

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

12 January 2026

Business rates pushing pharmacies to the brink of collapse

Dear Rachel,

I would like to wish you and your team a very happy new year. We are looking forward to working with you in 2026 to help secure economic and productivity growth.

The National Pharmacy Association (NPA) is the trade body for independent community pharmacies. There are approximately 7,000 independent pharmacies in the UK and the vast majority are family-owned businesses. We count among our members large regional chains through to single-handed independent pharmacies. We also provide services to national multiple pharmacies. We are uniquely placed as the only community pharmacy body to represent pharmacies across all four nations.

Local pharmacies are based at the heart of communities across the country and provide a range of clinical services and dispense over 1 billion prescription items each year on behalf of the NHS. As well as being a valuable part of the NHS, the community pharmacy sector also makes a significant contribution to the UK economy. In England alone there are over 10,500 pharmacy businesses employing tens of thousands of workers. We agree with your party's manifesto that small businesses are the lifeblood of communities and high streets across the country. Local pharmacies truly are a valuable British high street institution.

However, we must be realistic about the ongoing financial crisis within community pharmacy. We must recognise that despite the welcome uplift to funding last year, historic neglect of the sector means community pharmacy is still facing a gap of around £2.5 billion according to the NHS commissioned independent economic analysis of community pharmacy finances. The report also highlights the fragility of the network with an ongoing risk that many communities may lose their local high street pharmacies.

Since 2015, over 1,400 pharmacies have permanently closed due to rising costs and historic real-term government cuts in pharmacy funding. Pharmacies continue to face rising business costs and are very much struggling to absorb the rises in employer's national insurance, national living wage and business rates. A pharmacy's core business is to provide NHS services, therefore they cannot increase their prices to manage rising business costs, unlike other ordinary high street businesses. Furthermore, GP practices have their business rates reimbursed by the NHS, however there is no equivalent provision for pharmacies.

To help stabilise the network and end the threat of further pharmacy closures, we urge the Government to exempt community pharmacies from business rates. It is likely that many more pharmacy businesses will be unable to survive if this exemption is not granted. This would significantly limit access to health services, put more pressure on other public services, reduce our sector's contribution to the UK economy, and put many jobs at risk.

We would welcome a meeting with you as soon as possible to discuss this pressing issue, and to share our perspective on how positive investment in the community pharmacy sector can benefit the UK economy, taxpayers, and the British high street.

I look forward to hearing from you soon.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Henry Gregg', written over a horizontal line.

Henry Gregg
Chief Executive