



LLOYDS BANK

HEALTHCARE CONFIDENCE INDEX 2020

PHARMACISTS OVERVIEW

Welcome to the latest Lloyds Bank Healthcare Confidence Index, looking back on a year of unprecedented challenges for the sector.

Pharmacists saw demand grow as more people sought their advice, GPs moved to e-consultancy platforms and dental practices were closed.

So, for the first time, we decided to run the Healthcare Confidence Index twice this year, to give pharmacists, GPs and dentists a platform to share their experiences and insights.

After three years of growth, it comes as little surprise that the overall Index, which gives a reading of net confidence, fell from an all-time high of -10 in January to -19 in October (on a scale from -100 to +100).

Pharmacy is the only healthcare profession surveyed where confidence continued to grow through 2020, from -13 in January to -4 in October.

Indeed, 71% saw growth in over-the-counter sales and script volumes because of coronavirus.

Perhaps the most notable outcome from the pharmacy Index is the sector's entrepreneurial outlook.

Just 14% plan to "carry on as I am", while more than two in five (43%) are actively looking to buy another pharmacy.

Overall, the survey shows healthcare professionals facing up to the pandemic with dedication and determination, operating under huge pressure and embracing new ways of working.

Dentists' short-term confidence also took a severe hit, falling from a record high of +48 at the beginning of the year to -1.

Profit expectations are more mixed, with 42% forecasting growth in the next year and 40% expecting decline.

More encouragingly, 72% believe goodwill values will hold firm or increase over the next year.

Strikingly, the number of dentists looking to go fully private more than doubled from 13% to 30% as demand for cosmetic dentistry builds.

GPs' short-term confidence collapsed from +10 to -12, reflecting the rise of the second wave of the virus when this research was conducted, though long-term confidence held firm at -49.

At the same time, more GPs think NHS services to patients will get worse in the next five years and more GPs expect profits to fall in the coming 12 months.

But the biggest change was the switch to remote consultations; 53% say more than half of consultations will continue to be online or by phone after the pandemic ends.

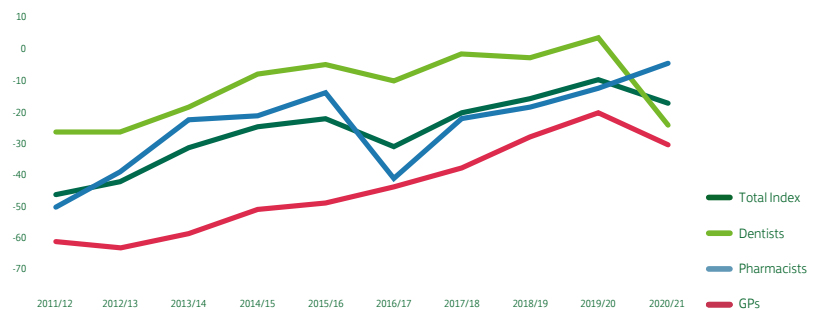
I'm confident that, once the current crisis recedes, we'll see the emergence of a newly energised healthcare sector.



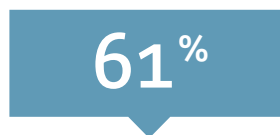
Martyn Kendrick

Regional Director, SME Banking North West
UK Head of Healthcare | SME & Mid Corporates Banking
Lloyds Bank Commercial Banking

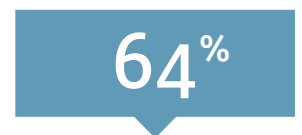
CONFIDENCE OVERVIEW



PROFITABILITY

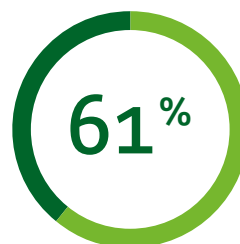


Six in ten pharmacists expect profits to increase in the next 12 months



Almost two-thirds of pharmacists expect finance pressures to increase in the next five years

EMPLOYMENT



Six in ten pharmacists would encourage their friends or family to consider a career in pharmacy



Almost a fifth of pharmacists plan to retire within five years

SANJAY PATEL,
MANAGEMENT CONSULTANT / DIRECTOR,
INNOVATE PHARMA SERVICES

Pharmacists have stepped up to continue delivering vital services to the public during the coronavirus pandemic, often under huge pressure.

It's notable that it's the only healthcare profession surveyed where confidence has continued to grow through 2020, from -13 in January to -4 presently.

Unlike the other GP and dental surgeries, pharmacies have largely been able to continue operating as normal, quickly adapting to restrictive measures.

Indeed, 71% saw growth in over-the-counter sales and script volumes because of COVID-19 and for 30% of pharmacists, transactions were up more than 10% on last year.

Accordingly, 61% expect profits to increase over the next year, up from 41% in the last survey.

Though 64% also expect financial pressures to increase in the same time frame, this is down from 74%, likely reflecting the view that government funding for the sector has now stabilised.

And, while a third (35%) say primary care reforms are a threat, more than half (55%) say they are an opportunity, with 70% saying they will spend more time working with their local GP practices after the pandemic.

Perhaps the most striking outcome from the research is pharmacists' entrepreneurial outlook.

Just 14% plan to "carry on as I am", while more than two in five (43%) are actively looking to buy another pharmacy, with a further 17% considering it.

And there are opportunities in the sector.

While the number of pharmacies in the UK will reduce, the population is both increasing and ageing, so the pharmacies that do survive will be dispensing higher volumes and be more profitable.

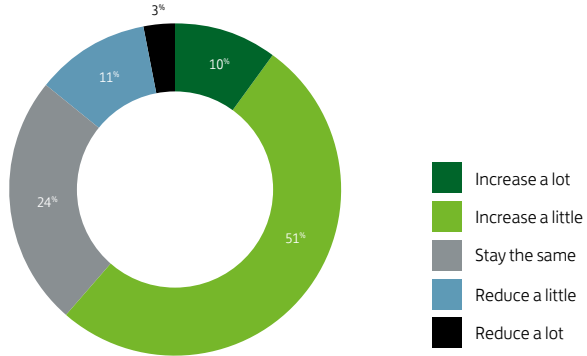
One thing that hasn't changed this survey is pharmacists' verdict on Brexit; 61% say it will have a negative impact.

A disorderly Brexit has the potential to disrupt medicine supplies when the UK is no longer part of the EU because, as a smaller market, it will be a lower priority for drug manufacturers, which are largely based in India and China.

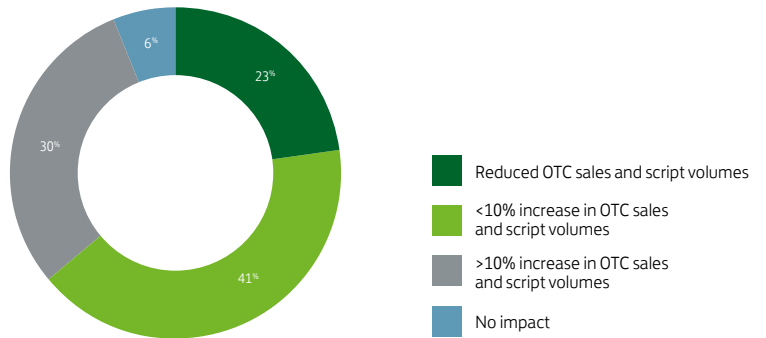
As a result, we're likely to see the number of suppliers shrink, pushing prices up.

However, those pharmacists that are agile and embrace change and new technology still have great opportunities ahead of them.

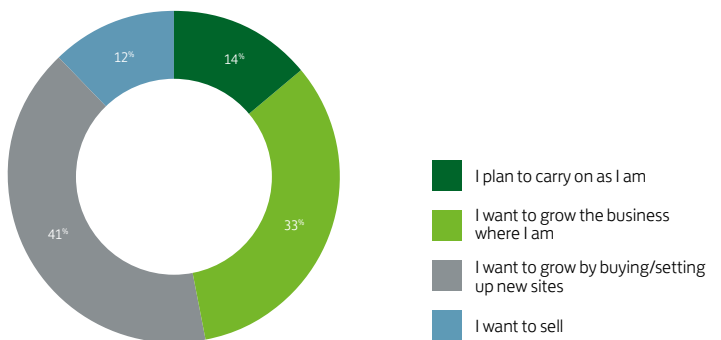
Over the next 12 months do you expect your business/practice profits to...?



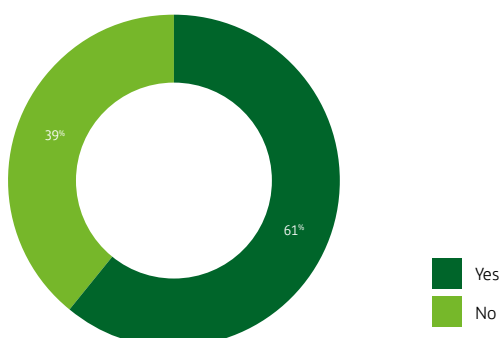
How has COVID-19 impacted your pharmacy?



Which of the following statements is closest to your current plans for the next five years?



Would you encourage your friends or family to consider a career as a pharmacist?



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