

Back to Basics: Understanding Pharmacy Finance Event & AGM

Tuesday 9th September 2025

Nicola Goodberry Kenneally – CPWY CEO
Dave Downham – Independent Financial Consultant
David Broome – Independent Contractor, CPE
Committee Member & Regional Representative

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Housekeeping!

- **There is no planned fire alarm** for this evening but in the unlikely event of a fire alarm, please exit calmly via the nearest marked exit.
- **Toilets** can be found outside of the meeting room in the foyer.
- **Photos and recordings** may be taken at the event, if you do not want to be in any photos, please let one of the CPWY team know on departure.

Please ensure you have input your car registration details within the device at reception!

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Agenda

7.15pm	CPWY AGM – <ul style="list-style-type: none"> Minutes of the last meeting. Accounts and voting. Annual report.
7.25pm	Event welcome and introductions – Nicola Goodberry Kenneally, CPWY CEO and Adeel Sarwar, CPWY Vice Chair
7.30pm	Understanding your FP34 (also known as ‘prescription return’), what to look out for, key takeaways and what to learn from it – Dave Downham, Independent Financial Consultant
7.45pm	Pharmacy Funding: Minimising Losses & Maximising Income – David Broome, Independent Contractor, CPE Committee Member & Regional Representative. Includes: <ul style="list-style-type: none"> Accurate data entry and submission and the risks of failing to claim. The shift in IT, going paperless and is your PMR system capable of more? Tools and resources available to help with payment checking and verification. Applying the new service caps and making them work for you. CPCF and Margin.
8.30pm	Questions and answers

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Community Pharmacy West Yorkshire Strategic Plan 2025-27

Our vision – Empowering West Yorkshire pharmacies to be essential healthcare hubs, delivering innovative and integrated care that enhances community health and ensures substantial high-quality services for all.

CPWY Values

Collaboration

We prioritise teamwork and partnership, both within our CPWY team, committee and with external stakeholders, to achieve a shared goal and better health outcomes for patients.

Integrity

We act with honesty, transparency, and accountability in all of our decisions and actions, building trust with our contractors, stakeholders and the communities we service.

Innovation

We embrace new ideas and approaches, continually seeking to improve and adapt to the evolving healthcare landscape to better serve our communities.

Empathy

We understand and respect the challenges faced by our contractors and colleagues, providing support and advocacy to support their success.

Strategic Priorities

Strengthening Contractor Support and Engagement

Need for consistent support

Tailored engagement strategies

Increased visibility and communication

Enhancing Collaboration with Key Stakeholders

Building stronger relationships

Defining roles and ownership

Promoting pharmacy services

Driving Strategic Initiatives for Service Delivery & Integration

Leveraging data and best practice

Facilitating local integration

Recognise contractor capacity constraints

Addressing Funding and Economic Challenges

Maximise income and take full advantage of available income

Operational efficiency and best practice

Political and local engagement

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There are no silly questions! We are here to support and help you.

Empathy 

We understand and respect the challenges faced by our contactors and colleagues, providing support and advocacy to support their success.

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Community Pharmacy West Yorkshire

Addressing Funding and Economic Challenges

- Maximise their Income and Take Full Advantage of Available Funding
- Encourage Operational Efficiency and Best Practices
- Political and Local Engagement

Back to Basics	MP Engagement
<ul style="list-style-type: none"> • Communication focused on maximising dispensing income. • Events focused on drug tariff, end of month submissions and finance. 	<ul style="list-style-type: none"> • Support with CPE MP campaigns. • Communicate with MPs at local level around contract pressures. • Send specific health information to MP based on constituency to get MP buy in. • Invite to CPWY committee meetings.

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Understanding your FP34 *(also known as 'prescription return')*

**Dave Downham, Independent
Financial Consultant**

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Understanding your FP34 Dave Downham

Chartered Accountant

**Community Pharmacy
Specialist (20+ years(!)
including DSPs, internet,
multiples, extended
hours, independents...)**

**Pharmacist Support
Trustee**



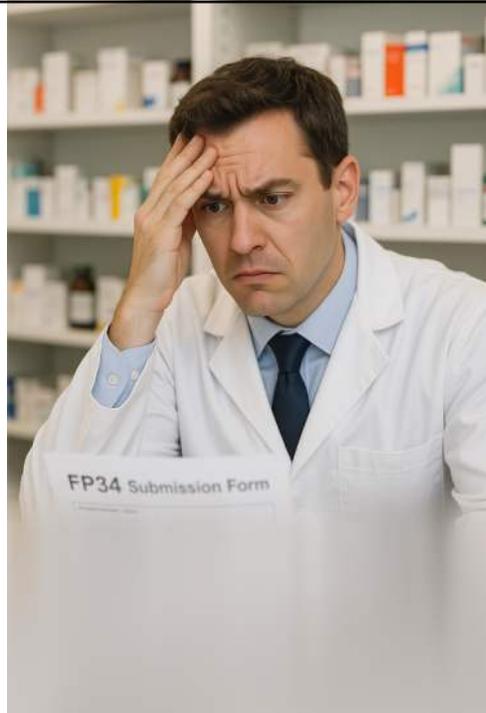
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First, the disclaimers

- I'm an accountant, not a pharmacist or other healthcare professional
- I'm not giving advice – if in doubt, please contact your own support network
- All views are my own, personal interpretations of regulations, data and other information and so I have not used much AI...

9

...apart
from this!



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So...what is an FP34?

- Some of the older generation still call it a “PPD” or “PPA”...although the “Prescription Pricing Division” was renamed “NHS Prescription Services” several years ago and the PPA was abolished in 2006!
- So, I did ask AI: “An FP34 is a NHS Schedule of Payments document that provides a detailed breakdown of the reimbursement amount a pharmacy contractor should expect for NHS prescriptions submitted in a given month. It includes costs for drugs and appliances, prescription fees, patient charges collected, and a summary of expensive items. Pharmacy contractors use the FP34 data to reconcile their monthly claims and receive payment from the NHS Business Services Authority (NHSBSA). ”
- Interestingly, no mention of services

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“A detailed breakdown of the reimbursement”

- Not sure if it does really!
- If you dispense 10,000 items, can expect c4,000 prescription forms – not including services - all titrated into 12 pages
- If you need granular detail, far better to access the “Prescription Item Report”

The screenshot shows the NHS Information Services Portal. At the top, there is a navigation bar with 'Information Services Portal', 'Home', 'My Account', 'Help', and 'Logout'. On the right, it says 'Business Services Authc' and 'Welcome'. Below the navigation bar, there is a search bar with 'Enter Search Criteria' and a 'Search' button. On the left, there is a '+ Report' button and a 'Broadcasts' section with a 'BNF drug data' update. On the right, there is a 'My Bookmarks' section with two bookmarks: 'Prescription Item Report' (Category: Payment Information) and 'Schedule of Payments' (Category: Payment Information). The 'Prescription Item Report' bookmark is circled in red.

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“Reconcile their monthly claims”

Do you check how close your submission on MYS is to your FP34?

Payment on account for

Jun (4573 items less 161 charges)

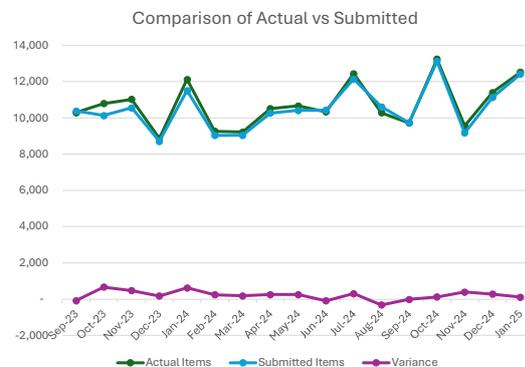
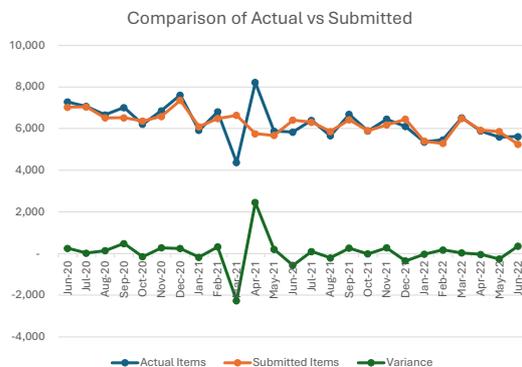
Payment for consumables	4688 @ 1.24 p
Payment for containers	
PFCP VAT	
Contraception VAT	
Total of drug and appliance costs	
PRESCRIPTION FEES	
Activity payment	4682 @ 146 p

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Worth looking at variances over the longer term

Sometimes easy to see anomalies...

...other times look at longer term trend



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A word on AIV...

- Used to calculate the advance for a month's dispensing...
 - ...based on **2 month's prior** data, e.g. August advance will be based on AIV on June FP34
- ...Not to be confused with revenue/turnover/sales which you will only find out when you get the FP34 for that month
- So...why the difference?

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Cash vs Turnover

- The Advance is estimated based on 2 months out of date AIV data and whatever the pharmacy claims for
 - (If the pharmacy claims a lower number than actual, then they are potentially out of pocket for 7 weeks).
- The true value of revenue is only revealed when you get the FP34

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Worked Example

Excerpt from Jul '25 MYS

EPS prescriptions:

Exempt Forms 2167, Exempt Items 5096

Paid Forms 162, Paid Items 188

Paper prescriptions:

Exempt Forms 336, Exempt Items 665

Paid Forms 6, Paid Items 8

⇒ Total items = (5,096+188+665+8) = 5,957

⇒ Total Paid items = (188+8) = 196

Excerpt from May '25 FP34

Average item value

9.13

Excerpt from June '25 FP34

Payment on account for

Jul (5963 items less 197 charges)

52,491.89

I.e. 5,963 items at 9.13 less 197 charges at £9.90 = £52,491.89

(...hang on a minute!)

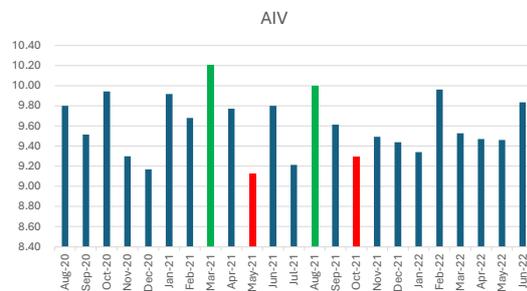
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What could possibly go wrong?

Variation of AIV due to changes in prescribing



Variation of AIV due to cyclical dispensing



Standard deviation of 30p on an average of £9.60 means that you can only be confident 95% of the time that you are +/- 6.25%

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Why looking at margin based on AIV *could* be a waste of time and effort

- Mrs B lives in Barncaster and has Amlodipine 10mg 1 a day on a 7 day script
- DT is 62p, so would receive
 - 80% of $(7/28) \times 62p + £1.46 + 1.24p + 10p = £1.70$
- Cost of a box of is, say, 40p
- => Gross margin is;
 $(£1.70 - 40/4) = £1.60$ (**94%**)
- Mr D lives in Castlefract and has Amlodipine 10mg 1 a day on an 84 day script
- DT is 62p, so would receive
 - 80% of $(84/28) \times 62p + £1.46 + 1.24p = £2.96$
- Cost of a box of is, say, 40p
- => Gross margin is;
 $(£2.96 - 40 \times 3) = £1.76$ (**59%**)

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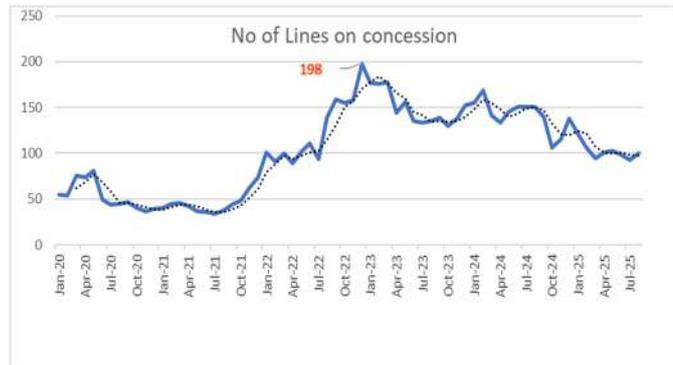
Might be more useful to look at underlying buying margin

- Mrs B lives in Barncaster and has Amlodipine 10mg 1 a day on a 7 day script
- DT is 62p, so would receive *excluding fees*
 - 80% of $(7/28) \times 62p = 12.4p$
- Cost of a box of is, say, 40p
- => Buying margin is;
 $(12.4p - 40/4) = 2.4p$ (**19.4%**)
- Mr D lives in Castlefract and has Amlodipine 10mg 1 a day on an 84 day script
- DT is 62p, so would receive *excluding fees*
 - 80% of $(84/28) \times 62p = £1.488$
- Cost of a box of is, say, 40p
- => Gross margin is;
 $(£1.488 - 40 \times 3) = 73.8p$ (**19.4%**)

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Is it “profitable” dispensing “at a loss”?

- Represents, at best, an unappetising pill to swallow
- We know it's frustrating when terms of service require us to supply when the reimbursement fee doesn't cover the cost.
- It's hard to go through the month not knowing if the concession price will be granted later in the month?
- Over 600 drugs in Category M, but (too?) high strike rate with concessions



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Macro data

- In 2024/25, Net ingredient cost of items dispensed was £11,151m*
- This was generated from 1,261m* items
- Per the CPCF, we are supposed/allowed to retain a margin of £900m
- => Suggests an “acceptable” underlying buying margin % of $\frac{£900m}{£11,151m} = 8.1\%$
- => Alternatively, $\frac{£900m}{1,261m} = 71p$ buying margin per item, which would suggest you would expect to make c£2.20-£2.25
 - **Not hard and fast, but useful fag packet statistics**

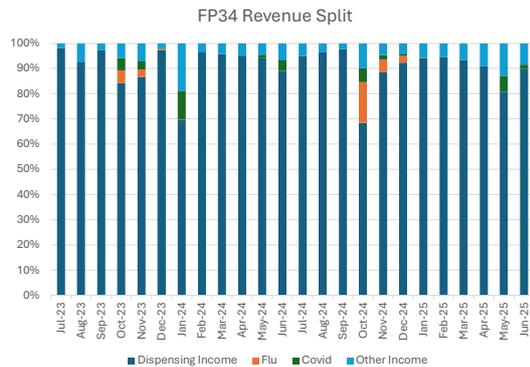
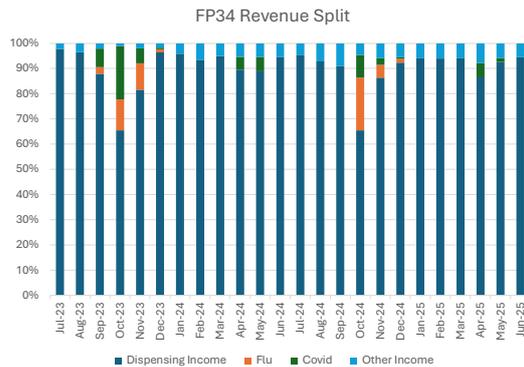
* As per NHSBSA Prescription Cost Analysis

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Service income is growing over time, but the dispensing fees are still the significant proportion?

It's important, but still dispensing is key for large pharmacies (21,000 items)

...and also smaller pharmacies (7,000 items)



Beware! Caps that can result in services not paid for

NMS is capped based on NMS items, not Total items

- Cap for this month based on 7,458 NMS items was 140
- "Only" received 140 x £14 = £1,960 – 10 were unpaid

PFCP caps are currently based on the average consultations delivered in the 3 months starting 6 months prior

- E.g. September '25 cap is based on average April-June
- ...so any sudden uplift may result in consultations being unpaid

Total of items, for which a fee is paid	7995
Average item value	8.75
Referred back items	5
Referred back forms	2
FP57 forms declared	2
Appliance use reviews carried out at patients home declared	0
Appliance use reviews carried out at premises declared	0
New medicine services undertaken	150
New medicine service items	7458

Pharmacy First Consultations (PFCP)	44
Pharmacy First Items supplied (PFCP)	22
Pharmacy First Consultation Cap (PFCP)	32

Look for things that are clearly wrong!!

- A client could not understand why he seemed to have an extra £65,000 in his bank account
- A nice problem to have, but I encouraged her not to spend it all at once!
- I asked her to look at the letters advising of the advances – unfortunately, these had been binned
- ...and then the FP34 arrived 7 weeks later

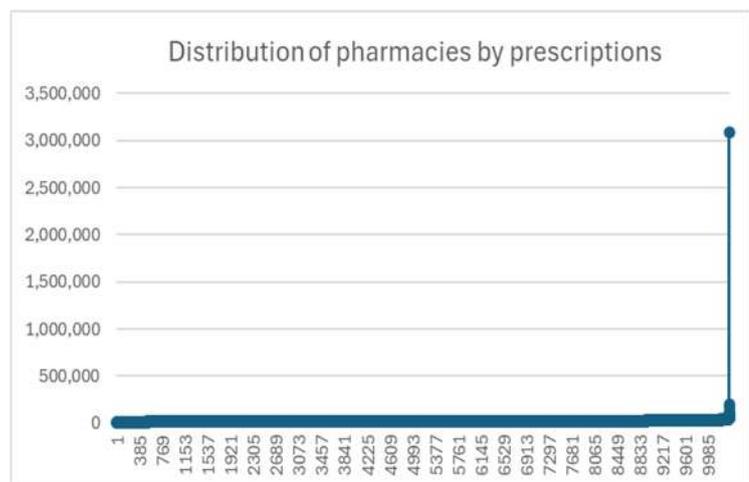
Recovery of advance payment	-59,388.30
Recovery of advance payment in respect of a late registered batch	-64,731.92

They had received an advance and an advance payment for a late batch

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Some data analysis

- Per NHS data in May, there were 10,470 pharmacies
- ...however, 72 of these dispensed 0 items...
- ...and a further 51 did less than 150 (Band 1 threshold for PQS 25/26)...
- ...so I'm going to assume that there are 10,346 pharmacies for the purpose of this analysis (497 identifying as West Yorkshire ICB – 4.8%)
- (9 of the 123 low level pharmacies were in West Yorkshire)



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So...I'm going to exclude the larger local DSP as well!

- Average items per pharmacy is 9,431
- Note this is significantly higher than what is considered the average (7,500-8,000), but I feel gives a better representation
- Median pharmacy is 8,349, i.e. half are smaller, half are larger
- Average items per pharmacy in West Yorkshire is 9,563, so slightly higher than national average, with the median 8,646

<i>Items</i>	National	West Yorkshire ICB
<i>Top Decile (10%)</i>	17,055	16,141
<i>Top Quartile (25%)</i>	11,658	12,149
<i>Median</i>	8,349	8,646
<i>Bottom Quartile</i>	6,002	6,157

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Hypertension Clinics

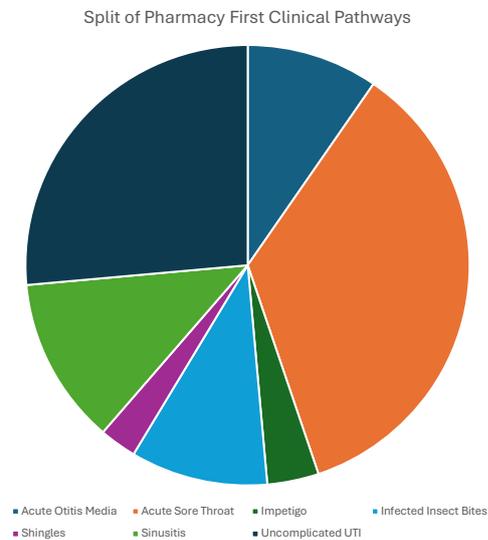
- With the changes in payment from April came new descriptions and placements on the FP34
- “CVD Hypertension check and ABPM fee” split – more usefully – between “Hypertension Clinic Consultation Fees” and “Hypertension ABPM Consultation Fees” and moved – bizarrely – under “Prescription fees”
- BP Number in May (259,751) *higher* than March (257,942) – perhaps unexpected with lower fee receivable

	National	West Yorkshire ICB
<i>BP Checks</i>		
<i>Top Decile (10%)</i>	62	71
<i>Top Quartile (25%)</i>	33	36
<i>Median</i>	11	12
<i>Bottom Quartile</i>	1	1
	National	West Yorkshire ICB
<i>ABPM</i>		
<i>Top Decile (10%)</i>	7	6
<i>Top Quartile (25%)</i>	3	3
<i>Median</i>	-	-
<i>Bottom Quartile</i>	-	-

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PFCP

- 241,840 consultations in May
- Over a third were for Acute Sore Throats and over a quarter for Uncomplicated UTIs
- 3,957 pharmacies (38.2%) hit the 30 consultation threshold for £1,000 with a further 1,477 in the range 20—29 (14.3%)
- In West Yorkshire, equivalent statistics are 188 (37.8%) and 62 (12.5%), so slightly lagging the nation



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Thank you for your attention

We have highlighted:

- Importance of Knowing Your Numbers
- Whistlestop tour of some key items to look out for on your FP34
- A few broadbrush metrics to apply to your business
- Benchmarking where your business is compared to your peers

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Pharmacy Funding: Minimising Losses & Maximising Income

David Broome, Independent Contractor, CPE Committee Member & Regional Representative

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General

- PMR and making the most of it.
- Make sure you are paid for what you do before trying to do more.
- Don't leave money on the table.

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Receipt of Script

- Payment
- Prescription receipt FP57
- Prescription prepayment
- RTEC
- Signed scripts



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In Dispensary

- Efficiencies
- Workflow
- Staffing
- Paperless
- Correct supply against script



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Claiming

- Correct endorsement
- Correct time period
- Full information
- Exemption status
- Submit?

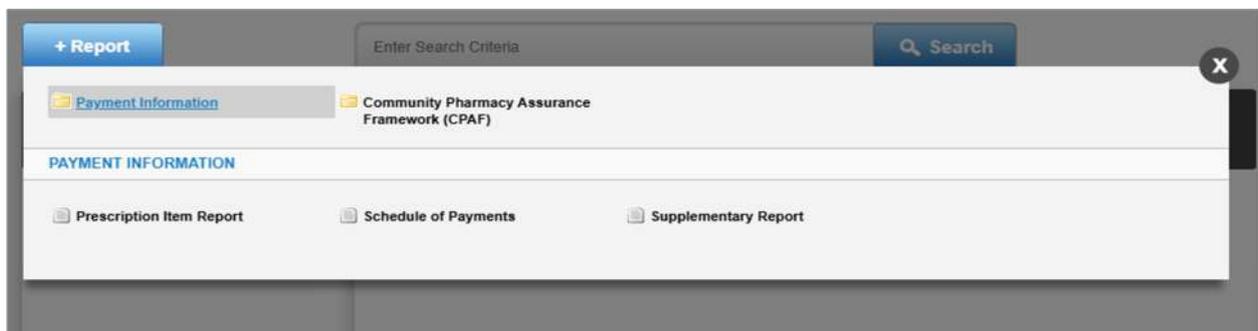


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PPV Yours and Theirs!

MYS

NHSBSA Information Services Portal



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PPV Yours and Theirs!

- Prescription Item Report
- Schedule of payment
- API and services



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Clinical Pathway Banding – Pharmacies are placed in bands depending on past 3 months* average number of clinical pathway (CP) consultations. In this example, a pharmacy previously doing around 10-12 clinical pathway consultations per month, significantly increases activity from June due to receiving more surgery referrals:

Current month	Clinical Pathways (CPs) delivered	Banding based on number of CPs delivered in:	Example				Banding**	Cap**	Over cap?
			Monthly CPs			Average			
June	35	January, February, March	10	10	11	11	1	32	Yes
July	35	February, March, April	10	11	12	11	1	32	Yes
August	35	March, April, May	11	12	10	11	1	32	Yes
September	35	April, May, June	12	10	35	19	2	42	No
October	35	May, June, July	10	35	35	27	3	56	No



* NHSBSA uses the most recent, verified 3 months figures.

** Based on current figures for June on [NHSBSA website](#).

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Links

- <https://cpe.org.uk/digital-and-technology/systems-apps/real-time-exemption-checking-rtec/>
- <https://cpe.org.uk/dispensing-and-supply/supply-chain/ssps/>
- <https://cpe.org.uk/funding-and-reimbursement/monthly-payments/interactive-fp34/>
- <https://cpe.org.uk/wp-content/uploads/2021/03/Dispensing-Factsheet-How-to-access-your-Prescription-Item-Reports.pdf>
- <https://cpe.org.uk/wp-content/uploads/2019/06/Schedule-of-Payments-Webinar-slide-deck.pdf>
- <https://www.nhsbsa.nhs.uk/pharmacies-gp-practices-and-appliance-contractors/dispensing-contractors-information/payment-information>
- <https://www.nhsbsa.nhs.uk/sites/default/files/2022-12/pharmacy-transparency-standard-user-guide%20v1.pdf>



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**Thank you for attending our
Back to Basics Event!**

We would be really grateful if you would take some time to complete our feedback form.



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Email: nicola@cpwy.org
info@cpwy.org

Website: www.cpwy.org

X: [@cpwyinfo](https://twitter.com/cpwyinfo)

LinkedIn: [CPWY](https://www.linkedin.com/company/cpwy)

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