



Healthcare Confidence Index 2022

Pharmacy Overview

By the side of business



LLOYDS BANK

Overview



Martyn Kendrick
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Welcome to the Lloyds Bank Healthcare Confidence Index, which has been reporting on the experiences and ambitions of pharmacy operators since 2011.

This year's Index shows how healthcare providers are facing up to growing financial pressures from rising energy prices, interest rates and inflation, which are squeezing budgets like never before.

The results for 2022 show a decline in short-term confidence amongst GPs, dentists and pharmacists, with GPs recording the sharpest decline and dentists' sentiment proving more robust. After two years of growing confidence, pharmacists' short-term outlook declined during 2022, dropping from 29 to 14.

The number of pharmacists expecting to grow profits fell from 65% to 46%, while four in five (82%) said they expect some financial pressures.

Common to all our professions, pharmacists' primary concerns were rising energy prices, inflation of goods and services prices, and interest rates. That said, I was heartened to see how many would recommend the profession to a friend or relative – a number which grew for the fifth year in a row to hit 72%.

The community pharmacy is going through an exciting evolution, and we can confidently imagine they will be delivering a far wider range of services going forward. It's great that we are making the most of pharmacists' skills, but this will have to be adequately funded.

And pharmacists are facing a particular pinch point at the moment due to ongoing shortages of medicines, many of which are imported from overseas. Accordingly, they are flagging inflation (71%) and supply chain disruption (58%) as key challenges for 2023, which will no doubt put pressure on margins.

This year's findings have exposed how much of a job there is still left to do to raise awareness of the impact of new sustainability rules on healthcare organisations' operations. When we asked pharmacists about their awareness of the UK net zero target and the implications for their businesses, almost half (46%) said they are aware of net zero, but don't yet know what it means for their business.

Profitability



46%

Nearly half of pharmacists expect to grow profits over the next 12 months.

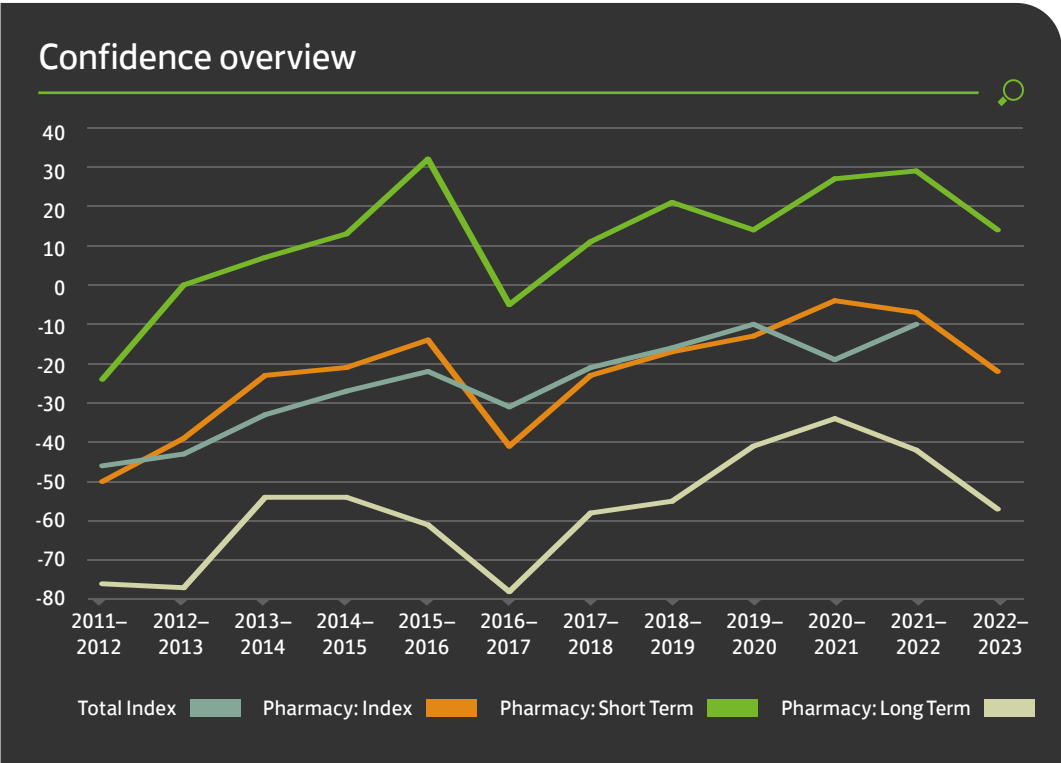


82%

Four in five pharmacists expect financial pressures to increase over the next five years.

Overview (continued)

But while the country is working towards achieving net zero emissions by 2050, there are more pressing deadlines approaching in 2027 and 2030 around the energy efficiency of buildings, which could see healthcare businesses hit with much higher bills. But with fewer than a third (29%) taking action to make their premises more energy efficient, pharmacy owners have an opportunity to get ahead of the game and reduce their energy outgoings, helping futureproof practices and bring down bills.



Services

52%
Half of pharmacists expect NHS services to patients to improve over the next five years.

40%
Two in five pharmacists expect the proportion of script-related income in their business will fall over the next five years.

I hope you find this report informative. We have also produced similar reports for GPs and dentists, as well as a special report which takes an in-depth look at sustainability across all three sectors. You can view these at lloydsbank.com/healthcare-index

If the reports raise any questions, please get in touch with your Lloyds Bank Relationship Manager, who will be happy to help.

There is a drop off in data points for the total index due to the data collection not being available for dentists this year.

Expert opinion



Leyla Hannbeck
Chief Executive,
Association of Independent
Multiple Pharmacies

This year's research has to be viewed in the context of some major challenges facing the pharmacy sector.

We're facing serious issues around the recruitment of pharmacists and other staff. This is partly due to the lack of level playing field our sector is facing in relation to recruitment of pharmacy workforce to GP surgeries, as well as the funding GPs receive to recruit thousands of pharmacists from community and hospital pharmacies to ease their workloads. However, it's also because generally, it's more difficult to recruit in the current economy.

Funding remains a huge challenge for community pharmacy; the five-year deal that came in 2019 didn't take into account any of inflation, putting a lot of pressure on cash flow.

And there are ongoing supply issues which means sourcing medicines has become very time consuming and expensive.

That's reflected in pharmacists' declining sentiment, which is falling more quickly than it was last year.

And the number expecting to grow profits has fallen from 65% to 46%, while those expecting profits to fall has doubled from 16% to 33%.

At the same time, four in five (82%) expect financial pressures to increase.

Unsurprisingly, they are worried about energy prices (78%), inflation of goods and services

prices (71%), interest rates (59%) and supply chain disruption (58%).

That said, more pharmacists think NHS services will improve (52%) than worsen (33%) over the next five years, likely because pharmacies are becoming more service orientated – something that our sector has campaigned about for years – though this will have to be reflected in better funding.

They are positive that primary care reforms, like independent prescribing, are an opportunity (65%), though three in five (60%) think the level of script-related income will stay the same or grow.

And the number of pharmacists who would recommend the profession to a friend or relative grew for the fifth year in a row to hit 72%, which I think reflects the growing regard that the public holds for pharmacists since the pandemic, as well as their growing clinical focus.

72%

of pharmacists would recommend the profession to a friend or relative.

Expert opinion (continued)

Many people will have engaged with their pharmacist more during the pandemic and had a great experience, and 68% say they are still experiencing an increase in Over The Counter sales and script volumes as a result.

I'd hope that this really strong acceptance of the value of pharmacists in communities will influence the next set of funding negotiations.

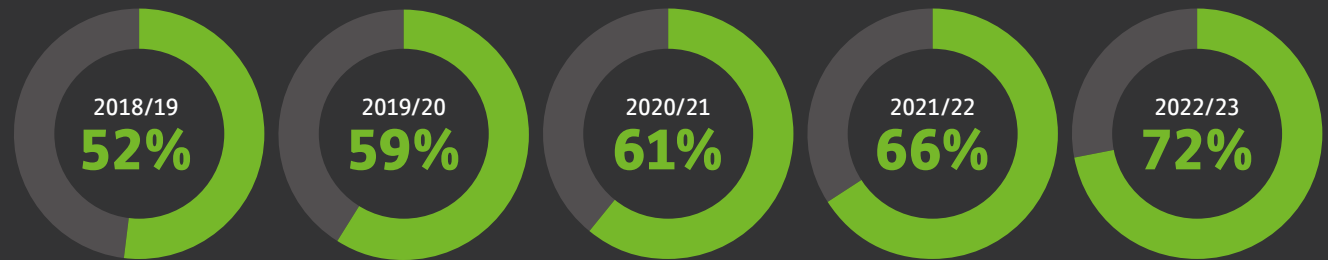
After all, community pharmacists can't just pass on extra costs to their patients, so they are much more vulnerable to rising prices.

The current five-year funding package doesn't come to an end until 2024, but some pharmacists could struggle to keep their heads above water without extra support.

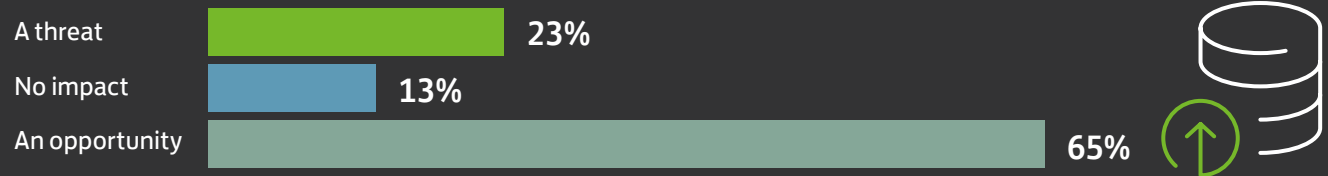
For more of the latest insights into the issues affecting GPs and dentists, and for a deeper dive into sustainability, you can read the full series of Lloyds Bank Healthcare Index 2022 sector reports at lloydsbank.com/healthcare-index



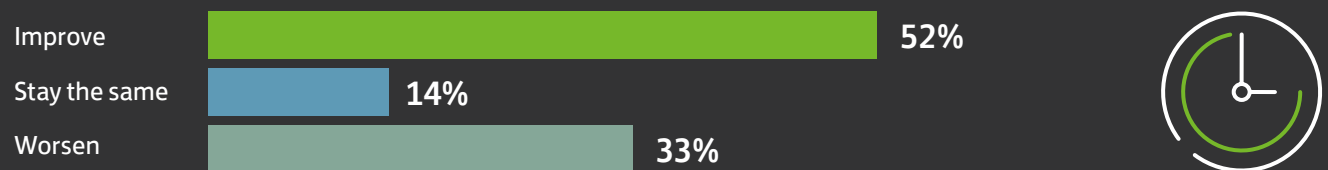
I would encourage friends or family to consider a career as a pharmacist



Do you consider the reforms underway in primary care as a threat or an opportunity for your business?



Do you expect NHS services to patients to improve or worsen over the next five years?



Important information

This article is produced for general information only and should not be relied on as offering advice for any specific set of circumstances.

For more information on our support for healthcare businesses and to read the results for all our sectors visit lloydsbank.com/healthcare-index or speak to your Relationship Manager.

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