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# **General Pharmaceutical Services in England 2005-06**

## **Emerging Findings**

### **July 2006**

# General Pharmaceutical Services: Emerging Findings in England 2005-06

## Introduction

This publication shows information about community pharmacies in England in contract with Primary Care Trusts (PCTs) to dispense NHS prescriptions at 31 March 2006. This is an interim report in advance of the main publication later in the year.

In July 2003 the Government announced a response to the Office of Fair Trading report – *The control of entry regulations and retail pharmacy services in the UK*. The response stated the reforms to the regulations and committed the Government to review progress on the reforms by publishing the findings in October 2006. The Department of Health will carry out the review and this publication will support the process.

This publication focuses on two key areas: The impact of the changes brought about by the introduction of the new community pharmacy contract and the reforms to the control of entry regulations. Both were introduced in April 2005.

## Summary

- NHS Business Services Authority reports show that there were 9,872 community pharmacy contractors in England at 31 March 2006, compared to 9,742 at 31 March 2005, an increase of 130
- The number of prescription items dispensed by community pharmacies in England increased by 36.5 million to 659.7 million in 2005-06
- The number of dispensing fees received by community pharmacies in England increased by 37.8 million from 2004-05 to 679.3 million in 2005-06. However, the average net ingredient cost (NIC) per fee has decreased by 79p to £10.50
- A total of 148,195 medicines use reviews and prescription interventions were conducted by community pharmacists in 2005-06
- A total of 16,835 local enhanced services were provided by community pharmacy contractors in 2005-06
- At 31 March 2006 compared with 2005, Primary Care Trusts reported that 143 new pharmacies opened and 23 closed
- In 2005-06, 39% of new pharmacies opening were within 500m of another pharmacy whilst 57% of those that closed were within the same distance
- In 2005-06, Primary Care Trusts received 270 applications to relocate an existing pharmacy contractor to other premises within 500m of the original premises, of which 74% were granted
- In 2005-06, Primary Care Trusts in England received:
  - 300 applications for pharmacies intending to open 100 or more hours per week
  - 74 applications for pharmacies in out of town large shopping developments
  - 43 applications for mail order or internet based pharmacy services
  - 12 applications for pharmacies in new one-stop primary care centres

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### Community pharmacy dispensing activity

**Table 1** shows the number of community pharmacies in contract at 31 March of each year. There were 9,872 in 2006, an increase of 130 over 2005. In 2005 there were 17 less than in 2004. **Table 1** and **Figure 1** show the total dispensing activity at 31 March of each year. In 2005-06, the number of prescription items dispensed, dispensing fees received and average number of fees per pharmacy followed the year-on-year trend of an increase. The average net ingredient cost has decreased from the previous years figure for the first time in 5 years.

### Pharmacies in chains of 6 or more (multiples)

**Table 2** and **Figure 2** show the number and percentage of pharmacies in a multiple chain for each year. A multiple chain is defined as consisting of 6 pharmacies or more (groups of fewer than 6 pharmacies are regarded as independent). The percentage of pharmacy contractors that are part of a multiple chain continues to increase year on year, with an increase of 195 during 2005-06.

### Community pharmacies opening by distance to the nearest pharmacy

**Table 3** and **Figure 3** show the number of community pharmacy openings at 31 March each year. There were 143 openings in the year 1 April 2005 to 31 March 2006. This is the largest number of openings for the 10 years reported. The greatest proportion of openings (39%) was within 500m of the nearest pharmacy, and the lowest (26%) over 1km away. This is a reversal to the trends of the previous 10 years where the lowest proportion of openings has been within 500m from the nearest pharmacy.

### Community pharmacies closing by distance to the nearest pharmacy

**Table 4** and **Figure 4** show the number of community pharmacy closings at 31 March each year. The closures for the year ending 31 March 2006 are the lowest for the 10 years reported. The majority of these closures (57%) were within 500m of the nearest pharmacy, with only 9% being more than 1km away.

### Services provided by Community Pharmacies

**Table 5** shows the number of community pharmacies commissioned by their local PCT to deliver local enhanced services at 31 March 2006. The services provided most frequently are Stop Smoking support, Supervised Administration, Minor Ailment Schemes and Patient Group Directions.

Contractors that are exempt from the Control of Entry regulations do not have to provide local enhanced services unless specified by the local PCT. The majority of services are provided by community pharmacies that are *not* exempt from the control of entry regulations (2005). The service most frequently provided by exempt contractors is a Minor Ailment Scheme.

A total of 148,195 medicines use reviews and prescription interventions were conducted by community pharmacists in 2005-06

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### Applications relating to Pharmaceutical Services Regulations

**Tables 6** and **7** show applications relating to pharmaceutical services regulations and in particular, changes that have been brought about through the reforms to the "Control of Entry" system for NHS pharmaceutical contractors.

### Applications relating to minor relocations within and across PCT boundaries

**Table 6** relates to minor relocations within and across PCT boundaries. PCTs can automatically approve premises relocating under 500m, and for the first time, where these cross PCT boundaries.

In 2005-06, PCTs processed 421 applications for a minor relocation. Of these, 270 were under 500m within the PCT boundary, and 237 were under 500m across a PCT boundary. The majority of these were approved, a total of 37 were refused and 37 were withdrawn by the applicant

### Applications relating to pharmaceutical services regulations under control of entry exemptions

**Table 7** shows pharmaceutical applications relating to the four exemptions under the reformed control of entry regulations. The PCT has the authority to refuse the application or to withdraw approval if any local enhanced services specified by the PCT are not provided.

In 2005-06 PCTs received 429 applications for pharmaceutical services exempt from the control of entry regulations, and approved 246 (57.3%) of these. At 31 March 2006, 108 (25.2%) applications were outstanding.

The greatest proportion (300) of these applications were from pharmacies intending to open for 100 or more hours per week, of which 168 (56%) were granted, 31 (10.3%) refused and 83 (27.7%) were outstanding at 31 March 2006.

### Appeals against decisions on applications relating to pharmaceutical services

**Tables 8 and 9** summarise the outcomes of appeals against decisions made by PCTs. The tables list the types of application submitted under the 2005 Pharmacy regulations. In the majority of cases, the Family Health Services Appeal Unit upheld the original decision.

**Table 8** shows the outcomes of cases where the applicant appeals against a decision to refuse an application. In 5 cases (9.8% of the total) the appeal was allowed and the application proceeded.

**Table 9** shows the outcome of cases where the decision by the PCT is appealed against by a third party, not the original applicant. In 9 cases (22.5%) the appeal was allowed.

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### Notes

1. Following its response to the 2003 Office of Fair Trading Report on the control of entry regulations and retail pharmacy services in the UK, the Government introduced a balanced package of measures to reform and modernise the “control of entry” regulations for NHS community pharmacies in April 2005. It exempted certain types of pharmacy applications from some regulatory requirements. The new regulations were introduced in tandem with the new contractual framework for community pharmacy services under the NHS (Pharmaceutical Services) Regulations 2005 (SI 641) as amended by SI 1051, SI 1501 and SI 2006/552.
2. Figures on openings refer to the opening of new pharmacy premises, and do not include existing pharmacies that change ownership or those that relocate. Similarly, closures are pharmacy businesses that have ceased trading.
3. The Information Centre collects data from each PCT on openings and closures of community pharmacies. Data is also provided by the Prescription Pricing Division of the NHS Business Services Authority based on payments to community pharmacies. Payments may continue beyond the end of the financial year. This can lead to small discrepancies between PCT and PPD data about the number of community pharmacies active at 31 March each year.
4. A controlled area is one which a PCT or, on appeal, the Secretary of State has determined as rural in character. The relevant decision makers have to make a judgement based on the evidence available. PCTs that receive applications to open a pharmacy in a controlled locality must generally consider whether granting such an application would prejudice the proper provision of existing general medical or pharmaceutical services in the locality.
5. In April 2005, the role of the NHS Litigation Authority (NHSLA) expanded to include the functions of the former Family Health Services Appeal Authority (FHSAA). The work of the FHSAA is now undertaken by the NHSLA’s Family Health Services Appeal Unit, which handles appeals against decisions by Primary Care Trusts (PCTs) under the *NHS (Pharmaceutical Services) Regulations 2005*.
6. For further details on the regulations stipulated in the 2005 pharmacy contract, please follow this link: <http://www.opsi.gov.uk/si/si2005/20050641.htm#31>
7. Each prescription form may be for one or more prescription items; each item may attract one or more fees.
8. Net Ingredient Cost (NIC) refers to the cost of drugs before discount and does not include any dispensing costs or fees.
9. Individual numbers and percentages may not always add up to the total due to rounding.

For further information contact

Information Centre for Health and Social Care  
1 Trevelyan Square  
Boar Lane  
Leeds  
West Yorkshire  
LS1 6AE

Telephone: 0845 300 6016  
Email: [enquiries@ic.nhs.uk](mailto:enquiries@ic.nhs.uk)

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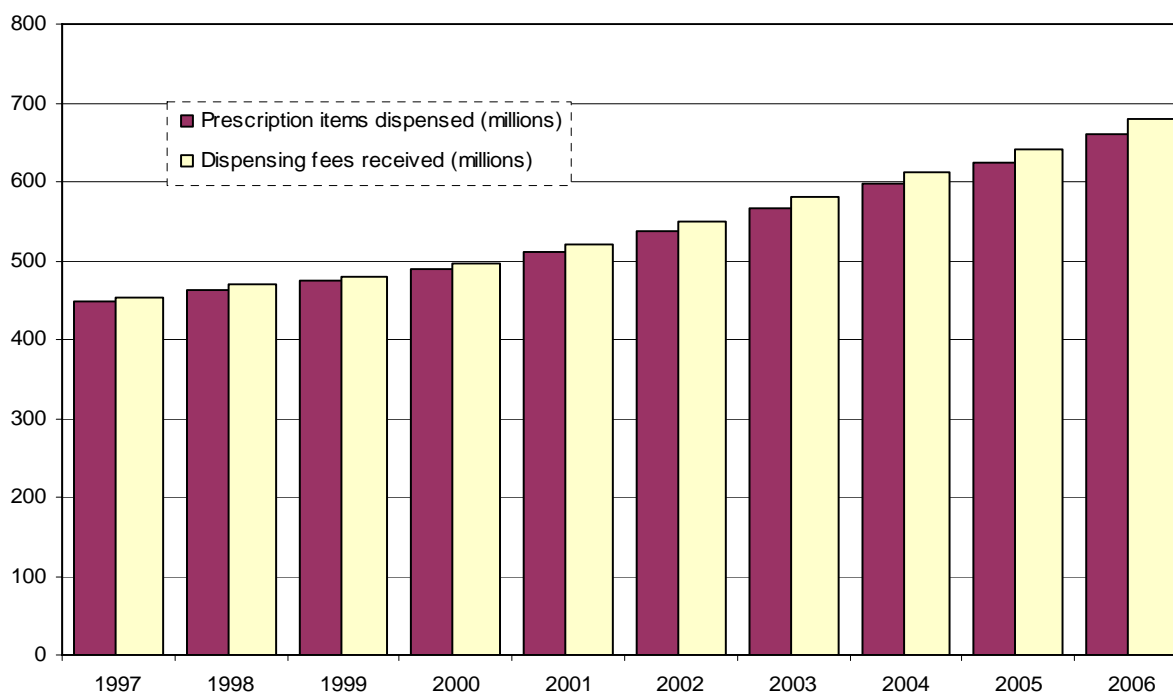
### Community pharmacy dispensing activity

**Table 1: Number of community pharmacies in contract with HAs/PCTs at 31 March, prescription items dispensed, dispensing fees received, and average NIC per fee, 1996-97 – 2005-06**

Year	Pharmacies in contract	Number of prescription items dispensed (millions)	Number of dispensing fees received (millions)	Average number of fees per pharmacy	Average net ingredient cost (NIC) per fee
1997	9,775	448.7	452.4	46,291	£8.07
1998	9,785	462.2	468.7	47,899	£8.53
1999	9,782	473.5	480.2	49,093	£8.96
2000	9,767	489.3	496.2	50,824	£9.85
2001	9,765	509.9	520.5	53,307	£9.73
2002	9,756	538.3	549.7	56,347	£10.27
2003	9,748	566.3	580.3	59,530	£10.87
2004	9,759	596.5	611.8	62,691	£11.23
2005	9,742	623.2	641.5	65,854	£11.29
2006	9,872	659.7	679.3	68,808	£10.50

Source: The Prescription Pricing Division of the NHS Business Services Authority

**Figure 1: Number of prescription items dispensed and dispensing fees received at 31 March, 1996-97 – 2005-06**



Source: The Prescription Pricing Division of the NHS Business Services Authority

## General Pharmaceutical Services in England 2005-06: Emerging Findings

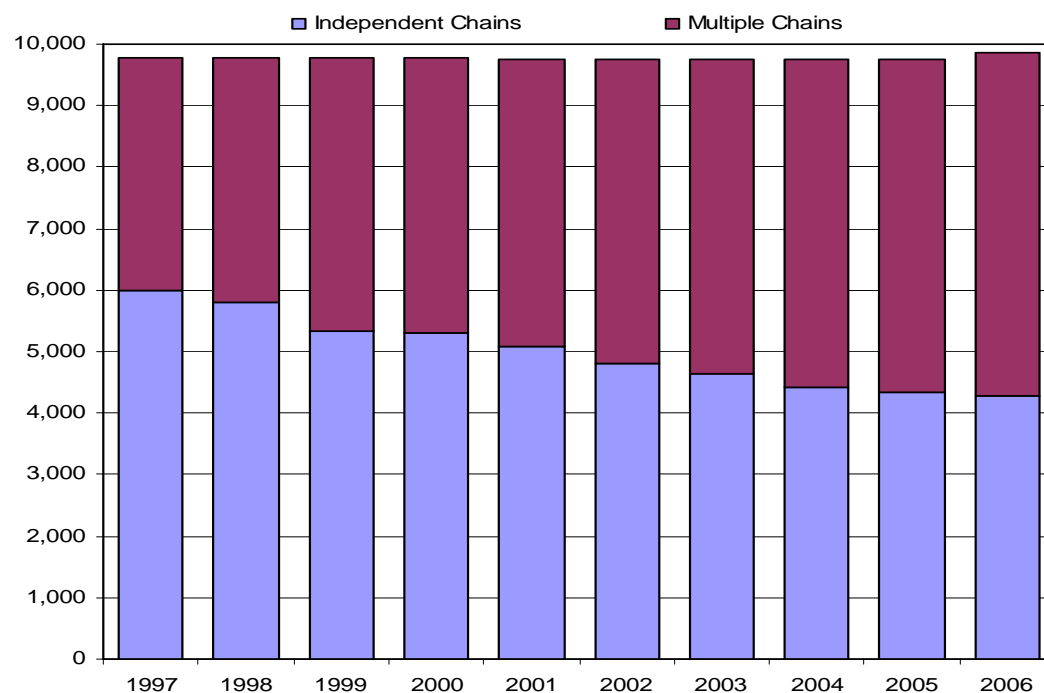
### Pharmacies in chains of 6 or more (Multiples)

**Table 2: Number and percentage of community pharmacies in chains of 6 or more in contract with HAs/PCTs at 31 March, 1996-97 – 2005-06**

Year	Pharmacies in contract	Number of pharmacies in chains of 6 or more	Percentage of pharmacies in chains of 6 or more
1997	9,775	3,777	38.64%
1998	9,785	3,978	40.65%
1999	9,782	4,448	45.47%
2000	9,767	4,452	45.58%
2001	9,765	4,692	48.05%
2002	9,756	4,941	50.65%
2003	9,748	5,098	52.30%
2004	9,759	5,341	54.73%
2005	9,742	5,409	55.52%
2006	9,872	5,604	56.77%

Source: The Prescription Pricing Division of the NHS Business Services Authority

**Figure 2: Number of community pharmacies in chains of 6 or more in contract with HAs/ PCTs at 31 March, 1996-97 – 2005-06**



Source: The Prescription Pricing Division of the NHS Business Services Authority

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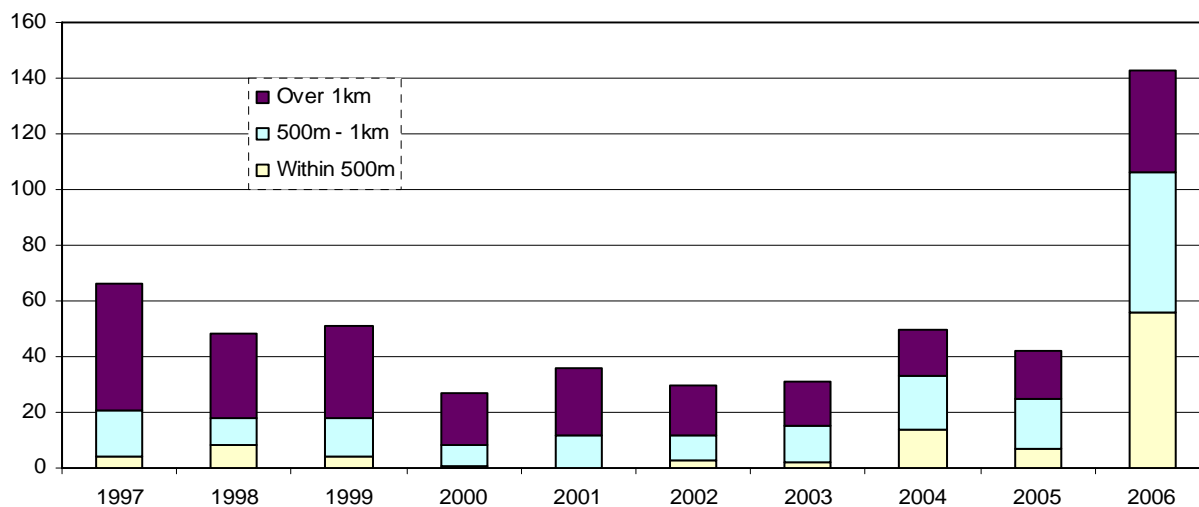
### Community pharmacies opening by distance to the nearest pharmacy

**Table 3: Community pharmacies opening by distance to the nearest pharmacy at 31 March, 1996-97 – 2005-06**

Year	Totals	Within 500m	500m - 1km	Over 1km
1997	66 (100%)	4 (6%)	17 (26%)	45 (68%)
1998	48 (100%)	8 (17%)	10 (21%)	30 (63%)
1999	51 (100%)	4 (8%)	14 (27%)	33 (65%)
2000	27 (100%)	1 (4%)	7 (26%)	19 (70%)
2001	36 (100%)	0 (-)	12 (33%)	24 (67%)
2002	30 (100%)	3 (10%)	9 (30%)	18 (60%)
2003	31 (100%)	2 (6%)	13 (42%)	16 (52%)
2004	50 (100%)	14 (28%)	19 (38%)	17 (34%)
2005	42 (100%)	7 (17%)	18 (43%)	17 (40%)
2006	143 (100%)	56 (39%)	50 (35%)	37 (26%)

Source: The Information Centre for Health and Social Care

**Figure 3: Community pharmacies opening by distance to the nearest pharmacy at 31 March, 1996-97 – 2005-06**



Source: The Information Centre for Health and Social Care

## General Pharmaceutical Services in England 2005-06: Emerging Findings

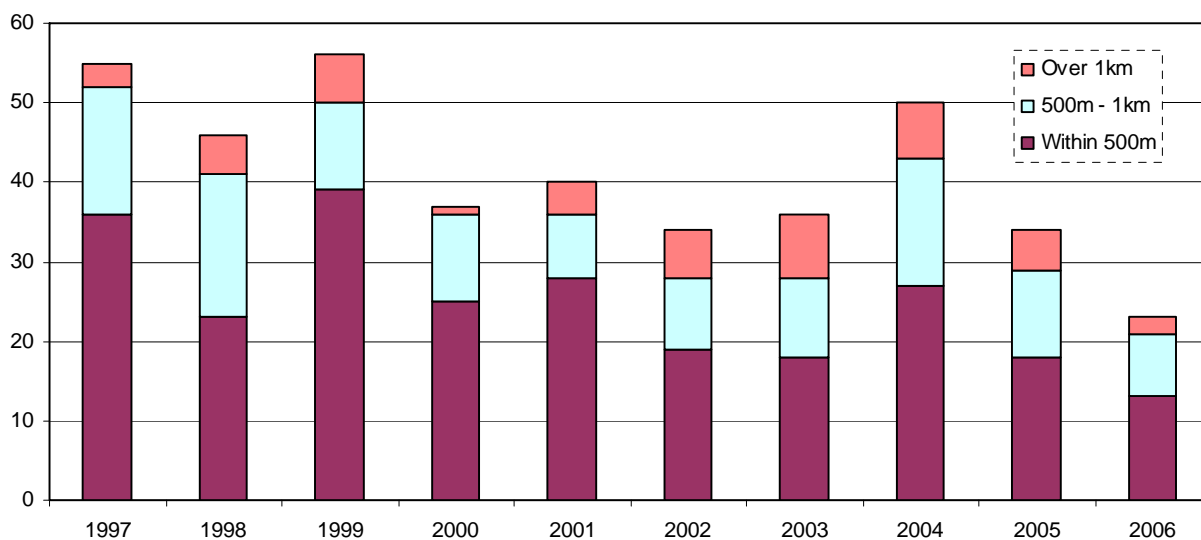
### Community pharmacies closing by distance to the nearest pharmacy

**Table 4: Community pharmacies closing by distance to the nearest pharmacy at 31 March, 1996-97 – 2005-06**

Year	Totals	Within 500m	500m - 1km	Over 1km
1997	55 (100%)	36 (65%)	16 (29%)	3 (5%)
1998	46 (100%)	23 (50%)	18 (39%)	5 (11%)
1999	56 (100%)	39 (70%)	11 (20%)	6 (11%)
2000	37 (100%)	25 (68%)	11 (30%)	1 (3%)
2001	40 (100%)	28 (70%)	8 (20%)	4 (10%)
2002	34 (100%)	19 (56%)	9 (26%)	6 (18%)
2003	36 (100%)	18 (50%)	10 (28%)	8 (22%)
2004	50 (100%)	27 (54%)	16 (32%)	7 (14%)
2005	34 (100%)	18 (53%)	11 (32%)	5 (15%)
2006	23 (100%)	13 (57%)	8 (35%)	2 (9%)

Source: The Information Centre for Health and Social Care

**Figure 4: Community pharmacies closing by distance to the nearest pharmacy at 31 March, 1996-97 – 2005-06**



Source: The Information Centre for Health and Social Care

## General Pharmaceutical Services in England 2005-06: Emerging Findings

### Provision of Local Enhanced Services

**Table 5: Number of community pharmacies in contract with PCTs providing local enhanced services at 31 March 2006**

Description of Service	Total number of contractors providing each service	Number and percentage of non-exempt contractors providing each service	Number and percentage of exempt contractors providing each service <sup>(1)</sup>
Anticoagulant Monitoring	21	21 (100.0%)	0 -
Care Home	1248	1230 (98.6%)	18 (1.4%)
Disease Specific Medicines Management	118	118 (100.0%)	0 -
Gluten Free Food Supply	281	281 (100.0%)	0 -
Home Delivery	1088	1083 (99.5%)	5 (0.5%)
Language Access	220	206 (93.6%)	14 (6.4%)
Medication Review	747	734 (98.3%)	13 (1.7%)
Medicines Assessment & Compliance Support	747	664 (88.9%)	83 (11.1%)
Minor Ailment Scheme	2031	1915 (94.3%)	116 (5.7%)
Needle and Syringe Exchange	1056	1012 (95.8%)	44 (4.2%)
On-Demand Availability of Specialist Drugs	418	399 (95.5%)	19 (4.5%)
Out of Hours	1432	1377 (96.2%)	55 (3.8%)
Patient Group Direction	2111	2040 (96.6%)	71 (3.4%)
Prescriber Support	55	55 (100.0%)	0 -
Schools	3	3 (100.0%)	0 -
Screening	154	154 (100.0%)	0 -
Stop Smoking	2522	2426 (96.2%)	96 (3.8%)
Supervised Administration	2563	2468 (96.3%)	95 (3.7%)
Supplementary Prescribing	20	20 (100.0%)	0 -

*Source: The Information Centre for Health and Social Care*

An individual pharmacy contractor may offer more than one type of each local enhanced service, therefore the above figures list the number of pharmacy contractors providing each type of service.

1. Exempt contractors fall into the following categories:

- Out of town large shopping developments over 15,000 sq m gross lettable floor space
- Pharmacies which open 100 or more hours per week
- Consortia establishing a new one-stop primary care centre
- Wholly mail order or internet based pharmacy services

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### Applications relating to minor relocations within and across PCT boundaries

**Table 6: Applications relating to pharmaceutical services regulations, 1 April 2005 to 31 March 2006: Minor relocations within and across PCT boundaries**

Applications	Within PCT Boundary Regs 5 (1) (b) (ii) and (c), 6 (3) & 7 (3), 39 (8)		Across PCT Boundary Regs 5 (1) (b) (ii) and (c), 6 & 7, 39 (8)	
	up to 500m	over 500m	up to 500m	over 500m
Total applications decided relating to minor relocations (excluding appeals):	270	4	237	10
Total number:				
- Granted	201	3	153	5
- Refused	15	1	22	1
- Withdrawn	19	0	18	0
- Outstanding at 31 March 2006 (excluding appeals)	35	0	44	4
<i>Total percentage:</i>				
- <i>Granted</i>	74.4%	75.0%	64.6%	50.0%
- <i>Refused</i>	5.6%	25.0%	9.3%	10.0%
- <i>Withdrawn</i>	7.0%	-	7.6%	-
- <i>Outstanding at 31 March 2006 (excluding appeals)</i>	13.0%	-	18.6%	40.0%
<i>Other application types:</i>				
Number of Applications with a closure (major relocations)	2	0	4	0
Number where grant lapsed (with or without extension) before opening	18	1	12	2

Source: The Information Centre for Health and Social Care

## General Pharmaceutical Services in England 2005-06: Emerging Findings

### Applications relating to pharmaceutical services regulations under four new exemptions

**Table 7: Applications relating to pharmaceutical services regulations under four new exemptions, 1 April 2005 to 31 March 2006**

Number of applications	Out of town large shopping developments over 15,000 sq m gross lettable floor space	Pharmacies intending to open more than 100 hours per week	Consortia establishing a new one-stop primary care centre	Wholly mail order or internet-based pharmacy services	Totals
Received between 1 April 2005 - 31 March 2006 (excluding appeals)	74	300	12	43	429
Total number:					
- Granted	55	168	2	21	246
- Refused	8	31	6	6	51
- Withdrawn	4	18	1	1	24
- Outstanding at 31 March 2006 (excluding appeals)	7	83	3	15	108
<i>Total Percentage:</i>					
- <i>Granted</i>	74.3%	56.0%	16.7%	48.8%	57.3%
- <i>Refused</i>	10.8%	10.3%	50.0%	14.0%	11.9%
- <i>Withdrawn</i>	5.4%	6.0%	8.3%	2.3%	5.6%
- <i>Outstanding at 31 March 2006 (excluding appeals)</i>	9.5%	27.7%	25.0%	34.9%	25.2%

Source: The Information Centre for Health and Social Care

## General Pharmaceutical Services in England 2005-06: Emerging Findings

### Appeals decided and granted where status of applicant was the appellant

**Table 8: Decisions on applications relating to pharmaceutical services regulations on appeal: Numbers and percentages of appeals decided and granted by type of application where the applicant was the appellant**

Number and type of application	Total Applications where applicant was the appellant	Appeal allowed	Appeal dismissed	Appeal withdrawn	Percentage Granted
<b>Number of applications</b>	<b>51</b>	<b>5</b>	<b>45</b>	<b>1</b>	<b>9.8%</b>
<i>Controlled Area</i>	4	1	3	0	25.0%
Rurality (Reg 31)	0	0	0	0	-
Doctors (Regs 61, 65 (1) & 65 (4) (b))	2	0	2	0	-
Pharmacy (Regs 5 (1) (a), 12, 13, 18 & 36))	2	1	1	0	50.0%
Pharmacy (Regs 35))	0	0	0	0	-
<i>Non-controlled Area</i>	44	4	40	0	9.1%
Full application (Regs 5 (1) (a), 12, 13))	44	4	40	0	-
<i>All Areas (incl. minor relocations)</i>	3	0	2	1	-
- 500m or under (Number within PCT 5(1) (b) (ii) and (c), 6(3) & 7(3), 39(8))	0	0	0	0	-
- 500m or under (Number across PCT boundary) 5(1) (b) (ii) and (c), 6(3) & 7(3), 39(8))	0	0	0	0	-
- Total within PCT All minors 5 (1) (b) (ii) and (c), 6, 7 & 39(8))	3	0	2	1	-
- Total across PCT boundary 5 (1) (b) (ii) and (c), 6, 7 & 39(8))	0	0	0	0	-
Appliances only 4(1)(b) / 12(1)	0	0	0	0	-
Additional services 5(1)(b) (i) and (ii) /12(1)	0	0	0	0	-
Other 5(1)(b)(i), 8, 9, 10, 10, 40 & 54	0	0	0	0	-

Source: NHS Litigation Authority Family Health Services Appeal Unit

## General Pharmaceutical Services in England 2005-06: Emerging Findings

### Appeals decided and granted where status of applicant was not the appellant

**Table 9: Decisions on applications relating to pharmaceutical services regulations on appeal: Numbers and percentages of appeals decided and granted by type of application where the applicant was not the appellant**

Number and type of application	Total Applications where applicant was not the appellant	Appeal allowed	Appeal dismissed	Appeal withdrawn	Percentage Granted
<b>Number of Applications Decided:</b>	<b>40</b>	<b>9</b>	<b>31</b>	<b>0</b>	<b>22.5%</b>
<i>Controlled Area</i>	14	0	14	0	-
Rurality (Reg 31)	0	0	0	0	-
Doctors (Regs 61, 65 (1) & 65 (4) (b))	14	0	14	0	-
Pharmacy (Regs 5 (1) (a), 12, 13, 18 & 36))	0	0	0	0	-
Pharmacy (Regs 35))	0	0	0	0	-
<i>Non-controlled Area</i>	16	7	9	0	43.8%
Full application (Regs 5 (1) (a), 12, 13))	16	7	9	0	43.8%
<i>All Areas(incl. minor relocations)</i>	10	2	8	0	20.0%
- 500m or under (Number within PCT) 5(1) (b) (ii) and (c), 6(3) & 7(3), 39(8)	2	0	2	0	-
- 500m or under (Number across PCT boundary) 5(1) (b) (ii) and (c), 6(3) & 7(3), 39(8)	0	0	0	0	-
- Total within PCT All minors 5 (1) (b) (ii) and (c), 6, 7 & 39(8)	8	2	6	0	25.0%
- Total across PCT boundary 5 (1) (b) (ii) and (c), 6, 7 & 39(8)	0	0	0	0	-
Appliances only 4(1)(b) / 12(1)	0	0	0	0	-
Additional services 5(1)(b) (i) and (ii) /12(1)	0	0	0	0	-
Other 5(1)(b)(i), 8, 9, 10, 10, 40 & 54	0	0	0	0	-

Source: NHS Litigation Authority Family Health Services Appeal Unit

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telephone: 0845 300 6016

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