

Hub & BeSpoke

Welcome

Hub and spoke has been a hot topic in pharmacy for several years. It's also a topic that has divided opinion in the pharmacy sector for some time.

Many pharmacies can see the benefits of a central fill model while others are opposed and believe it will bring little benefit to the industry. The proposal to potentially cut out spoke pharmacies and send direct from hub to patient has also resulted in concerns from many.

In a bid to debunk some of the myths around hub and spoke we've set up a quarterly newsletter to encourage open conversation across the sector ahead of

expected secondary legislation being put in place later this year.

We will be looking at a range of topics around hub and spoke and speaking to people from across the industry to find out their thoughts and views.

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.



**Paul O'Hanlon, Managing Director
at Centred Solutions**

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The Long Read

Law changes for original pack dispensing positive news for hub and spoke

The Government's decision to give pharmacists the flexibility to reduce the need for split packs will result in even more efficient hub and spoke models. Here our Sales and Marketing Director, Louise Laban, explains more.

The need to split packs has always been a challenge for pharmacies wanting to adopt a hub and spoke model, not only from an efficiency perspective but also from a safety perspective.

The announcement by the Government to amend legislation so pharmacists have the flexibility to supply more or less medication to dispense medicine in its original pack is a huge boost for those pharmacies looking to introduce hub and spoke.

The changes to the Human Medicines Regulations follow the outcome of the Government's 2021 consultation which was primarily aimed at patients receiving the patient information leaflet with their medication and at reducing the need for pharmacy teams to split boxes and repackaged medicines.

However, with hub and spoke models now gathering pace across the pharmacy market and with secondary legislation, which allow hub and spoke dispensing across separate entities, expected later this year, this move is also a huge win



in terms of efficiency. It could also be an indication that we are a step nearer to hub and spoke legislation being announced.

Split packs are incompatible with the majority of robotic systems often used in pharmacy. I've worked in pharmacy

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automation for many years and finding a solution for split packs has long been a sticking point. By taking the decision to reduce the number of split packs the headache is taken away and a greater volume of medication can be dispensed by pharmacy, particularly in a hub environment.

Around 80% of medications for repeat prescriptions are typically fulfilled by a pharmacy hub with any exceptions, such as split packs or controlled drugs, topped up in store. The move to reduce the number of split packs will mean the percentage of medications for repeat prescriptions fulfilled by the hub will now inevitably increase.

While the legislative change won't mean an end to split packs altogether, it will lead to a substantial reduction with pharmacists now being given the autonomy to make the right decision for patients. Under the new rules, pharmacists will be able to dispense up to 10% more or less than has been prescribed in order to dispense a patient's medicine in the original pack, except where this would "negatively affect the patient's clinical treatment regimen". It will not however apply to controlled drugs.

The regulatory changes apply to the UK as a whole and a "transitional provision" will be made in England, Wales and Northern Ireland so the administrations can decide how they want the changes to apply in their respective NHS services. In Scotland OPD flexibility will apply with immediate effect.

We already know from our own evidence that hub and spoke models are freeing up significant time in store from logistical and administrative tasks for dispensing staff and pharmacies. This time is used instead to deliver patient facing services to generate more revenue. Take a look at the difference hub and spoke made to one Paydens Pharmacy store later in this newsletter.



Allowing pharmacies to dispense more medicines in their original packs will help them to become even more efficient and free up more time for clinical services. In the consultation into hub and spoke dispensing last year, we strongly recommended reducing the number of split packs because if original pack dispensing was not enabled then the potential efficiencies of hub and spoke dispensing would be curtailed. Automated processes rely on being able to dispense full packs for patients. This decision opens hub and spoke up as an accessible option for even more pharmacies as it means more patient prescriptions can be put through the hub, allowing for a greater impact and return on investment.

There is also the safety element. Dispensing medication in its original pack makes it easier for pharmacies to ensure patients receive the patient information leaflet with their medication, providing invaluable information on safe and effective use of the medication they are taken. There are also the additional safety benefits from being able to use automation to dispense packs

as technology and software acts as an invaluable safety net for overstretched pharmacy teams and reduces the risk of human error.

The 10% flexibility being introduced by the legislation will have minimal impact on the patient and will most likely mean they will just access their prescription either a few days earlier or a few days later than they would have done, dependent on whether the original pack dispensed was rounded up or down. The figure of 10% gained significant approval during the consultation with 63% of respondents agreeing that this was the most appropriate margin of flexibility.

While all this is a step in the right direction, the finer details will need to be established. For example the possible impact of these legislative changes on the reimbursement of pharmacy contractors. However, overall the legislation change will be a huge boost for pharmacies looking to move to hub and spoke to create efficiencies in store and to patients who are looking to pharmacy more and more for support.

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Our survey says...



Just over a third of pharmacies said they were considering moving to hub and spoke while another half said they wanted to learn more about the model.

86%

of pharmacies said they were interested in automating their original pack dispensing process or learning more about it.

65%

of pharmacies said they were looking at creating their own hub either now or in the future.



Only **21%** of pharmacies said they would consider outsourcing original pack assembly to another hub.

Almost **65%** of pharmacies said hub and spoke would free up capacity in store to deliver more clinical/patient facing services.

An additional **29%** said it had the potential to do so.

43%

of respondents said they had concerns around a hub to direct to patient model of dispensing.

What the early innovators say about hub and spoke.

"We are future proofed. FLOWRx Hub is running at less than 50%, producing over 20,000 packs a week for 3,500 patients giving plenty of scope for ramping up."

Mike Patel
Director at Pearl Chemist Group



"As an independent group we are able to respond quickly and make the right decisions for our teams and patients and we welcome the way that community pharmacy is evolving to become more focused on delivering services. Investing in new technology like FLOWRx is key to making this happen and we believe it will enable our highly skilled, professional staff to provide an even better service to our communities".

Alex Pay
Owner of Paydens Pharmacy Group



"Our pharmacists are now managing from the consultation room rather than the dispensing desk. In our stores using the hub and spoke model we have seen an increase in patient services with each branch easily hitting their targets."

Risha Bhuvad
Head of Pharmacy at Medipharmacy



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Things to think about before you invest in hub and spoke

No one pharmacy group is ever the same, so a one-size fits all approach is never going to work.

A well-designed hub and spoke solution will help you exceed the needs of patients while simultaneously delivering efficiencies in terms of time and money. In addition to this it will provide a return on investment as well as enable growth and service excellence. A badly designed hub model will do the opposite, resulting in a drain on already over-stretched resources and poor patient experience.

If you are considering hub and spoke it is very important to explore your options and speak with pharmacy technology specialists before you embark on your journey. All too often the perception is that there is only one model for hub and spoke. You only need to take a look at the Department of Health impact assessment to see that, but it's simply not the case. You might be surprised to find out that there is actually a range of accessible and affordable options available for all size of groups.

Here are some things to consider before you embark on your hub and spoke journey:

Space

The amount of space you have available will determine what solution you are able to invest in. For example if you already have a warehouse, a fully automated hub maybe the way to go. But there are also semi-automated solutions available that may be able to fit in your existing pharmacy.

Item volumes

The number of items you are doing will also determine which solution you invest in. We'd only recommend a fully automated solution if you have the prescription items to make it worth the investment. If your business is still growing then there are semi-automated scalable solutions that you can invest in to grow with you.

Store numbers

Similar to prescription volumes, the amount of stores you have can influence the solution that you choose. It's not always the case but often the more stores you have the higher your prescription volumes that warrant the need for a fully automated solutions. That said we know of a standalone branch that was able to invest in a fully automated hub because they had the item volumes at that one store to warrant it. It's important to consider everything on a case by case basis.

Repeat v walk in split

The percentage of repeat prescriptions you provide compared to walk in prescriptions will also influence the solution. Hub and spoke automation comes into its own for repeat prescriptions, so you would want the split to favour this before you consider a move to hub and spoke.



If you are interested in getting an initial idea on what could be the right solution for your store then you can take a look [here](#).

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Paydens Pharmacy Group Frees Up Capacity to Deliver More Clinical Services in Store

Early adopters of a hub and spoke model, Paydens Pharmacy Group are demonstrating that centralising dispensing of repeat prescriptions relieves pressure in pharmacy branches and releases time to deliver revenue generating services.

The group, which operates more than 100 pharmacies across the South East of England, were one of the first multiple pharmacies to put in place a hub and spoke model last year. Now a new case study has revealed that the move has resulted in significant time savings in store.

Paydens Pharmacy created a hub in Maidstone, Kent, to service its highest dispensing branches. The hub uses Centred Solution's FLOWRx Hub Auto to dispense their original pack repeat prescriptions. The group put in the first FLOWRx Hub production line in spring 2022 and then added in a second line in the autumn as they increased production and moved more stores to the hub and spoke model. The innovative solution interfaces with EMIS PMR, Omnicell's Robotic Dispensing System and Universal Logistics Management software as well as Victoria OS ordering software.

The hub operation runs during the day Monday to Friday and produces an average of 33,289 packs per week for just under 9,000 patients, leaving plenty of scope to ramp up. The hub is currently dispensing 79.7% of repeat prescription original packs requested by the group's busiest stores.

But it is in the pharmacy branches that the model is really having an impact. A time and motion case study carried out by Centred Solutions and Paydens evaluated the dispensing process in one of the branches before and after the hub and spoke model was implemented. It revealed just how much time can be saved in branch by moving to hub and spoke.

Paydens' Faversham branch is a busy store serving two local GP surgeries. The branch dispenses an average of

6,425 packs per week. On average, 87% of packs for original pack repeat prescriptions and 48% of all packs dispensed by the branch are now fulfilled by the hub.

The time and motion study found that pharmacists at the branch spend 73% less time on average carrying out clinical and accuracy checks in store. This is because the checking is now done by the pharmacist at the start of the process when the order is sent to the hub. Additional checks are done at the hub using innovative barcode and RFID technology.

It also found that for every prescription, dispensing staff save on average one minute ten seconds picking medication. That's a time



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saving of 55 minutes for every 50 prescriptions. They also spend less time walking around the store picking medication, walking an average of one kilometre less for every 120 prescriptions picked.

In addition, there have been time savings when it comes to putting away stock on the shelves. The average number of totes delivered to the store has reduced from an average of seven per day to three. As a result, staff are saving 44 minutes on average every day putting away deliveries, that's the equivalent of 15 extra blood pressure checks per week.

“We have found that investing in new technology is key to improving healthcare and adapting for the future.

By moving to a hub and spoke model we are now enabling our highly skilled, professional staff to provide an even better service to our communities,” comments Alexander Pay, Director at Paydens Pharmacy Group.

“Staff in our busiest branches are no longer wasting their valuable time putting away stock and then re-picking it for labelling and dispensing to patients. These staff are now free to deliver a range of patient facing services from the new medicines service to weight management and stop smoking clinics. We have been able to relieve the pressure in store by reducing the amount of time spent on administrative and logistical tasks. Staff are now spending more time working at the top of their clinical licence,” he adds.

About the Case Study: Data around production levels at Paydens Pharmacy Hub is based on Payden's Hub Dispensing Report for all its stores fulfilled by the hub between 7/11/22 and 30/11/23. Data specific to the Faversham branch is based on FLOWRx Hub Auto production data for that branch between 7/11/22 and 30/11/23 and a time and motion study carried out at that branch. Data gathering pre-hub and spoke was carried out on 5/7/22 and data gathering post-hub and spoke was carried out on 26/11/23. Data gathered at the store is based on average of 30 prescriptions.



For every prescription, dispensing staff save on average **1 minute 10 seconds** picking medication. That's a time saving of 55 minutes for every 50 prescriptions.



Pharmacists spend **73% less time** on average carrying out clinical and accuracy checks in store. This is now done at the start of the process.



An average **87%** of packs for OPD repeat prescriptions and **48%** of all the packs dispensed by the branch are now fulfilled by the hub, reducing stock holding and saving space.



Dispensing staff spend less time walking round and round the store picking medication, walking an average of **1 km less** for every 120 prescriptions picked.



44 minutes saved every day on average on putting away deliveries of stock – that's the equivalent of 15 extra blood pressure checks per week.



Number of stock delivery totes with medication to put away in store reduced from an average of **7 totes per day to 3 totes per day.**

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The Sale of Lloyds Pharmacy Branches Accelerates the Need for Automation.

The pharmacy landscape is changing with the larger chains shutting up shop leaving the door wide open for multiples and independents to grow.

To cement this opportunity for growth it is crucial these pharmacies consider workflows and pharmacy automation now so they are well-placed to meet the demand they will see by growing their footprint. Centred Solutions Managing Director, Paul O'Hanlon, takes a closer look.

Which ever way you look at it, the decision by Lloyds Pharmacy to close or sell off an unprecedented number of its branches presents a real opportunity for smaller pharmacy groups and independents.

That opportunity comes in two guises. The first arises from the Lloyds' closures resulting in that there will be a large number of patients looking for a new pharmacy in local communities across the country.

The second way the opportunity presents itself is that it offers independent and multiple pharmacies an unprecedented opportunity to expand their operations by buying up one or more Lloyds branches. It allows smaller groups or even standalone pharmacies, to increase their market share changing the face of pharmacy. It also gives these buyers the chance to tap into a loyal and established customer base.

Whichever way the opportunity arises, one thing is for certain. Independent and multiple pharmacies are about to get even busier as a result of both the Lloyds closures and sales as well as other potential CCA sales. Multiple and

independent pharmacies are right to consider how they respond to these sales to further establish their own brand in the market place. I would encourage these pharmacies to think seriously about how they future-proof their business to meet these ever-increasing demands.

Pharmacy Real World Analytics estimate that the closure of Lloyds and other CCA branches will displace 880,000 patients resulting in 16.6million items being up for grabs. While this means potential growth for multiple and independent pharmacies, it doesn't necessarily mean this is where all the opportunity lies. It's no secret that the return on investment for dispensing has been significantly squeezed in recent years.

The real opportunity for pharmacies either inheriting new patients or buying new pharmacies lies in clinical services where the margins are far greater. Multiple and independent branches already outperform the larger chains when it comes to offering these services. Figures from the RWA show CCA pharmacies had rolling year NMS claims of 145 compared with 250 across the rest of the industry. Similarly rolling year average blood pressure checks were 35 for CCA branches and 43 for the rest of the industry. The sale of Lloyds and other CCA branches provides multiple and independent pharmacies the chance to build on the strong foundations they have already created.



However, to do this these pharmacies need to be able to work smarter and faster than ever before to meet this increased demand. These sales by Lloyds and others 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, pharmacies who are considering expansion or growth by any means need to look at how they optimise their workflows so they can maintain or in-crease dispensing levels whilst at the same time delivering more patient facing services to generate additional income. For pharmacies to thrive rather than just survive in this new world, diversification is key. 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. It's time for pharmacy to get ahead of the game.

I would argue that whether you are purchasing Lloyds/CCA pharmacies or simply looking to pick up the customer base within an existing store, now is the critical time to look at a hub and spoke model for repeat prescriptions supported by automation. It is this step that will future-proof your pharmacy, allowing you

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to not only grow and expand now but for many more years to come. Planning to expand and not considering a hub and spoke model for dispensing could leave these 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 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 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. This is just one example of the many time-consuming tasks that could be streamlined by a hub and spoke model.

Centralising dispensing for your branches means prescription preparation and checking is done in one location and then medication is delivered to store bagged, labelled and ready for patients to collect. When automation is added to the process then it means you can fulfil multiple prescriptions for multiple branches at speed without significant resource requirements. It also gives you 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 your business.

Buying up additional branches or taking on additional footfall without making changes to your dispensing process will only add further pressure to your pharmacies. 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.

Gaining insights to inform and improve

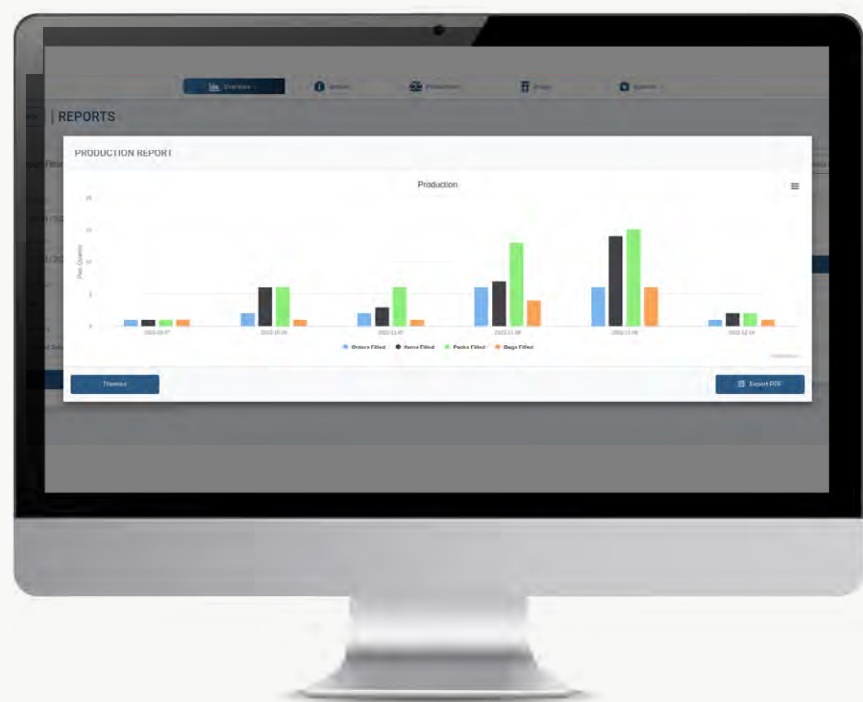
With pharmacies becoming more digital they are processing more data than ever before.

This data has the potential to become incredibly useful for your business. Being able to view and use the right kind of analytics from this plethora of data is key to unlocking further performance improvements.

A good hub and spoke system should provide you with a suite of reports to help you analyse your data, providing you with invaluable insights to make more informed business decisions. The data intelligence from your solution will help you predict and prioritise areas for improvement so you can fine-tune your pharmacy operations and workflows.

Examples of the data that should be available include, but are not limited to:

- Volumes of medications requested by your spoke and volumes fulfilled by the hub. This will support with improved inventory management.
- Dubious and duplicate drug and barcodes so you can ensure a clean data drug file, meaning less room for error and interruptions in your hub workflow.
- User report so you can identify who has done what and when and identify any training or support issues.



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Take Advantage of Full Expensing

In his spring budget Chancellor Jeremy Hunt announced plans to replace the super tax reduction rate with full capital expensing for IT and plant equipment and machinery.

So what does this mean for pharmacy and how can you take advantage of the new benefit? Our Sales and Marketing Director, Louise Laban, takes a closer look.

One thing is clear from the Chancellor's budget statement, the Government is keen to encourage businesses to invest. So for pharmacies looking to automate there has never been a better time. For the past couple of years companies investing in specific equipment had been able to claim a 130% super deduction and that was scheduled to finish at the end of this month.

As a relatively new company, the majority of our existing customers had taken advantage of the super tax deduction scheme when investing in our FLOWRx hub and spoke technology as it qualified for the reduction. Up until recently we had been encouraging other pharmacies to follow suit and not miss out on the generous benefit available to them.

However, it now appears that pharmacies considering investing in pharmacy hub and spoke technology will still be eligible for a reduction under the Government's new full expensing scheme. Under full expensing, for every £1 a company invests, their taxes are cut by up to 25p. It works by letting the tax payer deduct 100% of the cost of IT equipment, plant and machinery from their profits before tax in the year it is incurred. It means companies,

including pharmacies, can deduct 100% of the costs from their profits straight away, rather than more slowly over the life of the asset. The scheme came into effect on April 1 and is currently scheduled to run to March 31, 2026, although the Government did hint that it was looking to make the scheme permanent as soon as possible. This deduction can only be claimed by companies that are subject to corporation tax. Unincorporated businesses cannot claim full expensing but can claim the AIA (Annual Investment Allowance) which offers similar benefits for investments up to £1 million per year.

So what does this mean for pharmacy? All our FLOWRx pharmacy hardware was eligible for the super tax deduction scheme and based on the guidelines released we believe it is covered by the full expensing for plant and machinery. This essentially means any physical assets, excluding land, buildings and structures, used in the day-to-day operations of a business. In addition a 50% first year allowance will allow taxpayers to deduct 50% of the cost of special rate assets during the year of purchase, this includes long life assets including things like electrical systems or solar panels. Further guidance on what is classed as "main rate" and what is classed as "special rate" can be found on the Government website.

An example given by HMRC as to how the new scheme works is as follows:

A business spends a significant amount of money on a modern production line, which includes £10 million on different pieces of machinery. The company also invests £2 million in a new electrical system, which is considered a special rate expense.

The business can claim £10 million as an expense and £1 million as a first-year allowance, which is 50% of the total expense. The remaining balance of £1 million can be added to the special expense pool in the future.

If you are considering automation then this latest announcement means now is the time to buy. Always seek advice from your accountant before making a commitment to ensure it will be eligible for the tax relief, however my advice would be to start discussions with suppliers now. Information in this blog has been taken from the Government website. You can read full details on the scheme [here](#).



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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