS 10 Year Health Plan for England (September 2025) – Access [here](#)

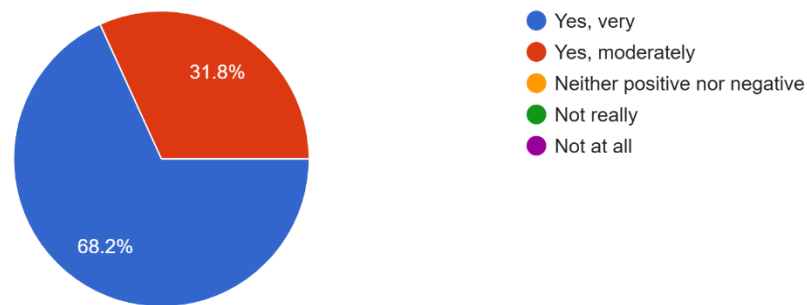
<sup>11</sup> NPA: Deprived areas with greatest health needs worst hit by pharmacy closures (October 2025) – Access [here](#)

having closed since 2016<sup>12</sup>, when the government first cut funding to pharmacies. Liverpool was the country's capital for pharmacy closures, followed by York, Blackpool, Wakefield, Coventry and Kingston Upon Hull were all in the top ten council areas for pharmacy closures since October 2022<sup>13</sup>.

### Data Annex : NPA June 2026 Survey: How has changes to the NLW affected your pharmacy?

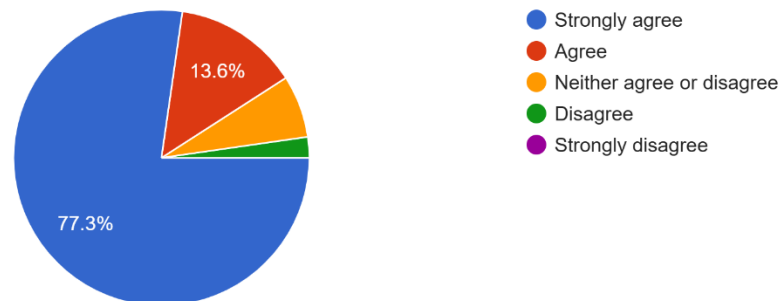
Was it financially challenging to implement the NLW in your pharmacy?

44 responses



Did the NLW increase result in you needing additional uplifts to staff not on the NLW?

44 responses

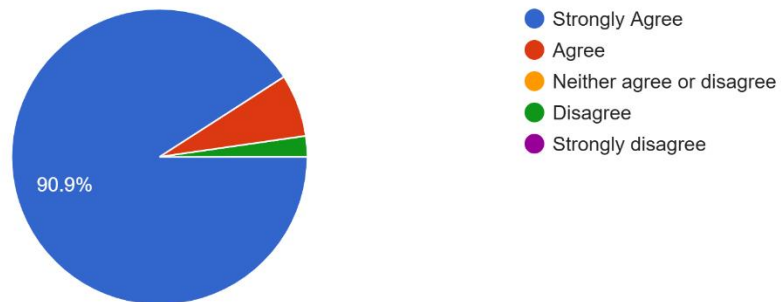


<sup>12</sup> NPA: Deprived areas with greatest health needs worst hit by pharmacy closures (October 2025) – Access [here](#)

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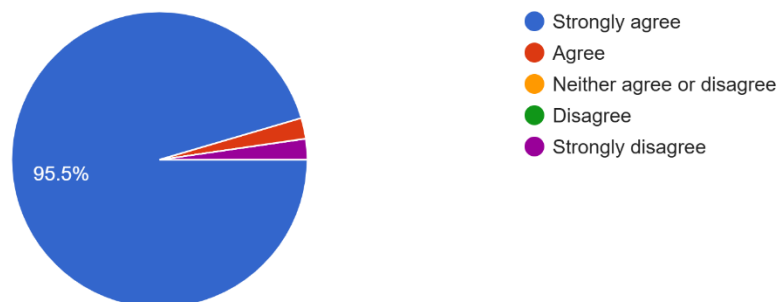
Has the NLW increase added to existing financial pressures on your community pharmacy?

44 responses



Do you believe the Low Pay Commission should recommend that government should cover increases in NLW in their funding for public service roles, such as pharmacy?

44 responses



Did this year's increase result in you cutting staff and cutting hours?

44 responses

