

Hub & BeSpoke

Welcome

Welcome to the latest issue of Hub and BeSpoke, your round-up on what is happening in connection to pharmacy hub and spoke across the UK.

While there has still been no formal response to the consultation into hub and spoke dispensing, more news is starting to emerge. Speaking at the Sigma Conference earlier this month Chair of the Health and Social Care Select Committee, Steve Brine MP, said that he believed the Government's response was bouncing between the Department of Health and Social Care (DoH) and the Treasury.

We can also confirm that we have been having some interesting conversations with the team leading the project at the DoH. We're really pleased that they have responded to our consultation submission from last summer where we had pointed out that time and technology had moved on and questioned some of the statements made in the impact assessment.

Having read our submission the DoH team asked us for more detail. We have since met with them and provided a range of evidence which demonstrates hub and spoke dispensing for original packs is actually an option for most pharmacies not just large pharmacy groups. We are hoping to take the DoH team to one of our customer sites so they can see some of the newer hub and spoke technology in operation for themselves.

In other news, NHS England has revealed England's Pharmacy First style scheme, similar to the one in Scotland, will start early next year. With that in mind, this newsletter will take a closer look at how pharmacies can free up time to deliver more patient facing services – NHS or private.



Paul O'Hanlon, Managing Director at Centred Solutions

We hope you find the newsletter informative and insightful and we would love to hear your feedback so we can ensure future issues remain relevant.

You can contact us at enquiries@centredsolutions.co.uk

The Long Read

Current State of Play for Pharmacy Hub and Spoke

It's been almost 18 months since the consultation into the expansion of a pharmacy hub and spoke model closed. Despite this extensive timeframe there has been no formal response to the consultation nor has there been any indication of when to expect one. Sales and Marketing Director, **Louise Laban**, takes a look at where we are now and what pharmacies can do.

The consultation into hub and spoke launched back in March 2022 and concluded three months later. It asked the public for views on whether the Government should change the law to allow all community pharmacies to use

hub and spoke dispensing models. The current law does not allow for hub and spoke between separate business entities.

The consultation proposed two models. One model where the patient presents their prescription to the spoke who



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send it to the hub, before it is returned to the spoke to dispense to the patient (spoke-hub-spoke). The second model proposed that the patient presented their prescription to the spoke who send it to the hub who then deliver directly to the patient's home address (spoke-hub-patient).

Speaking at the Sigma Conference in November, Health and Social Care Select Committee Chair, Steve Brine MP, and Chief Executive of Community Pharmacy England, Janet Morrison, appeared to indicate that the Government favours the more controversial spoke-hub-patient model although they stressed no decisions had been taken yet with discussions still ongoing between the DoH and the Treasury. Steve Brine MP went on to say that he wants his committee, as part of its imminent pharmacy inquiry, to "inject" itself into the consultation process before the Government produces a "disastrous answer".

When the consultation launched last year we had real concerns around some of the statements made in the impact statement published alongside the consultation document. We challenged those statements hard in our consultation response because it hadn't taken into account just how much technology had moved on since the very first consultation into hub and spoke several years ago. By its own admittance the impact assessment had focused on purely large scale hubs that had been in operation for some time as well as responses and figures from the original 2016 consultation. It did not look at other hub solutions that have come to market since 2016 which are much more scalable, affordable as well as being accessible for the majority of pharmacies.

Perhaps most concerning were the figures and formulas used as a baseline throughout the assessment. This included statements claiming a pharmacy business processing hundreds of thousands items per week, may lack the volume to invest in their own hub. This was not an accurate reflection of the current market. We were and still are working with several hubs that process significantly fewer items (some less than 5,000) who are now seeing efficiencies in terms of costs, staff satisfaction and the ability to provide more revenue generating services without increasing staffing levels.

It's therefore reassuring that the team at the DoH who are leading on the consultation have been in contact with us directly to find out more about how the technology market for hub and spoke has moved on and what solutions are in operation today. We had a really interesting discussion with the team where we were able to provide valuable insight on the topic and we have since provided a range of evidence to show just how accessible hub and spoke really is for all pharmacies and the benefits it can provide when done effectively. All community pharmacy hubs we work with operate a successful spoke-hub-spoke model ensuring the pharmacy and patient relationship is maintained at branch level and we pointed this out to the team. We're hoping to take the team to one of our customer sites so they can see first-hand how it works.

While it is reassuring that discussions are still ongoing and no final decision has been made, this is no consolation to pharmacy businesses who are, as Steve Brine MP pointed out, currently stuck in limbo waiting for an announcement. Despite this they will still be expected to roll out the new contraception service in December and the Pharmacy First Scheme on January 31 next year. It's no secret that pharmacies are already stretched to breaking point and my concern is that simply adding more services on top of their existing workloads means they are being set up to fail.

Pharmacies are not currently in a position to take on existing work until changes are made to the medication dispensing workflow to free up much needed capacity for existing staff to deliver these new services. Hub and spoke is part of that solution alongside a fair core funding deal. We've seen for ourselves how much time our customers save when they have moved to hub and spoke.



While we are in this state of flux, my advice to pharmacies would be to start looking at a hub and spoke model for your business now if you haven't already done so. All the evidence suggests that the model will happen in one guise or another and it is better to be prepared and ready for it rather than finding yourself on the back foot. By looking at such a model now you are also putting yourself in a great position to deliver the range of new services that are rapidly approaching.

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Focus on **services**

Pharmacy time is currently monopolised by the dispensing process. It accounts for 88% of an average pharmacist's time in an average store.¹

The process involves a range of manual logistical and time consuming tasks that are crying out for automation. In an average pharmacy, the dispensing of original pack medication accounts for 70% of pharmacy time spent on dispensing. While the last five years have seen an increase in the number of pharmacies adopting technology

to automate the multi-medication dispensing process, this tech-revolution hasn't followed for dispensing of original pack medication. Automating the original pack dispensing (OPD) process can deliver the most significant impact in freeing up pharmacy time.



Using technology to support this process could save an average pharmacy up to 4 hours and 27 minutes per day.²

¹: [The pharmacy paradox: matching ambition and reality \(thecca.org.uk\)](https://www.thecca.org.uk)

²: Based on average prescription no. per day in average pharmacy in England of 248 prescription items with each prescription taking an average of 126 seconds to dispense (SOURCE: <https://uk.gophi.com/pharmacy-deserts-landing-page>) and based on 70% of prescriptions being original pack medication and 70% of those being able to be processed with automation.

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NHS Services

If an average pharmacy can **save up to 4 hours 27 minutes per day** by automating the original pack dispensing service, what does that look like in terms of revenue potential if that time was put into delivering essential, advanced, enhanced, or locally commissioned services for the NHS? The following table shows the potential gross revenue for an average pharmacy if this time was spent delivering services:

Service	Reimbursement	Appointment time /no. delivered in time saved	Potential earnings			
			Per day	Per week ⁴	Per month ⁵	Per year ⁶
Tier one contraception	£18	15 mins/ 17 appointments	£306	£1,530	£6,732	£77,112
CPCS referrals	£14	15 mins/ 17 appointments	£238	£1,190	£5,236	£59,976
Hypertension	£15	15 mins/ 17 appointments	£255	£1,275	£5,610	£64,260
NMS	Based on average base level of £25	20 mins/ 13 appointments	£325	£1,625	£7,150	£81,900
Flu vaccination	£9.58	10 mins/ 26 appointments	£249	£1,245	£5,480	£62,768
Smoking Cessation	Based on average of £15	20 mins/ 13 appointments	£195	£975	£4,290	£49,140
Discharge Medicines Service	£35	20 mins/ 13 appointments	£455	£2,275	£10,010	£114,660
Pharmacy First	£15	15 mins/ 17 appointments	£255	£1,275	£5,610	£64,260

4: Based on 5 day week 5: Based on 22 day working month 6: Based on 252 working days

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Private Services

Pharmacies often focus on NHS Services. But by automating their dispensing process they can free up time to deliver private services too and this can be significant in terms of revenue growth. Take a look at the table to see why:

Service	Potential Charge	Appointment time /no. delivered in time saved	Potential earnings			
			Per day	Per week ⁷	Per month ⁸	Per year ⁹
Otoscopy/ Microsuction	£80	45 mins/ 5 appointments	£400	£2,000	£8,800	£100,800
Travel Clinic	Based on £100	30 mins/ 8 appointments	£800	£4,000	£17,600	£201,600
Capillary Testing	£30	25 mins/ 10 appointments	£300	£1,500	£6,600	£75,600
Cryotherapy	£60	15 mins/ 17 appointments	£1,020	£5,100	£22,440	£257,040
Dermatology consultation	£25	15 mins/ 17 appointments	£425	£2,125	£9,350	£107,100
Gut health consultation	£25	15 mins/ 17 appointments	£425	£2,125	£9,350	£107,100
Psoriasis consultation	£25	15 mins/ 17 appointments	£425	£2,125	£9,350	£107,100
Women's Health Consultation	£25	15 mins/ 17 appointments	£425	£2,125	£9,350	£107,100
Men's Health Consultation	£25	15 mins/17 appointments	£425	£2,125	£9,350	£107,100

7: Based on 5 day week 8: Based on 22 day working month 9: Based on 252 working days

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Once you have freed up time, there are some important elements to consider before embarking on providing private services. Each pharmacy will be different and one size doesn't fit all.

Local Demand

When thinking about what services to provide it's important to consider the local demand in the area. For example, travel clinics will be more popular in some communities and less so in others depending on the local demographic. Different areas will always have differing demand for services so it is important to think about the health needs of the local community. You can carry out a pharmaceutical needs assessment or speak to your local care board about potential services that need providing in the area.

Marketing Services

Another crucial element of ensuring private services are a success is how they are marketed. There is no point offering a service if nobody knows it exists. Promoting services in store, either visually or by word of mouth, and on a pharmacy website and social media channels will be crucial. Companies like Pharmacy Mentor have some great advice on how to promote services. Visit www.pharmacymentor.com

Training, Equipment and Software

Providing new services is likely to mean that additional training is required for staff. Depending on the services there may also be a need to invest in new equipment initially. There are companies who specialise in supporting pharmacies set up private services. Pharmadoctor for example offer various private services' packages. Visit www.pharmadoctor.co.uk. It's important to remember that any initial outlay in equipment and resources will soon pay for itself once the services start driving revenue.

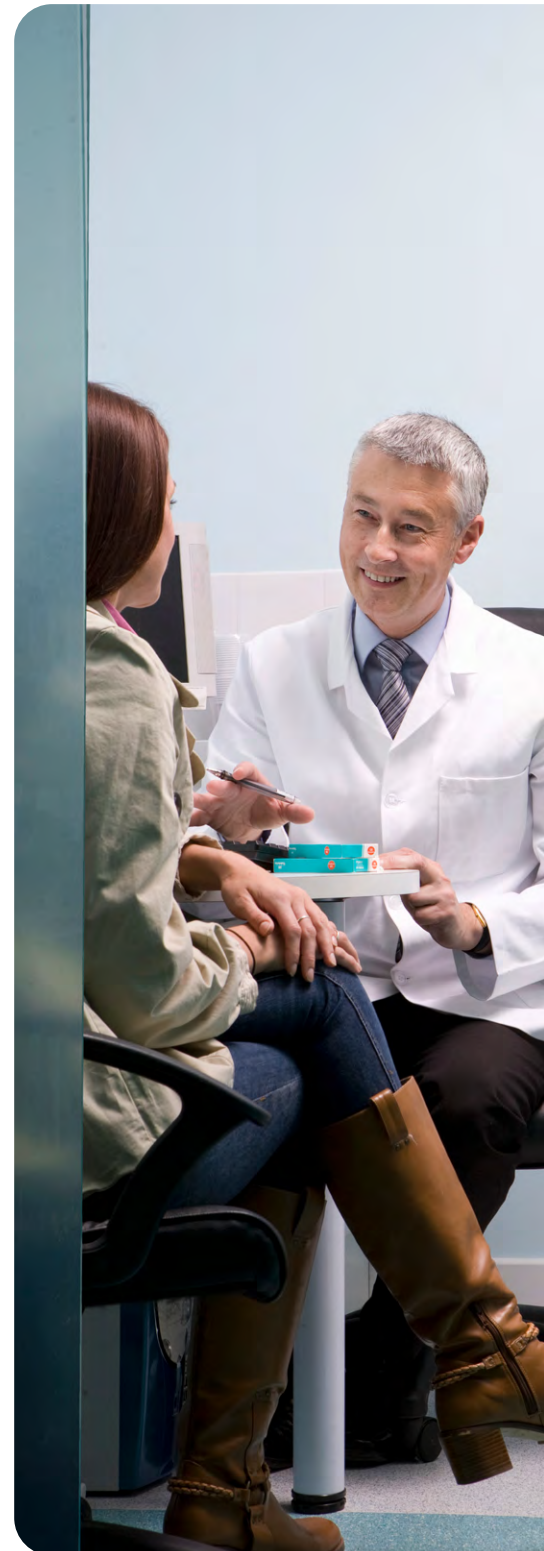
Profitability

Before introducing any new service it is important to consider how profitable it could be. Thinking about the revenue that can be gained from the service compared to the extra costs that will be incurred, for example training and staff time, will be crucial when determining whether that service is viable.

Out of Hours

Finally it's worth considering when to run services and if there is a benefit to doing this out of hours as well as during standard opening hours. With private services there is a cost involved to the patient. Pharmacies could be offering a service they could get for free on the NHS. The selling point will be convenience and offering the service at a time that meets the patient's needs. For example, many patients seem more than happy to pay for convenience when it comes to flu vaccinations.

At first glance automating the original pack dispensing process and offering private services may seem a daunting step. There's no doubt that moving in this direction will require a leap of faith. There are also likely to be teething problems as there are with any change programme. However, those brave enough to take the leap are likely to be rewarded with a more secure future.



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Where does Hub and Spoke fit when it comes to services

As we have been explaining to the DoH, hub and spoke has evolved rapidly in the last couple of years and it now comes in many guises.

For the OPD process there is a range of scalable and affordable automated solutions for pharmacies of all shapes and sizes. These solutions can grow with a business and will fit in most physical locations with less space needed than you might realise. Starting costs are affordable and accessible, giving pharmacies the ability to invest now and then scale up to a more complex solution as their business grows. There are now early adopters who are using a version of hub and spoke for their OPD process. These range from standalone stores to large national chains.

Technology exists that automates various elements of the dispensing process. Here's how:

Checking: Software is available that will allow a pharmacist to do both the clinical and accuracy check at the very start of the dispensing process, either in store or at a hub.

Picking: Software exists that groups orders together enabling batch picking – be that at a hub or locally within store.

Labelling: Robotic technology coupled with software now exists to automate the process of printing and fixing patient labels to packs.

Sorting: RFID and barcode scanning technology exists to streamline the sorting of patient packs with guiding lights and smart shelves providing an additional safety net to ensure right patient, right pack.

Bagging: Technology is available to automate bagging and bag labelling for patient medication. Again barcode scanning provides an additional safety net. Automated solutions can process between 360 packs an hour (for a manual system) and up to 1500 packs per hour (for an automated system).

As the solutions are scalable, adding more systems increases throughput further. There is also the option to simply start the automation journey by receiving batch picked patient specific totes directly from a wholesaler or warehouse. The checks and balances offered by the technology, mean many of these solutions can often be operated by non-clinical staff freeing up pharmacist capacity in store. The additional safety net provided reduces the risk of error and means less time spent on resolving medication errors and near misses. If a pharmacy is considering automation the first step should be to look at which elements of the dispensing process are taking up the most time in terms of workforce and skill. There are options available that will allow automation of the most time consuming tasks and then the ability to scale, releasing even more capacity in store.



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Pharmacy sales transform market, reinforcing need for Hub and Spoke

The sale of huge swathes of Lloyds and Boots Pharmacy high street stores has dramatically changed the face of community pharmacy. Multiples and independent pharmacies are growing at an unprecedented rate and as the dust starts to settle it's crucial they look to pharmacy workflow and automation to meet the demand of this significant growth. Sales and Marketing Director, **Louise Laban**, takes a closer look.

Six months ago we predicted that the decision by Lloyds Pharmacy to close or sell off an unprecedented number of pharmacies presented a real opportunity for smaller pharmacy groups and independents. Unsurprisingly it proved to be an opportunity they have all seized with both hands.

These pharmacies have been able to expand their operations by buying one or more Lloyds branches, increasing their market share with a loyal and established customer base. With many sales now reaching completion, these pharmacy groups are finding themselves busier than ever before. It's now time for pharmacy to think seriously about how to future-proof their business to meet this increased demand.

Pharmacy Real World Analytics say that in September 2023, 4070 pharmacies were owned by pharmacy groups (multiples). That's an increase of 52% in just 12 months. The growth in independents is even greater,

growing by 62.5% in 12 months to 6,680 pharmacies. This growth is also reflected in item volumes, with groups dispensing almost 35m items in a rolling year up to May 2023 and independents dispensing just over 27m.

Pharmacies need to work smarter and faster than ever before to meet this increased demand and deliver new services. The sales by Lloyds and Boots underline the financial pressures being felt in pharmacy with flat-rate funding for the past few years and an expectation to do more for less.

To succeed on the high street in this challenging environment, pharmacies who have grown or expanded need to take a closer look at how they optimise the workflows. This will help maintain or increase dispensing levels whilst at the same time delivering more patient facing services to generate additional income. Diversification is key for pharmacies to thrive rather than just survive in this new world. That means looking at existing workflows to allow staff more time at the counter



supporting patients and spending less time tied to the dispensing desk doing logistical and administrative tasks that are crying out for automation.

I would argue that if you have purchased one or more Lloyds or Boots pharmacies, it is critical that you now start to look at a hub and spoke pharmacy model for repeat prescriptions supported by automation. It is this step that will future-proof your pharmacy, allowing you to not only grow and expand now but for many more years to come. Expanding and not considering a hub and spoke model for dispensing could leave pharmacy businesses further exposed in the future as they simply may not be able to meet the increased demand for services.

Keeping medication dispensing in pharmacy branches unchanged means that valuable clinical time is eaten up by lengthy, mundane tasks. For example, our figures show that every day it takes dispensing staff an average of 14 minutes to put away one tote

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of medication deliveries. That's the equivalent of one blood pressure check for every tote delivered. With a hub and spoke model, the majority of inventory is managed at the hub meaning less deliveries to store so more time for patient services, more space within store and optimised inventory management which can result in stock savings of up to 40%. This is just one example of the many time-consuming tasks that could be streamlined by a hub and spoke model.

Centralising dispensing for branches means prescription preparation and checking is done in one location and then medication is delivered to the store bagged, labelled and ready for patients to collect. When automation is added to the process it means prescriptions can be fulfilled for multiple branches at speed without significant resource requirements. It provides the capacity to scale up quickly as dispensing volumes grow. For the branches this means more time at the counter with patients delivering NHS and private services that will generate much-needed additional revenue for pharmacies.

Those who have purchased additional branches without making changes to the dispensing process will soon start to see an increase in pressure. A better funding deal for pharmacy is crucial but so is evolving existing dispensing workflows. It's one of the most effective ways to future proof your pharmacy in terms of growth. Don't leave it too late.



Want to know more?

If you are interested in learning more about Centred Solutions hub and spoke and tote-to-spoke offerings then visit www.centredsolutions.co.uk or enquiries@centredsolutions.co.uk or call us on 0333 335 5023

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