

# Hub & BeSpoke

## Welcome

Welcome to this special issue of Hub and BeSpoke which we are publishing following the announcement by the Department of Health that hub and spoke legislation will be amended so that it can take place between pharmacies with different legal entities, subject to statutory approval.

This is a huge step forward for the future of pharmacy and it is one that has been a long time coming. The legislation will level the playing field across community pharmacy and enable spokes to provide more patient-facing services. It couldn't come at a better time with many pharmacies across the country already struggling to meet Pharmacy First targets. A recent survey by the Association of Independent and Multiple Pharmacies (AIMp now IPA) found that of the pharmacies asked, 60% responded that they would struggle to achieve 10 consultations per month and 70% said they had struggled to achieve just three consultations per month. In addition, data from the National Pharmacy Association shows that on average 10 pharmacies are now closing each week as they run out of options to stay afloat.



With no prospect of a real term funding increase and Pharmacy First thresholds set to rise rapidly in the coming months, pharmacies have no option other than to change the way they currently work if they want to survive in this challenging new world. One area of pharmacy that needs a radical overhaul is the dispensing process. It accounts for 88% of a pharmacist's time in store<sup>1</sup> and means pharmacists are tied up on logistical and administrative tasks that are crying out for automation. It also prevents pharmacists from operating at the top of their clinical licence. It is quite clear that community pharmacy will continue to struggle to meet the Pharmacy First thresholds and other service demands if they insist on keeping the pharmacy dispensing process in store.

Attempting to do so will simply result in one of two potential outcomes:

- a) The pharmacist will remain knee-deep in the dispensing process with no time for services
- b) The pharmacist will fall significantly behind in the dispensing process as they try and juggle the impossible task of delivering both dispensing and services.

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](mailto:enquiries@centredsolutions.co.uk)



**Paul O'Hanlon**

Managing Director  
at Centred Solutions

The new hub and spoke legislation will allow all pharmacies to move large elements of their dispensing process out of store, creating much needed capacity for patient facing services while also maintaining and even growing dispensing volumes. In this issue we will take a look at some of the early innovators already embracing this approach and the impact it has had on their business.

We'll also take a look at the proposed hub and spoke legislation changes and what they really mean for community pharmacy.

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

# Hub & BeSpoke

## The changes proposed and what they really mean

It's almost two years since the Department of Health opened its consultation on hub and spoke dispensing between different legal entities. They have now finally announced it will go ahead with the aim to have arrangements in place from January 1, 2025, pending statutory approval.

Hub and spoke has always been a divisive topic for a number of reasons. One of the biggest arguments against the proposals has been that it would disadvantage smaller, independent pharmacies whose only option would be to outsource to large hubs owned by a handful of large groups. This is a huge misconception. Time and technology has moved on significantly in the past five years and there is now a range of affordable solutions that make versions of hub and spoke a viable option for pharmacies of all shapes and sizes.

The Department of Health is proposing two variations of hub and spoke:

**Model 1:** The patient presents a prescription to the spoke. The spoke may carry out some of the dispensing actions, for example the clinical check, and once completed will then send the relevant prescription information to the hub pharmacy. The hub will then assemble and prepare the medication before sending the completed order back to the spoke, which ultimately supplies that order to the patient.

**Model 2:** The same pathway is followed in that the patient presents a prescription to the spoke, who may carry out some of the dispensing actions, for example the clinical check, before sending the relevant prescription information to the hub pharmacy. The hub will then assemble and prepare the medication products before supplying the completed order directly to the patient.

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With both these models there are a range of scenarios which allow for the centralisation of the original pack dispensing process. This includes:

- Any pharmacy wanting to centralise their repeat dispensing process
- Any pharmacy wanting to provide dispensing to other pharmacies
- Any pharmacy groups who want to come together to create their own hub
- Pharmacy owners with more than one chain of pharmacies who want to bring these different businesses together into one hub and spoke model.

To create a hub in any of the above scenarios, pharmacies can invest in original pack dispensing automation. This is a newer type of technology and it is growing in popularity. This solution was developed by Centred Solutions and is a semi-automated version of the traditional pack to patient central fill model. Because it is scaled down it means this type of technology is now accessible and affordable for all pharmacy groups, regardless of size. It automates elements of the original pack dispensing process for repeat prescriptions and takes 50% of total dispensing volumes out of store. Here's how

- **Checking:** Integration allows clinical and accuracy checks to be done up front in the PMR by branch pharmacists. Orders are then sent through to the hub warehouse or central fulfilment branch. FLOWRx software ensures the pharmacy branch has full visibility of the patient prescription and its order status at all times.
- **Picking:** At the hub, the FLOWRx software creates a picking list so operatives can batch pick medication for up to 40 patients in one go. The software can also be integrated with a robotic dispensing system or warehouse management system, so a combination of picking processes can be used.

- **Labelling:** This can be done either manually by hub operatives with support from basic software and technology at a rate of 300 packs per hour. Or this process can be automated with an Automated Labelling Unit (ALU) robot. Packs are placed onto the ALU where the pack barcode is scanned, matched to the relevant patient in the software and the ALU then labels the pack. The ALU will process up to 1,500 packs per hour.
- **Sorting:** The labelled packs are scanned and the software guides the operator to sort medication into patient specific baskets at the sort station which uses guiding light and RFID technology.
- **Bagging and Toting:** Completed patient baskets can then be bagged at the automated bagging station. The software then directs the operator to place the patient bag in the delivery tote for the relevant store (model one) or patient address (model two).
- **Deliver and Dispense:** Bagged and labelled medication is then delivered back to the pharmacy branch (model one) or patient's home address (model two). In model one, any exceptions that have not been fulfilled by the hub can be processed at the store using FLOWRx software which guides the pharmacy team through the dispensing process.

**NOTE:** Any anomalies in the dispensing process (eg. no barcode to scan) are flagged by the software. The relevant patient basket is placed into a quarantine state and cannot be processed until it has been cleared by a pharmacist.

Our advice to pharmacies would be to start exploring options for automating original pack dispensing. The hub and spoke changes will come round quickly and it's crucial that community pharmacy ensures it is ahead of the game.





# Hub & BeSpoke

## Learn from the early innovators

Over the past couple of years there has been a growing movement of community pharmacies moving to a hub and spoke model. These early innovators have realised that to thrive in such challenging marketing conditions they need to transform ways of working.

Having seen that affordable and accessible options do exist, several independent and multiple pharmacies have opted to implement our FLOWRx dispensing technology and have set up a range of variations of hub and spoke to automate their repeat original pack dispensing process. This includes groups of 200+ pharmacies to single standalone stores and everything in between. Take a look at some examples below.

### **Pearl** Chemist Group

One of the first to use our solution was [Pearl Chemist Group](#) who operate over 25 pharmacies in South West London and Surrey. Dispensing was taking up more and more time with pharmacists spending up to 90% of their day on the task in some of its stores. This left no capacity to deliver patient facing services. Three years ago the group installed a manual version of FLOWRx hub. Their initial investment allowed them to grow the number of services they delivered which subsequently meant more revenue. Within a year the group had upscaled to the automated version of FLOWRx Hub which they use with FLOWRx InStore to ensure a seamless dispensing process.

The results for Pearl have been impressive. Pharmacists now spend an average of 50% more time with patients in store delivering a wide range of services from phlebotomy and travel clinics to weight management clinics and new medicine service reviews. In addition the group has not suffered some of the workforce challenges faced by pharmacy elsewhere in England as staff feel invested in and have a more varied role.

### paydens+

Another early adopter of hub and spoke was [Paydens Pharmacy Group](#) which has 100 pharmacies across the South East of England. The group wanted to relieve the enormous pressure that teams in store were under and wanted to free up staff so they could make better use of their clinical skills. They were looking to reduce the amount of time in store spent on administrative and logistical tasks so they had more time to focus on patients and provide the best service possible to the local community. Their aim was to future-proof their pharmacy operation by looking at new ways of working that would allow them to adapt and grow as demand for healthcare services evolved. Since implementing an automated version of FLOWRx double line Hub, the group has seen significant time savings in store. A time and motion case study carried out in one of their busier branches showed that dispensing staff saved an average of one minute ten seconds picking medication for every prescription. Pharmacists in the branch now spend 73% less time on average carrying out clinical and accuracy checks. A further 44 minutes every day is saved putting deliveries away, the equivalent of 15 extra blood pressure checks per week. The hub dispenses 87% of packs for original pack repeat prescriptions requested by the group's busiest stores. This has reduced stockholding and saved space in branch.

### AR PHARMACY TOTTON

[AR pharmacy](#) in Totton, Southampton was a single stand alone branch when it implemented an automated version of FLOWRx Hub. The branch dispensed an incredibly high volume of original packs, roughly 45,000 items. Like Pearl and Paydens, AR Pharmacy said that they simply didn't have the capacity to provide the volume of NHS and private services it needed to given that the pharmacy contractual framework now places a much greater emphasis on services. They knew that to survive as a business they would need to innovate to be able to deliver more services while still being able to maintain their ever-growing dispensing volumes. Since automating their original pack dispensing process, AR pharmacy has not only been able to increase the range and volume of NHS and private services it delivers, it's also been able to grow its footprint too. Having the infrastructure in place to automate the dispensing process has allowed AR pharmacy to purchase a further three pharmacies in the local area which will also be serviced by the hub going forward.

# Hub & BeSpoke

## Close up on Lo's Pharmacy

Just over a year ago, [Lo's Pharmacy Group](#) went live with a hub and spoke model of dispensing for their original pack repeat prescriptions. Since then the group has freed up an average of four hours per day for their pharmacists working in branch. In this article brothers Chris and Jonathan Lo speak about why they chose hub and spoke and the impact it has had on their business.



“Our pharmacy teams have been working at 110% for a prolonged period of time. Despite this, we realised that the Government was only going to shift more and more work onto community pharmacies and so we needed to build the capacity for this extra work. We decided to do this by transferring most of our original pack dispensing workload to our central hub,” explains Chris.

The family owned group, which has 39 pharmacies primarily in Yorkshire, invested in Centred Solutions FLOWRx Hub solution, pharmacy robotic technology that labels, sorts, bags and totes original packs for patient prescriptions. They also rolled out FLOWRx InStore to their branches. This software connects pharmacy branches to the pharmacy hub and allows stores to receive bagged medications efficiently with the ability to top up, if needed, in store.

“The hub went live with our first pharmacy in February 2023 and then we acquired 12 new pharmacies during March and April of that year so we had two gigantic projects clash at the same time. As with any new technology there was a learning curve but the software is a great end to end solution that does exactly what we need. The most difficult part was the culture change and the overhaul of the dispensing process.

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*“Going forward as we grow in the number of pharmacies, we can scale our hub operation as needed. It is a crucial resource to help our pharmacies cope with an ever-increasing workload, with services like Pharmacy First now taking centre stage.”*

We were all learning at the time, and in many respects, we still are,” says Chris.

The hub employs one pharmacist and 10 support staff, including an ACT. The team do everything from goods-in to producing the final hub tote. Patient orders are clinically and accuracy checked online by the pharmacist in store and are then sent to the hub where the team “batch pick” medication from shelf locations in the hub.

“The whole stock situation remains volatile, but we currently hold around 750 medication lines at the hub and we plan to increase this. Staff at the hub manually pick medication to fulfill orders. On average a 200-pack pick takes around 10 minutes. Our hub is set up as a one-way route so we can start the pick at location one and then follow the path all the way to location 65. It’s set up so there is no going back on yourself to ensure the picking process is efficient,” explains Jonathan.

Once the packs are picked the medication is then labelled on either the automated hub line or the manual hub line before it is sorted and then bagged and placed in a tote ready for delivery back to store.

“The difference between the automated line and the manual line is the Automated Labelling Unit (ALU). The majority of our volume goes through the ALU, which is about five times faster than the manual line. On the manual line, an operator physically scans each pack and then attaches each label. We deploy the manual line during peak periods to give us extra capacity,” says Jonathan.

The hub services 30 of the group’s branches and it processed 203,000 packs in January this year which equates to around 140,000 items.

“We definitely have the capacity to do more, it’s a continuous journey to improving processes and getting the best out of the system. As our company grows, so will our hub process,” says Jonathan.

The brothers say their pharmacy teams were nervous at first, but have now realised that a hub and spoke model means a quicker turnaround time in terms of them receiving their medication. The hub offers a next day turnaround service for all orders sent before 1pm.

“Sometimes patients can’t wait until the next day for their medicines for various reasons, and that is absolutely fine. The pharmacy teams can easily recall the prescriptions, regardless of what stage of the process the prescription is currently in. However, by simply ordering their prescriptions enough in advance, patients can really help to take the pressure off our teams by giving us a chance to make use of the hub,” explained Chris.

They both say since introducing a hub and spoke model they have seen a number of benefits and they would recommend this model of dispensing to other pharmacies.

“On average we feel we have freed up four hours per day for the pharmacist. Some days it is more, some days it is less but that’s the experience of our pharmacists working in a range of small and large volume branches. Errors have decreased due to the barcode technology and in terms of stock the key has been less wastage. Instead of 39 pharmacies all having their own stockpile, we pull drug usage data to inform our stock holding and this results in a lower chance of wastage,” says Chris

“Going forward as we grow in the number of pharmacies, we can scale our hub operation as needed. It is a crucial resource to help our pharmacies cope with an ever-increasing workload, with services like Pharmacy First now taking centre stage,” he added.

# Hub & BeSpoke

## Dispelling Hub and Spoke myths

At Centred Solutions we have been at the forefront of hub and spoke technology development. During this time we've become only too aware of many of the myths surrounding hub and spoke, something that the Department of Health impact assessment did little to dispel last year. It's therefore positive that the Department of Health met with us as well as one of our FLOWRx hub customers to learn more about the new world of hub and spoke.

These learnings have been acknowledged in their response to the consultation:

*"One view was that there would be greater and faster uptake than predicted, because of other benefits not mentioned and because we had not taken into account the latest technological developments which make the model relevant and beneficial to smaller pharmacies."*

Comments on this theme included:

*"As few as 3 spoke pharmacies could benefit from hub and spoke models."*

*"More than 60% of prescriptions could go through the hub."*

*"Viable hubs operating now are processing as little as 45,000 prescriptions a month."*

*"Set-up costs for hubs and spokes would be lower."*

*"Hub turnaround times can be quicker than 2 days."*

### Department of Health, response to hub and spoke consultation

The consultation response goes on to say key points that emerged from these meetings include the fact that a much larger number of pharmacies (of all different sizes) are already using hub and spoke dispensing than is acknowledged in the impact assessment. It also goes on to provide the example of an independent

pharmacy group using hub and spoke where pharmacists spend 50% more time with patients in store since adopting the model. The hub dispenses 68,000 items (109,000 packs) per month with 5 staff working full-time and operates on a next day model of dispensing.

The Department of Health decided to retain the core of their original assumptions in the impact assessment as it regards this as presenting the middle ground between two opposing positions submitted as part of the consultation. However it is reassuring that they have not discounted our perspective and expertise as they "acknowledge [our] insight is due to a different experience from a technological innovation perspective". They have also committed to carry out a review of the market on the impact of competition to explore whether our position is emerging as the most likely one.

We hope this review will further illustrate our point. The pharmacies we are working with are already benefitting from cost efficiencies, stock saving, better buying power, increased staff satisfaction and the ability to provide revenue generating services without increasing staffing levels.

As the assessment pointed out, hub pharmacies are likely to have a higher volume of dispensing so are more

likely to be able to negotiate better purchasing terms. This is exactly why it is advantageous for pharmacies to establish their own hub, whether that be in group or as a smaller group of pharmacies or independents who come together to set up a joint hub. Outsourcing and using fewer, larger scale hubs could result in charges for independent and smaller multiple pharmacies and there is the potential that the benefits of volume buying will not be passed on to spoke pharmacies.

The more hubs the healthier the market. With the new legislation, hub and spoke dispensing will be possible between two or more pharmacies on a local level without any automation, with assembly or part dispensing carried out manually. There is also the option to go one step further and introduce hub and spoke dispensing between a few higher volume pharmacies with the option to automate.



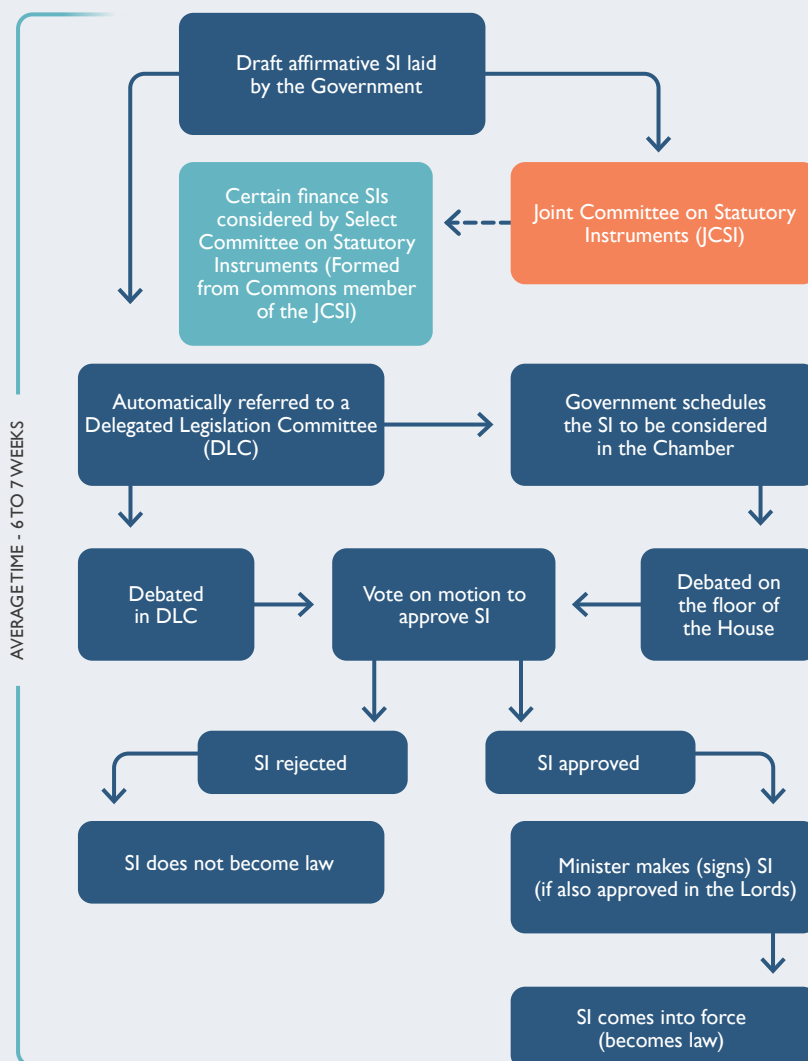


# Hub & BeSpoke

## What happens now?

Subject to approval of the statutory instrument by the Houses of Parliament and the Northern Ireland Assembly, the proposed legislative amendments will come into force on January 1, 2025. The statutory instrument can not be progressed until after the General Election on July 4, 2024 so for now the process is on hold.

### Example of process for a typical statutory instrument



Once elected, the new Government is expected to progress the proposals to enable hub and spoke models across different legal entities by enabling powers in part 2 of the Medicines and Medical Devices Act 2021 to make amendments to the Medicines Act 1968 and the Human Medicines Regulations 2012. This will be done as a Statutory Instrument, the most frequently used type of secondary legislation used to add information or make changes to existing Act of Parliament.

### The most common process for a statutory instrument (SI):

1. Draft SI is laid and considered by Joint Committee on Statutory Instruments. They scrutinise the SI to ensure it is legal and doesn't go beyond the powers in the existing parent act.
2. If successful the SI is referred to a Delegated Legislation Committee. The DLC considers an SI but doesn't have the power to stop it. In rare cases the SI is not referred to a committee but is debated in Commons Chamber if it is of particular interest.
3. Once the SI has been debated by a committee, it needs final approval from the Commons before being "made" (signed by a minister) and becoming law.

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*Proposed amendments to be made to the Medicines Act 1968 are:*

- amending section 10 of the act, to remove the restriction that a medicine dispensed at a registered pharmacy must be sold or supplied by that pharmacy or another registered pharmacy forming part of the same legal entity
- removing section 131 of the act, which covers the definitions of wholesale dealing, retail sale and related expressions. Therefore, by virtue of section 132 of the act, the definitions of those terms will now be those found in the HMRs to ensure clarity across the legislation.

*The proposed amendments to be made to Human Medicines Regulations include:*

- the creation of two new models of hub and spoke: model one (spoke-hub-spoke) and model two (spoke-hub-patient). This will be done by creating two new regulations in the HMRs - regulations 222A (for model one) and 222B (for model two)
- the creation of two new types of retail sales to sit alongside a retail sale as it is currently governed. In models one and two, a 'deemed retail sale' will be created to allow the movement of assembled or part-assembled medicines between the hub and the spoke. In model two, a 'parallel retail sale' will be created between the spoke and the patient.



- that there must be written arrangements between any hub and spoke, which must include a comprehensive statement in relation to their responsibilities and details of which party will be named on the medicine label. There will be flexibility for the hub and spoke to determine whether the label will feature either the hub or spoke's details, but never both
- the spoke must display a notice in relation to hub and spoke models, if using them. If a pharmacy (including a distance selling pharmacy (DSP)) and/or a dispensing doctor has an online presence and utilises a hub and spoke model, their website should display the same information.
- dispensing doctors will be able to act as a spoke under the new regulations
- creation of an information gateway in the HMRs (as a new regulation 222C) - this achieves several purposes, including the provision of an assurance that the data sharing across the different legal entities is lawful.

## 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](http://www.centredsolutions.co.uk) or [enquiries@centredsolutions.co.uk](mailto:enquiries@centredsolutions.co.uk) or call us on 0333 335 5023

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