Procurement regulations and what they mean for medicines

22 July 2026

The first stop for professional medicines advice

Delivering Quality and Value in NHS Pharmaceutical Procurement

The WHY Behind the Change

Moving Procurement from Process to Outcomes

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Why are we talking about the Procurement Act?

The biggest change to public procurement in a generation
But the real question is not *“What has changed?”*
It is:

“Why have these changes been introduced and how can they help us procure better?”

- ✓ A move from compliance to outcomes
- ✓ More flexibility
- ✓ Greater transparency
- ✓ Better engagement with suppliers
- ✓ Better use of public money

The Old World vs The New Mindset

Previous approach	New approach
“Have we followed the rules?”	“Have we achieved the right outcome?”
Process focused	Outcome focused
Limited market conversations	Early supplier engagement encouraged
Price and cost often dominated discussions	Wider value and public benefit considered

What is the Act Trying to Achieve

Four key ambitions:

Better outcomes
Getting the best solution, not simply the cheapest.

Greater transparency
Making public spending easier to see and understand.

Increased competition
Giving SMEs and new suppliers a better opportunity to compete.

More flexibility
Giving procurement professionals more tools to achieve the right outcome.

A New Relationship with Suppliers

The question has changed from:

“Can we speak to suppliers?”

to

“How can we engage with suppliers effectively and fairly?”

Early engagement helps us to:

- ✓ Understand what the market can offer
- ✓ Encourage innovation
- ✓ Improve our specifications
- ✓ Identify risks earlier
- ✓ Remove barriers for suppliers

Transparency Through Notices

Procurement is no longer a single advert.
Transparency now exists throughout the whole lifecycle:

- ✓ Planned Procurement Notice
- ✓ Tender Notice
- ✓ Contract Award Notice
- ✓ Contract Details Notice
- ✓ Contract Change Notice
- ✓ Contract Termination Notice

Why does this matter?

- ✓ Suppliers can plan ahead
- ✓ The market becomes more accessible
- ✓ Public spending is more visible

Thresholds and Standing Financial Instructions

The Procurement Act is not the only rule book.
We must consider:

Procurement Act thresholds
Determine when the full legal regime applies

Local Standing Financial Instructions (SFIs)
May require competition and approvals at much lower values

The message:

Below the Procurement Act threshold does not mean no process.

What Does This Mean for Procurement?

The Procurement Act encourages us to become:

- ✓ Better planners
- ✓ Better market experts
- ✓ Better collaborators
- ✓ More strategic advisors

It asks us to think:

“What is the best outcome we are trying to achieve?”

not just:

“What procurement route should we use?”

My Key Messages

The Procurement Act has not changed the principles of good procurement.

We still need to be:

- ✓ Fair
- ✓ Transparent
- ✓ Proportionate
- ✓ Accountable

But it gives us the opportunity to be more:

- ✓ Collaborative
- ✓ Innovative
- ✓ Strategic
- ✓ Outcome focused

Closing Message

“The Procurement Act does not remove the need for good governance or compliance. It gives us the opportunity to move beyond compliance and use procurement as a strategic tool to deliver better outcomes for patients, the NHS and the public.”

Useful Links

Resource	Why it's useful
Procurement Act 2023 Guidance Collection (GOV.UK)	The main source of official guidance. Covers the full procurement lifecycle: Plan, Define, Procure and Manage. Regularly updated.
Procurement Act 2023 Short Guides	Concise summaries of the key changes, ideal for training staff or getting up to speed quickly. Includes guides for buyers and suppliers.
Procurement Act 2023 (Legislation.gov.uk)	The legislation itself, including all sections and schedules.
Find a Tender Service (FTS)	The UK's procurement notice publication service under the new regime.
Central Digital Platform Information (GOV.UK)	Explains supplier registration, unique supplier identifiers and how buyers use the platform.
Procurement Act 2023 Define Phase Guidance	Detailed guidance on thresholds, valuation, covered procurement, below threshold procurement and dynamic markets.
Procurement Act 2023 Procure Phase Guidance	Covers competitive flexible procedure, award criteria, notices, exclusions, standstill, frameworks, open frameworks and dynamic markets.
Knowledge Drops and Learning (Government Commercial Function)	Free learning materials, webinars and recorded sessions from the Cabinet Office.

Medicines Procurement and Supply Chain (MPSC)

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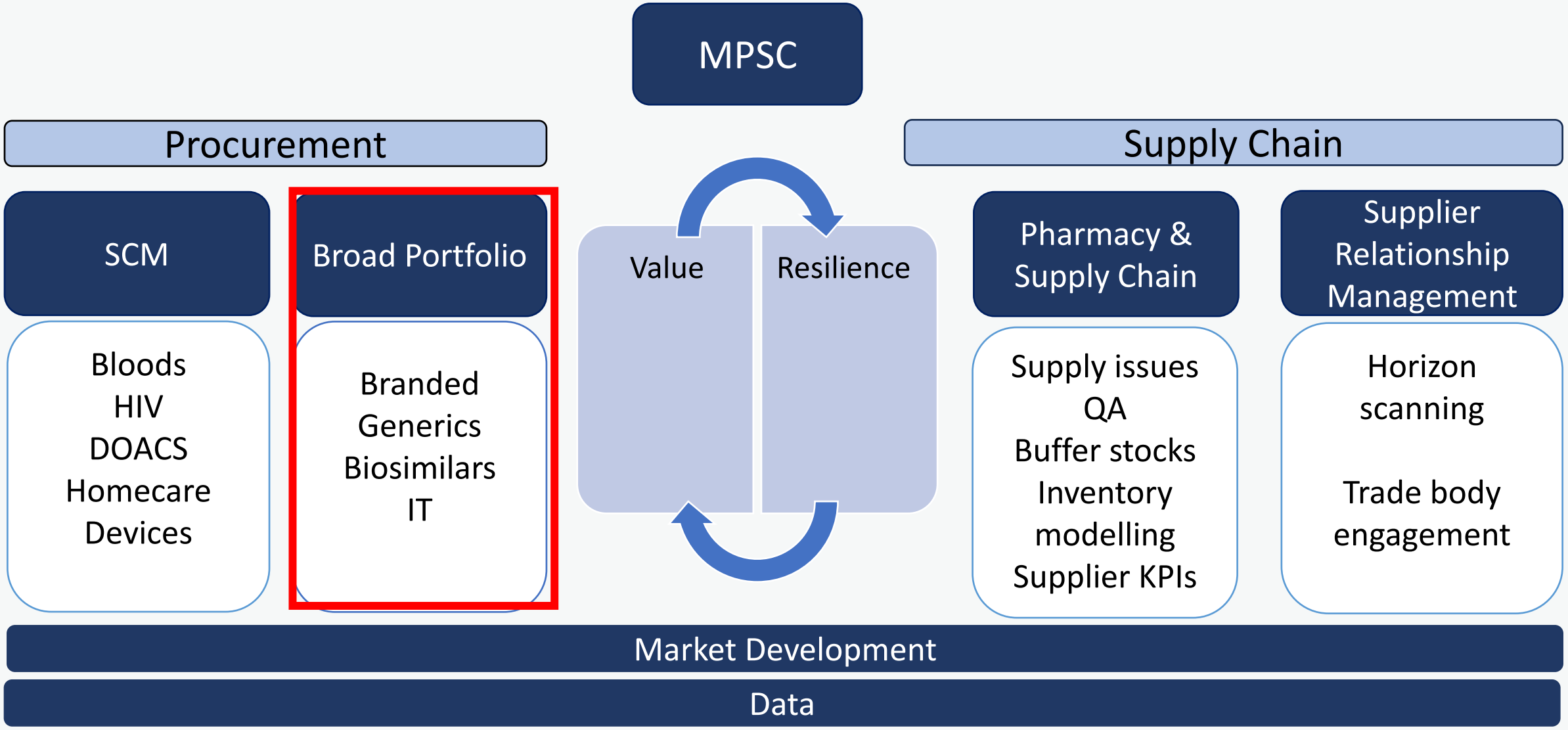
Medicines Procurement and Supply Chain (MPSC) Overview



Medicines Procurement and Supply Chain (MPSC) Overview

- Formerly known as Commercial Medicines Unit (CMU). Part of the Medicines Value and Access Directorate

- Role to establish the commercial arrangements to enable the purchasing of medicines prescribed in NHS hospitals in England.

- Key framework categories:
  - generic medicines including newly available generic medicines
  - branded medicines, intravenous (IV) fluids, dose banded chemotherapy and flu vaccines
  - biosimilar medicines
  - Strategic Category Management inc Homecare

- Access to MPSC frameworks is restricted - any provider or organisation that treats NHS patients and wants to purchase products at MPSC pricing must be registered as a purchasing point with NHS England and agree to the key conditions of access.

Access to MPSC Frameworks

Key conditions of access

- medicines are for NHS patients only
- prices remain confidential
- monthly purchasing data must be supplied to the MPSC
- any medicines purchased must be from a MPSC framework (where one exists) for an agreed list of medicines, except where there is a strong clinical reason for purchasing ‘off framework’.
- **No onward selling**

In scope organisations

- secondary care trusts and mental health trusts
- hospices
- organisations contracted to support NHS England and Local Authority commissioned services:
  - prison services
  - ambulance services
  - HIV/PrEP/PEP services

NHS England » Policy statement on access to the NHS England medicines procurement and supply chain (MPSC) framework prices

How MPSC Tender

Current

- Predominantly use the open procurement process to create ‘closed’ framework i.e. suppliers cannot be added during the term of the framework – *between NHSE and suppliers*

  ** Pharmex data informs demand*

- Creates call off contracts for purchasing points to use – *between Trusts and supplier*

- Key T&Cs and KPI’s included in the frameworks
  - Buffer Stocks
  - OCCs

Proposed

- Potential use of new dynamic markets process or ‘open’ frameworks

- Review tender timelines/structure, considering PA23 and VBP changes

Current Award Criteria v Proposed Award Criteria

Current

- Predominantly price plus QA (parallel process to tenders)
  - Generics – tend to award to 1 supplier per region where possible (orals award 1 supplier)
  - Branded – usually all compliant suppliers
  - Biosimilars – bespoke to molecule and market conditions

- Included more value metrics in recent IV tender to help shape the market, fllowing significant supply issues and feedback from key stakeholders

Proposed

- Include more value-based metrics (value-based procurement) rather than race to bottom on price
- Starting with generics and biosimilars this FY
- Example value criteria – buffer stock compliance, reporting compliance, no. of supply issues (Tier 1-4), etc

Why VBP?

- Include quality considerations in evaluation criteria rather than focusing primarily on price
- Avoid driving prices down at the expense of value
- Build on successful use in other categories
- Strengthen supply chain resilience
- Develop more robust frameworks with stronger KPIs
- Emphasise supplier accountability
- Make use of the new tools available under PA23 – performance

Key MPSC objective for 2026/27

Data is key

Areas of Focus 2026/2027

- Implement VBP
- Aseptics Commercial Strategy
- Project Revive
- Review of current processes/ Procedures under PA23
- Net zero commitments
- MPSC IT Transformation

Procurement regulations in practice for trusts

Andy Stewart, RPPS NW

The first stop for professional medicines advice

Medicine framework agreements/contracts

- Goods
  - Single Supplier
    - 💊 Generic Medicines
  - Multi Supplier
    - ® Branded Medicines
- Services
  - Single Supplier
    - 🏥 Outpatient Pharmacies
  - Multi Supplier
    - 🏠 Homecare
    - 💉 Compounded Aseptic Medicines

Framework agreement versus contract

- Framework Agreement - A general agreement that sets the terms for future purchases
- Contract - A legally binding agreement for a specific product or service

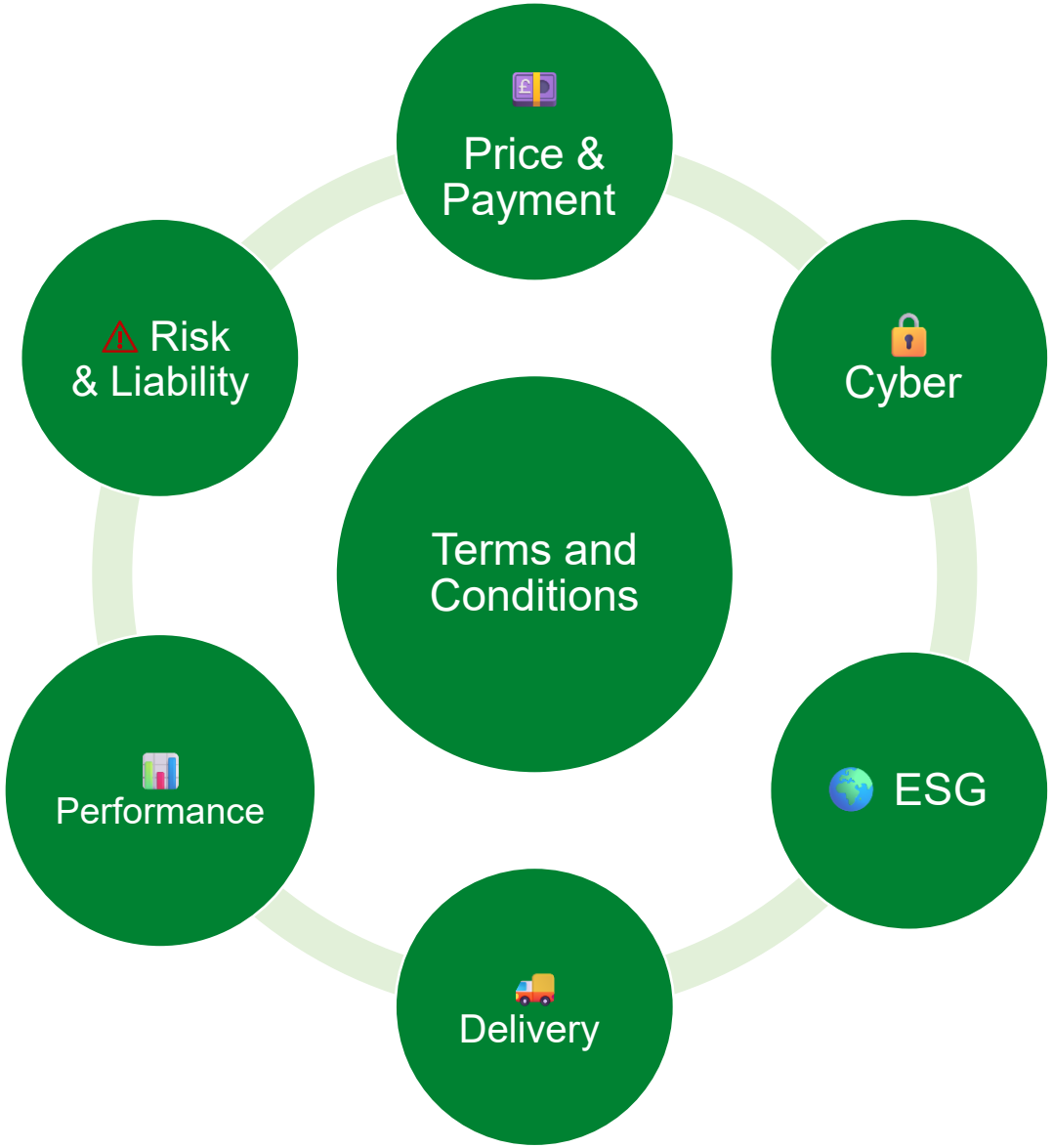
Feature	Framework Agreement	Contract
Commitment	No guarantee of volume	Legally binding obligation to deliver goods/services.
Specificity	Sets overarching terms, prices and standards.	Details quantities, deadlines, and exact scope. Amendments need formal change
Trigger	Activated by subsequent "call-off" orders/contracts or mini-tenders.	Governs the immediate, specific transaction/project.
Duration	Usually long-term (e.g. 4 years).	Variable; lasts for the duration of the specific project/service

What is a call-off?

- Direct Award = Award without competition
- Mini Competition = Award with competition
- Call-off defines duration, volumes and obligations

Terms and conditions

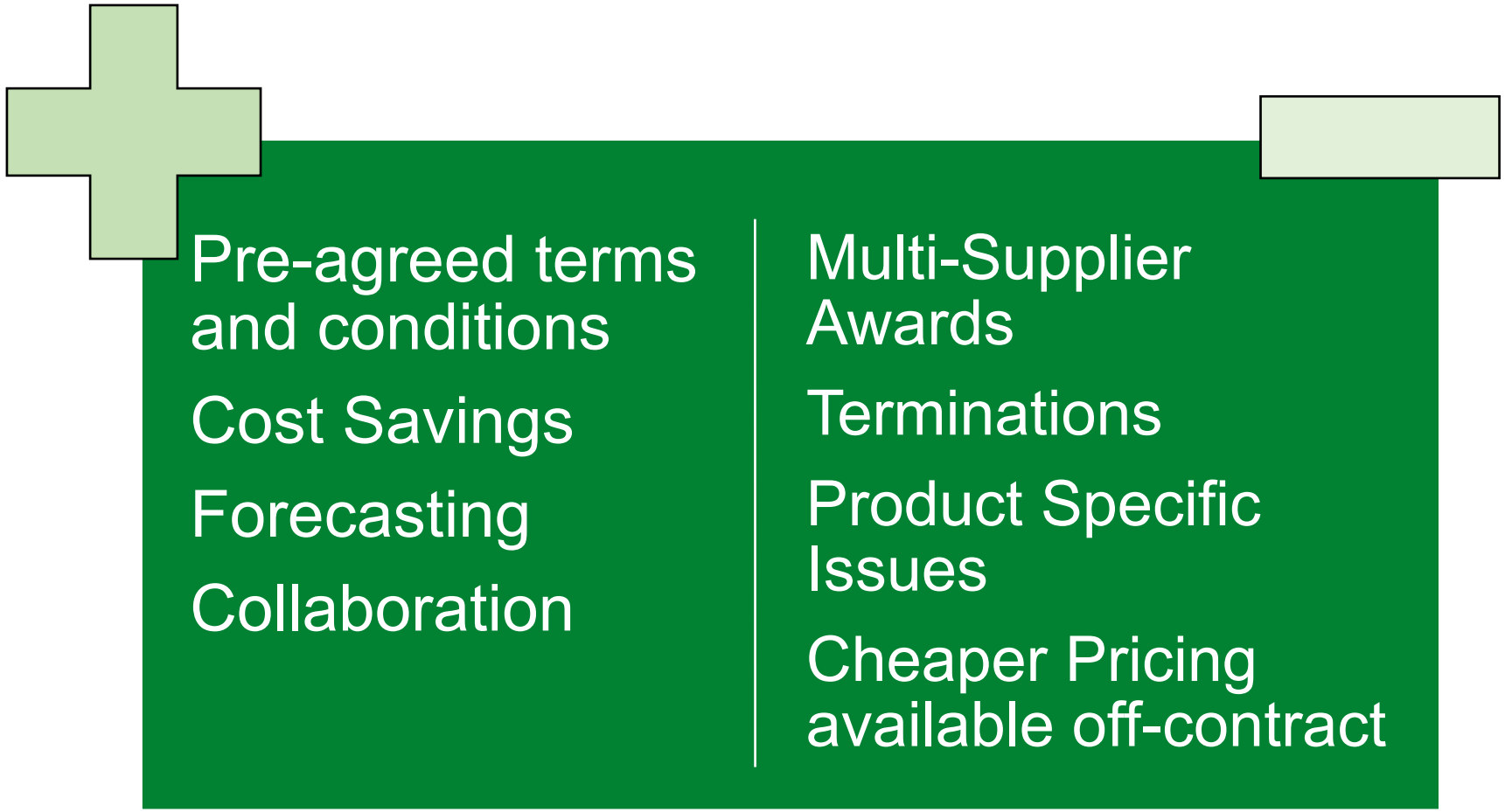
Terms and conditions allocate risk and define responsibilities.



Terms and conditions - Liabilities

- Supplier failures can generate significant recoverable costs
  - For the avoidance of doubt, without limitation, the Parties agree that for the purposes of this Contract the following costs, expenses and/or loss of income shall be direct recoverable losses (to include under any relevant indemnity) provided such costs, expenses and/or loss of income are properly evidenced by the claiming Party:
    - extra costs incurred purchasing replacement or alternative goods i.e. **Off-Contract Claims**
    - costs incurred in relation to any product recall;
    - costs associated with advising, screening, testing, treating, retreating or otherwise providing healthcare to patients;
    - the costs of extra management time; and/or
    - loss of income due to an inability to provide health care services,

Pros and cons of framework agreements



Off-contract purchasing

Off-contract purchasing may be necessary:

- Contract termination
- Medicine shortage
- No framework award

but increases governance and financial risk.

Risk

- Supplier Selection
- Standing Financial Instructions (SFIs)
- Trust Spend and Procurement Regulations

Standing financial instructions (SFIs)

Governance

Process & Structure

Authority

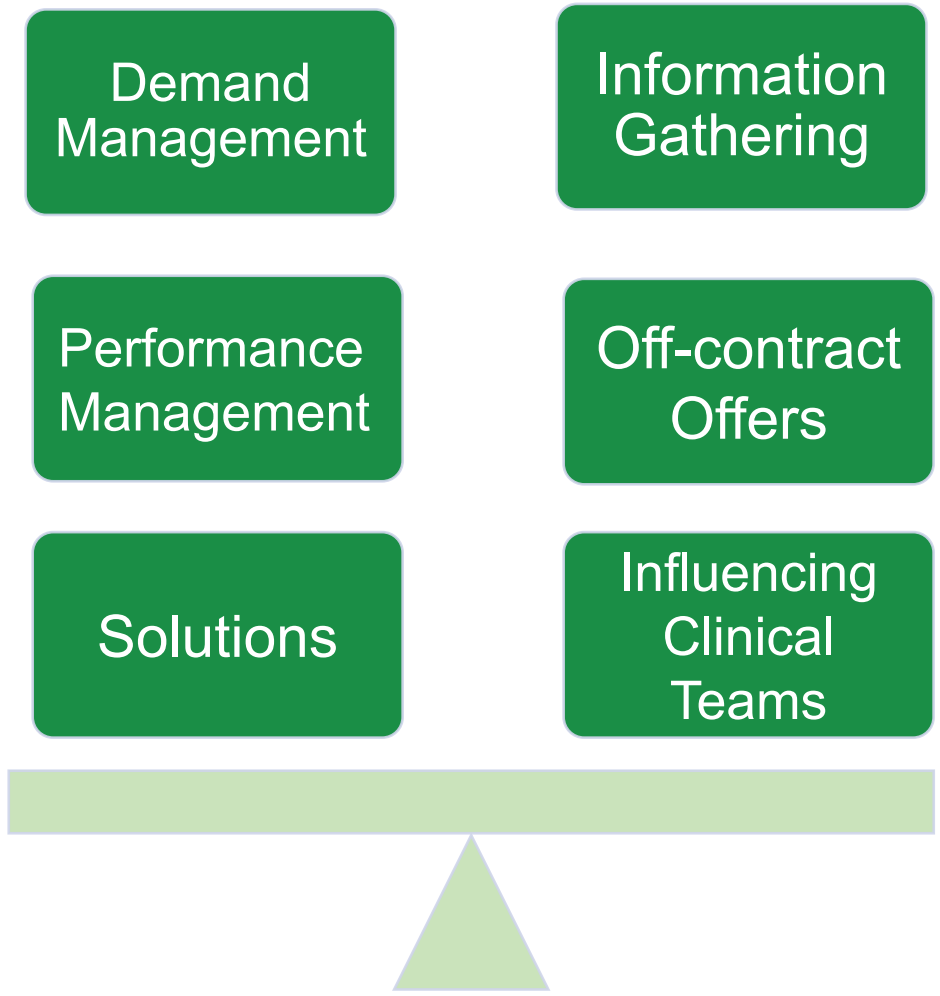
Who can approve

Assurance

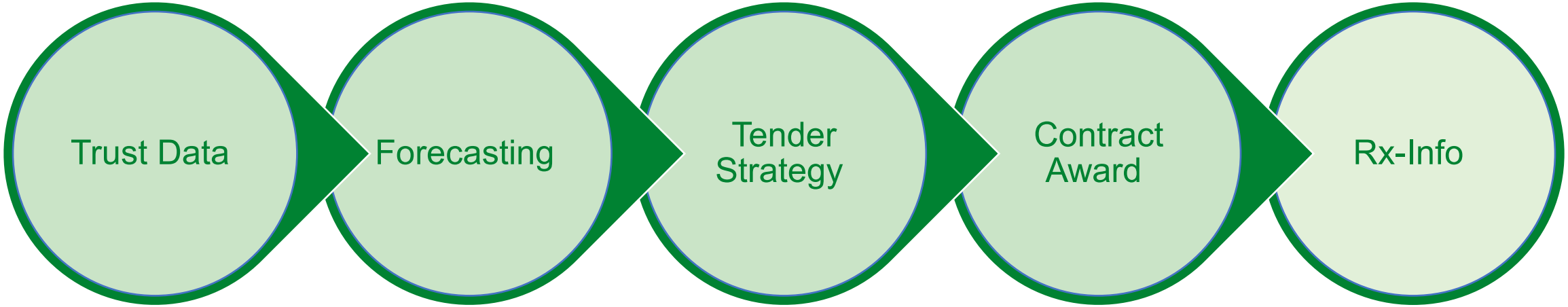
Demonstrate Value

"Framework compliance does not remove the need to comply with local SFIs."

Supplier engagement



Data provision and role of Trusts



Better data leads to better procurement outcomes.

Key takeaways

- ✅ Understand the difference between Framework Agreements and Contracts
- ✅ Know which Framework Agreements and Contracts are available to your Trust and how to access
- ✅ Ensure use of Framework Agreements for compliance
- ✅ Use call-offs appropriately
- ✅ Know your local SFIs
- ✅ Manage supplier engagement carefully
- ✅ Use data to improve procurement outcomes

Question and answer session