Framework Agreements: Convenience, Compliance or Commercial Value?

Procurement and Supply Chain Management Made Simple.

Foreword

Framework agreements have become one of the most widely used procurement tools within the UK public sector, providing organisations with an efficient and compliant method of purchasing recurring goods, services and works. Their use has accelerated markedly over the past decade: in 2018, framework agreements accounted for just 11% of the total value of public sector contracts; by 2023, that figure had risen to 26%, representing a record £60 billion awarded through frameworks in 2024 alone. The UK public sector spent £434 billion on procurement in 2024–25, of which an estimated £125 billion related to common goods and services, and £25 billion of that flowed through frameworks managed by the Government Commercial Agency (formerly Crown Commercial Service) alone.

Contracting authorities are simultaneously under pressure to procure more quickly while navigating an evolving legislative landscape. Rising operational demands, financial constraints and greater public scrutiny require procurement teams to balance speed with transparency, competition and value for money. Framework agreements can help meet these challenges, but they must be chosen thoughtfully. With over 4,000 live frameworks currently available across the UK, selecting the right vehicle demands informed commercial judgement: not simply familiarity or organisational habit.

Despite their widespread use, framework agreements are frequently misunderstood. Many organisations view them simply as a quicker alternative to a full procurement exercise, without fully appreciating the commercial structures, governance arrangements and financial implications that distinguish different framework models. Understanding how frameworks operate is therefore just as important as understanding when they should be used, ensuring procurement decisions rest on informed commercial evaluation rather than the path of least administrative resistance.

An important distinction exists between internally established framework agreements and those provided by specialist third-party framework organisations. While both offer compliant routes to market, they differ significantly in commercial control, procurement effort, supplier relationships and funding arrangements. These differences can materially influence procurement costs, supplier pricing and the value for money achieved by contracting authorities throughout a framework's life: differences that are rarely visible at the point of access.

This article explores how framework agreements operate, why they have become such a central procurement tool, and what organisations should consider when deciding whether to establish their own framework or utilise a third-party arrangement. By objectively examining both approaches, including the commercial tensions that neither model fully resolves, procurement professionals can make better-informed decisions that serve their organisations' strategic and financial interests over the long term.

What Is a Framework Agreement?

A framework agreement is a procurement arrangement that establishes the terms and conditions under which future contracts may be awarded during a defined period. Rather than purchasing goods, services or works immediately, it creates a structured mechanism for selecting pre-approved suppliers when a requirement arises. Framework agreements are widely used throughout the UK public sector to improve procurement efficiency, and their operation is governed by the Procurement Act 2023, which came into force on 24 February 2025 and replaced the Public Contracts Regulations 2015 (PCR 2015).

A framework agreement differs from a contract because it does not normally create an immediate obligation to purchase. Instead, it establishes the commercial, technical and contractual terms that will apply if individual contracts: commonly called call-off contracts: are awarded in the future. Call-off contracts are legally binding and commit both the purchasing organisation and the appointed supplier to delivering specific goods, services or works. Each call-off is therefore a standalone commercial commitment made within the structure the framework provides.

The framework agreement sets out pricing mechanisms, specifications, service standards, contractual conditions and procedures for awarding future call-offs. Depending on the framework's structure, call-offs may be awarded directly to a supplier or through a mini-competition among framework suppliers. This approach enables contracting authorities to procure efficiently while maintaining transparency, fairness and consistency: though the manner in which those principles are applied in practice varies considerably between framework models and providers.

A defining characteristic of a framework agreement is that it does not guarantee any volume of work to participating suppliers. Equally, contracting authorities are generally under no obligation to purchase unless and until a call-off contract is awarded. This flexibility allows organisations to establish supply arrangements in advance while retaining freedom to purchase only when genuine requirements and available budgets justify expenditure: a commercial discipline that is sometimes overlooked once a framework has been established.

Under the Procurement Act 2023, frameworks are categorised as either closed or open. Closed frameworks operate largely as before under PCR 2015, running for up to four years. Open frameworks: one of the Act's most significant innovations: allow new suppliers to join at predetermined intervals over a collective term of up to eight years, addressing a longstanding criticism that traditional frameworks excluded capable suppliers for prolonged periods. This structural change has materially increased market access, particularly for SMEs, and represents a genuine step forward in procurement flexibility.

Why Framework Agreements Were Developed

Before discussing how the framework operates, it is worth understanding the problem it was designed to solve. Historically, public sector organisations undertook separate procurement exercises for similar goods, services and works, even where requirements were broadly identical. A local authority procuring grounds maintenance, an NHS trust sourcing facilities management services, and a housing association commissioning responsive repairs might each conduct their own competitive process for materially similar requirements, thereby duplicating effort, consuming resources, and producing inconsistent commercial outcomes across the sector.

Framework agreements reduced this duplication by enabling a single competitive exercise to establish a panel of suitably qualified suppliers. Once established, contracting authorities could award call-off contracts without repeating the full procurement process. The Ministry of Justice, for example, now awards almost 80% of its contracts through frameworks: a figure that illustrates how frameworks have become the default procurement vehicle in some parts of government, rather than just one tool among several.

An equally important objective was improving consistency across procurement activities. Frameworks establish standard contractual terms, pricing mechanisms, specifications and supplier selection criteria that can be applied repeatedly throughout their duration. They also enable multiple organisations to benefit from the same competitive exercise: a principle that has been extended significantly by collaborative frameworks that cover hundreds of contracting authorities simultaneously, including models operated by the Government Commercial Agency, NHS Supply Chain, Pagabo, and other specialist providers.

The case for frameworks has always combined efficiency with legislative assurance. By selecting suppliers through a transparent and competitive process, contracting authorities can award subsequent call-offs in accordance with the framework's rules, thereby reducing legal risk. This combination of efficiency, collaboration and compliance has made frameworks one of the dominant procurement mechanisms in the UK public sector: though their dominance is not, in itself, evidence that they always represent the optimal commercial choice for every requirement.

Types of Framework Agreement

Framework agreements can be structured in different ways depending on the nature of the procurement, the characteristics of the market and the objectives of the contracting authority. The two principal categories are single-supplier and multi-supplier frameworks. Each carries distinct advantages and risks, and selecting the most appropriate model requires careful consideration of competition, operational requirements, market capacity, commercial risk and long-term procurement strategy: not simply which structure is most administratively convenient.

A single-supplier framework appoints one supplier to provide the required goods, services or works for the duration of the agreement. This approach offers simplicity, consistency and speed, as individual call-offs can usually be awarded without further competition. It also enables closer supplier relationships and clearer accountability. Single-supplier frameworks are particularly suitable where requirements are standardised, demand is predictable, or continuity of service is essential. For instance, a council appointing a single software provider for a highly integrated system where switching costs would be prohibitive.

Despite these advantages, single-supplier frameworks carry meaningful risks. Competitive pressure diminishes once the framework is established, reducing incentives for innovation or price improvements. Should the supplier experience financial difficulties or capacity constraints- risks that are not hypothetical in sectors with high supplier concentration, such as specialist construction or facilities management- contracting authorities may have few alternatives. Robust supplier selection and continuous performance monitoring are therefore not merely good practice in single-supplier arrangements: they are essential commercial safeguards.

Multi-supplier frameworks appoint several suppliers to the same framework, creating greater flexibility and resilience. Suppliers may be ranked according to evaluation scores, or contracting authorities may conduct mini-competitions in which suppliers compete for individual call-off opportunities. Some frameworks also permit direct awards where predefined conditions are satisfied. The continued competition that multi-supplier models enable is one of their defining commercial advantages: though, as discussed later, direct awards are often chosen over mini-competitions in ways that can erode that advantage over time.

The choice between single- and multi-supplier frameworks ultimately depends on the procurement objectives and the characteristics of the market being served. Neither structure is inherently superior. Single-supplier frameworks offer administrative efficiency and contractual simplicity; multi-supplier frameworks provide competition, resilience and flexibility. Procurement professionals should select the structure that best balances these considerations for the specific requirement, rather than defaulting to whichever model the organisation has used most recently.

Internal Framework Agreements

Internal framework agreements are established directly by a contracting authority or by a group of organisations working collaboratively to meet shared procurement requirements. Rather than relying upon an external provider, the participating organisations design and conduct the procurement themselves, tailoring the framework to reflect their specific operational, commercial and strategic objectives. This approach provides genuine ownership of the procurement process and, critically, of the commercial relationships that result from it.

Under an internal framework, the procurement exercise is managed entirely by the contracting authority: from market engagement and specification development through to supplier evaluation and framework award. Suppliers compete directly against criteria designed to reflect the organisation's priorities. This direct market engagement often produces procurement professionals with deeper knowledge of supplier capabilities and market dynamics than they would gain by simply using an established third-party vehicle.

One of the principal financial advantages of an internal framework is that suppliers are not required to pay framework management fees, annual membership charges or commissions to a third-party provider. This absence of an intermediate levy means there is no additional commercial cost embedded within supplier pricing beyond the normal expense of tendering and contract delivery. For high-value or strategically significant procurement, the cumulative effect of removing such levies over the life of a framework can be substantial: though this benefit must be weighed against the resource cost of conducting the procurement independently.

Internal frameworks also establish a direct commercial relationship between the contracting authority and its suppliers. Without an intermediary, communication tends to be clearer, contractual issues can be addressed more quickly, and supplier relationships may become stronger and more collaborative over time. Performance monitoring is generally more straightforward because the organisation responsible for the framework is also responsible for managing its outcomes: a structural alignment that third-party models cannot fully replicate.

Control and customisation are further strengths of the internal model. Specifications can be tailored to reflect local operational requirements; evaluation criteria can be designed to prioritise the outcomes most important to the organisation; contractual provisions may be adapted to address specific risks. A housing association, for example, can establish an internal framework for responsive repairs that embeds response-time obligations, tenant satisfaction metrics, and geographic coverage requirements that a generic national framework might not accommodate with the same precision.

These benefits must be balanced against the resources required to establish and manage an internal framework. A compliant procurement exercise demands experienced procurement professionals, legal and technical support, and sufficient organisational capacity to oversee performance throughout the framework's duration. For organisations with limited procurement teams- particularly smaller district councils, academy trusts or clinical commissioning successors- the resource demands of establishing and running an internal framework may be difficult to justify for all but the most significant procurement requirements.

Perhaps the most important consideration is that internal frameworks require sustained governance commitment rather than a one-time procurement investment. Once established, they need active contract management, regular performance reviews and ongoing supplier engagement to deliver their intended benefits. Organisations that treat framework awards as the conclusion of the procurement process- rather than its beginning- frequently discover that even well-designed internal frameworks fail to deliver the commercial outcomes they promised.

Third-Party Framework Agreements

Third-party framework agreements are established and managed by specialist providers on *behalf of contracting authorities. These organisations undertake the procurement process, appoint suppliers and make the resulting frameworks available to eligible public bodies. The scale of this market is substantial: the Government Commercial Agency (formerly Crown Commercial Service, renamed in April 2026) manages over 100 commercial agreements available to all UK public sector buyers, covering categories from professional services and technology through to construction, fleet and facilities management.*

The principal attraction of third-party frameworks is the significant reduction in procurement effort for participating organisations. Rather than developing specifications, advertising opportunities, evaluating tenders and managing framework awards themselves, contracting authorities access an established vehicle that has already been competitively tendered. For organisations facing compressed timescales- a housing association mobilising emergency repairs contractors, for example, or a local authority responding to an unexpected service failure- this speed of access can be decisive.

Third-party frameworks also provide immediate access to pre-qualified suppliers operating under standard documentation and contractual terms. Many providers publish comprehensive user guides, template call-off documents and procurement guidance, enabling contracting authorities to undertake compliant procurements with confidence. This package is particularly valuable for smaller organisations with limited procurement capacity, where the alternative would be either a resource-intensive standalone exercise or the legal risk of inadequately structured procurement.

The commercial model that funds these frameworks is where material differences emerge. Rather than recovering operating costs from contracting authorities, many third-party providers generate income through commercial arrangements with participating suppliers. These arrangements vary considerably between providers. Some charge suppliers only; others charge contracting authorities; some operate a combination of supplier levies, annual subscriptions and percentage rebates on call-off expenditure; others generate no commission at all, recovering costs through alternative means. This diversity of commercial models is more pronounced than it might appear from the outside, and procurement professionals who assume that all third-party frameworks operate similarly may draw misleading conclusions about their cost implications.

Suppliers appointed to third-party frameworks may therefore incur costs that include initial application fees, annual membership subscriptions, framework management fees, levies applied to the value of call-offs, percentage rebates on turnover, and the cost of compliance reporting and data submission. For a supplier generating £5 million annually through a single framework, a 2% rebate levy represents £100,000 per year: a not insignificant cost that must be recovered somewhere within the business.

Most suppliers regard these charges as acceptable, recognising that appointment to a widely used framework provides access to contract opportunities across numerous contracting authorities that would be impractical to win individually. A place on a national construction framework could reach 400 or more public-sector buyers without additional business development expenditure: a commercial proposition that remains attractive even after accounting for framework costs. The calculation changes, however, for suppliers with narrower margins or serving more concentrated markets.

Although suppliers rarely invoice framework participation costs separately, they are commercial businesses that must recover operating costs over time. Framework levies, management fees and membership subscriptions become part of the supplier's cost base, contributing, alongside all other overheads, to the pricing structures that contracting authorities ultimately pay. This does not automatically result in higher prices for every procurement, but contracting authorities should understand that third-party framework administration is not free, regardless of whether they receive an invoice for it.

The critical question that procurement professionals must ask- and that is too rarely asked- is *whether supplier levies distort the pricing that contracting authorities actually receive. Where levies are applied as a percentage of call-off value, suppliers face a structural incentive to price frameworks at margins that accommodate those costs. In markets with strong competition and low barriers to entry, levy costs may be absorbed without materially affecting prices; in markets with fewer suppliers and higher switching costs, they may be passed on more directly. Contracting authorities cannot simply assume that a third-party framework delivers competitive pricing because it was competitively established.*

It would be incorrect to conclude that third-party frameworks therefore represent poor value for money. The procurement savings, reduced administrative effort, accelerated timescales and legislative assurance they provide may substantially outweigh any indirect supplier costs. The point is not that one model is superior, but that the commercial assumptions embedded in third-party frameworks deserve the same scrutiny that would be applied to any other procurement cost: and that this scrutiny is currently applied inconsistently across the public sector.

Comparing Internal and Third-Party Framework Agreements

Internal and third-party framework agreements both provide compliant mechanisms for awarding public contracts, yet they differ significantly in their management structures, commercial characteristics and governance implications. Neither approach is inherently superior. The most appropriate option depends on an organisation's objectives, available resources, procurement capability and the nature of the specific requirement. Procurement professionals who approach this decision with genuine analytical rigour, rather than organisational habit, typically achieve better commercial outcomes.

From a procurement effort perspective, third-party frameworks require considerably less work from contracting authorities at the outset. The framework has been established, suppliers have been evaluated, and documentation has been prepared. Conversely, internal frameworks require the complete procurement process to be undertaken, demanding greater investment of time, planning and administrative resources. For a medium-sized local authority with three procurement officers, the difference between conducting a full framework exercise and accessing an existing one may represent months of capacity.

The level of procurement expertise required also differs considerably. Third-party frameworks are particularly valuable to organisations with limited procurement capacity or specialist knowledge: a school trust procuring catering services, or a small clinical commissioning successor body sourcing professional services, may lack the internal expertise to establish and manage its own framework compliantly. Internal frameworks, by contrast, require experienced professionals capable of developing specifications, managing evaluations, ensuring legislative compliance and overseeing the framework throughout its operational life.

Commercially, internal frameworks offer greater flexibility and control. Specifications, evaluation criteria, contractual provisions and performance measures can all be tailored to reflect the contracting authority's precise requirements. Third-party frameworks necessarily adopt more standardised documentation designed to serve a broad range of users across different sectors and geographies. This standardisation promotes consistency and reduces preparation time, but may not perfectly reflect every contracting authority's operational priorities or risk appetite.

The financial characteristics of the two approaches also differ in ways that are not always immediately visible. Internal frameworks generally avoid supplier management fees and framework levies, establishing a direct commercial relationship without an intermediate cost layer. Third-party frameworks frequently rely on supplier-funded commercial models to finance their administration. When assessing the true economics of each route, procurement professionals should consider not only the visible procurement costs but also the indirect costs embedded within supplier pricing: a comparison that requires more analytical effort than simply noting that third-party access appears to cost nothing.

Supplier relationships and governance may also vary in ways that influence long-term outcomes. Internal frameworks enable procurement teams to engage directly with suppliers, monitor performance closely and respond quickly to emerging issues. Third-party frameworks provide governance guidance and standard performance arrangements, but the framework provider remains an intermediary within the commercial structure, which can slow responses and reduce the contracting authority's direct influence over certain aspects of management. Neither model eliminates governance challenges; they locate them differently.

Procurement Compliance and Governance

Framework agreements provide an efficient route to market, but they do not remove the requirement to comply with procurement legislation or good governance principles. Whether using an internal or third-party framework, contracting authorities must ensure that all procurement activity is undertaken fairly, transparently and in accordance with the rules governing the specific framework. The Procurement Act 2023 has strengthened these obligations in several respects, including the introduction of new transparency notices and a below-threshold tender notice requirement for contracts valued between £30,000 and the relevant UK thresholds.

Competition remains an important element of framework operation. Where a framework requires a mini-competition, all eligible suppliers must receive equal opportunity to compete for the contract. Where direct awards are permitted, they must be made strictly in accordance with the framework's documented procedures. Award criteria should be applied consistently and objectively, with evaluation records, moderation notes, award justifications and supplier communications maintained to a standard that would withstand external audit, and, under the Procurement Act 2023, published on the central digital platform as required by the new transparency regime.

Transparency and fair supplier access are fundamental principles embedded in both PCR 2015 and its successor legislation. Contracting authorities should maintain clear documentation of procurement decisions, and under the Procurement Act 2023, a broader range of notices must now be published than was required under the previous regime. This increased transparency obligation is not merely an administrative burden; it represents a structural shift toward greater accountability in public procurement, and organisations that have not yet updated their governance processes to reflect it may find themselves exposed to legal challenge.

Effective governance also requires organisations to identify and manage conflicts of interest throughout the procurement process. Individuals involved in developing specifications, evaluating tenders or awarding call-offs should declare any interests that could influence their impartiality. The Procurement Act 2023 introduces a new debarment regime, enabling ministers to publish a list of suppliers whose past behaviour or circumstances disqualify them from public contracts: a further tool for protecting the integrity of the procurement process that contracting authorities should factor into their supplier due diligence arrangements.

Perhaps the most important governance principle is also the most frequently overlooked: contracting authorities must follow the rules set out in the specific framework agreement they are using. Frameworks cannot be used to avoid competition or circumvent procurement legislation. Failure to comply with framework procedures may expose organisations to legal challenge, audit criticism and reputational damage: consequences that can arise just as easily from procedural non-compliance within a compliant framework as from using an inappropriate procurement route altogether.

How Framework Agreements Improve Procurement Efficiency

One of the principal reasons framework agreements have become so widely adopted is their demonstrable ability to improve procurement efficiency without compromising compliance. By establishing suppliers and contractual terms in advance, organisations can significantly reduce the time required to procure recurring goods, services and works. A procurement *exercise that might otherwise take six to twelve months under a standalone tender can often be completed within weeks through an established framework: a reduction that has tangible operational and financial consequences for organisations managing constrained budgets and high demand.*

Framework agreements achieve efficiency partly through the use of standard documentation and pre-agreed contractual terms. Specifications, conditions of contract, pricing mechanisms and supplier selection processes have already been established, reducing the need to develop new procurement documentation for every purchasing requirement. This standardisation also reduces the likelihood of procedural errors that can expose organisations to legal challenge: a risk that is particularly significant for contracting authorities with limited in-house legal support.

The reduction in duplicated procurement activity is another material benefit. Rather than conducting separate tender exercises for similar requirements, contracting authorities can use an existing framework to award call-offs as requirements arise. For the UK public sector as a whole, the scale of this efficiency is considerable: if the £25 billion that passes through Government Commercial Agency frameworks each year required individual competitive tendering exercises, the associated procurement costs- in staff time, advertising, evaluation and legal fees- would be substantial.

Framework agreements also reduce procurement costs by lowering the resources required to complete individual procurements. Evaluation exercises are generally shorter, legal input is reduced because contractual terms have been pre-agreed, and suppliers can be mobilised more quickly following contract award. These efficiencies shorten implementation timescales and enable organisations to realise operational benefits sooner. In sectors where service disruption carries high cost- responsive housing repairs, for example, where void periods directly affect rental income- faster procurement translates directly into financial performance.

Beyond administrative savings, frameworks contribute to stronger governance by providing structured procurement processes supported by established procedures and documented decision-making. Procurement teams can follow consistent award mechanisms, apply standard evaluation criteria and maintain audit trails more systematically than in bespoke procurements. This consistency reduces procedural risk and provides greater assurance to internal and external auditors that procurement activity complies with organisational policies and legislative requirements.

True efficiency, however, is not simply a measure of procurement speed. Genuine efficiency is achieved when reduced procurement effort is combined with effective governance, proportionate competition, consistent contract management and sound commercial decision-making. A framework that eliminates six months of tendering but delivers a supplier relationship with poor performance management, inadequate pricing visibility and limited accountability may cost the organisation far more over its operational life than a slower standalone procurement would have done.

The Direct Award Problem: Where Efficiency Becomes Complacency

One of the most commercially significant yet least discussed risks associated with framework agreements is the tendency to default to direct awards rather than mini-competitions, not because direct awards are the most appropriate option, but because they are the quickest. The Procurement Act 2023 retains direct award as a permissible mechanism when a framework clearly defines the terms for doing so, but permission to make a direct award is not a recommendation to do so. Yet the operational reality in many public sector organisations is that direct award has become the reflexive default, with mini-competitions reserved for requirements perceived as complex or high-value.

This pattern is commercially problematic. Where a multi-supplier framework exists precisely to maintain competitive discipline over its duration, defaulting to direct award removes the mechanism that incentivises suppliers to maintain competitive pricing, propose innovative *approaches, and demonstrate continued value. A supplier that wins call-off after call-off through direct award faces materially lower competitive pressure than one required to compete in repeated mini-competitions, and, over time, pricing behaviour will reflect that reduction in competitive tension.*

The message for procurement professionals is straightforward: just because a direct award is permitted does not mean it is the best commercial option. Mini-competitions require additional procurement effort, which is the legitimate reason contracting authorities are sometimes reluctant to use them. But the cost of that additional effort- typically a few days of procurement resource- should be weighed against the commercial benefit of sustained supplier competition across a framework with potentially millions of pounds of call-off expenditure. In most cases, the calculation favours competition. The question procurement teams should ask at each call-off is not 'Can we make a direct award?' but 'Is a direct award the best commercial decision for this requirement?'

The Financial Implications of Framework Agreements

Internally established framework agreements require a greater investment in procurement resources at the outset. Contracting authorities must allocate experienced procurement professionals, technical specialists, legal advisers and evaluation teams to develop specifications, conduct the procurement and establish the framework. These internal costs are real but visible and controllable, and can be justified where substantial expenditure or long-term strategic requirements are involved. A local authority establishing its own framework for construction works contracts worth £20 million over four years is making a capital investment in procurement capability that should generate measurable commercial returns.

Third-party framework agreements adopt a different financial model. Because the framework provider has completed the procurement, contracting authorities reduce their own workload and associated staffing costs. However, the framework provider's operations must still be funded. As noted, many providers recover costs through supplier commissions, management fees, call-off levies, annual subscriptions or rebates. The commercial model varies considerably: some charge only suppliers, others charge only contracting authorities, some levy both, and a small number charge neither, recovering costs through alternative arrangements. Procurement professionals who engage with third-party frameworks without understanding the applicable charging model are making commercial decisions with incomplete information.

These commercial arrangements create costs that are not immediately visible to the purchasing organisation. Where supplier levies are applied as a percentage of call-off value, they become part of the supplier's commercial cost base: alongside employment costs, materials, overhead and margin, and they influence the pricing that contracting authorities ultimately receive. The degree to which levies are visible in pricing will vary by market structure, competitive intensity and the financial sophistication of the supplier. The important point is that framework administration is rarely without cost, even where access to the framework appears free at the point of use.

Procurement professionals should also consider transaction costs extending beyond the procurement exercise itself. Contract management, supplier performance monitoring, contract variations, dispute resolution and governance activities all consume organisational resources throughout the contract's life. Whole-life cost assessment: incorporating procurement costs, contract management overhead, supplier pricing, performance risk and exit costs, provides a far more meaningful basis for evaluating procurement route options than considering tendering timescales alone.

Ultimately, procurement efficiency should always be assessed against total cost rather than procurement cost alone. A framework that reduces tendering time but embeds higher supplier pricing, or that carries a supplier levy that distorts competitive dynamics, may deliver less value than a more resource-intensive procurement process that produces stronger commercial *outcomes. True value for money is achieved by balancing procurement efficiency with competition, governance, quality, operational performance and whole-life financial considerations, and this balance is most reliably struck when procurement professionals approach framework selection as a genuinely analytical decision rather than an administrative convenience.*

Supplier Perspectives

From a supplier's perspective, framework agreements represent both significant commercial opportunity and meaningful investment. Competition for places on well-established frameworks can be intense, particularly where the framework is expected to generate substantial call-off opportunities. Suppliers in the construction sector, facilities management, IT services and professional services regularly invest considerable resource in framework tender submissions, recognising that failure to secure appointment may exclude them from competing for years at a time: a particularly acute risk under the four-year duration of a closed framework under PCR 2015.

Securing framework appointment is only the beginning of the supplier's commitment. Many frameworks require ongoing compliance with professional accreditations, insurance levels, financial standing and quality, environmental and social value standards throughout their duration. Suppliers may also be required to submit regular performance information, management reports and contract data: administrative obligations that, for a business operating across multiple frameworks simultaneously, can represent a high overhead cost. For SMEs, which account for approximately 75% of suppliers on Government Commercial Agency frameworks, these ongoing compliance requirements can be disproportionately burdensome relative to the value of individual call-offs.

For suppliers participating in third-party frameworks, additional commercial costs apply through levies, management fees, subscriptions and rebates. A supplier generating £3 million annually through a framework carrying a 1.5% management levy and a £15,000 annual membership fee faces total framework costs of around £60,000 per year: not negligible for an SME operating on modest margins. These costs are generally regarded as the accepted price of accessing public-sector procurement opportunities at scale, but they influence pricing strategies in ways that contracting authorities rarely examine directly.

Despite these financial and administrative commitments, suppliers actively pursue framework appointments because of the pipeline opportunities they create. A single framework agreement may provide access to hundreds of contracting authorities across different regions and sectors, enabling a volume of call-off opportunities that would be impossible to achieve through individual tender responses. This breadth of access can reduce business development costs, improve revenue forecasting and provide commercial certainty: advantages that make the total cost of framework participation worthwhile for most established suppliers.

Suppliers are therefore generally willing to absorb framework participation costs because they view them as an investment in market access rather than simply an operational overhead. The commercial equation changes, however, when framework call-off volumes are lower than anticipated: a common occurrence where contracting authorities access frameworks without using them consistently; or when levy structures increase without a corresponding increase in business volume. For suppliers, the risk of framework underperformance is real and not always reflected in the pricing decisions they make at the point of appointment.

The Procurement Act 2023 and the Changing Framework Landscape

The Procurement Act 2023, which came into force on 24 February 2025, represents the most significant reform of UK public procurement legislation since the introduction of the Public Contracts Regulations 2015. For framework agreements specifically, the Act introduces two categories: open frameworks and closed frameworks, which give contracting authorities materially greater flexibility than was available under PCR 2015. Understanding the distinction *between them is now an essential component of framework strategy, not an optional detail.*

Closed frameworks continue to operate broadly as they did under PCR 2015, running for up to 4 years with a defined set of suppliers throughout the period. Open frameworks, however, allow the framework to be reopened at predetermined intervals to admit new suppliers, with a collective term of up to eight years. This single change addresses one of the most persistent criticisms of traditional frameworks: that capable suppliers entering the market mid-term, or SMEs not ready to compete at the time of the original tender, were excluded for years at a time. Open frameworks create a more dynamic and accessible procurement landscape: though they also demand more sophisticated framework management.

The Act also strengthens the transparency regime around frameworks. New mandatory notices: including pipeline notices, award notices and, in some cases, below-threshold tender notices: require contracting authorities to publish information about their procurement intentions and decisions on the central digital platform in ways that PCR 2015 did not systematically require. Suppliers benefit from greater advance visibility into opportunities; contracting authorities must invest in systems and processes to consistently meet the new notice obligations. Frameworks established before 24 February 2025 continue to be governed by PCR 2015 for their full duration, creating a transitional period during which organisations must manage compliance under two parallel legislative regimes.

The Act also introduces a debarment regime that is directly relevant to framework management. Suppliers placed on the published debarment list, as a result of past behaviour or circumstances that render them unsuitable for public contracts, must be excluded from framework participation and call-off competition. Contracting authorities using third-party frameworks should satisfy themselves that providers have robust processes for monitoring and acting on debarment list entries throughout the framework's life, not only at the point of initial supplier appointment.

Choosing Between Internal and Third-Party Frameworks

Selecting between an internal and a third-party framework agreement should be a strategic procurement decision rather than a routine administrative choice. Both approaches offer distinct advantages and limitations, and the most appropriate option will depend on the organisation's objectives, available resources, procurement capability and the nature of the requirement. Procurement professionals who default to third-party frameworks for convenience, or to internal frameworks out of commercial protectiveness, without engaging in genuine comparative analysis, are substituting habit for judgement.

The organisation's internal procurement capability and available expertise should be the first consideration. Organisations with experienced procurement professionals, legal support and technical specialists may be well placed to establish and manage internal frameworks, particularly where procurement requirements are recurring or strategically significant. A combined authority with a dedicated commercial team may generate better long-term value through an internal construction framework than through a national arrangement designed for a much broader user base. Conversely, an academy trust with a single procurement officer is likely to achieve better outcomes through an established third-party framework, even accounting for any embedded commercial costs.

Procurement workload, complexity and required timescales should also influence the decision. Where an urgent procurement is required: emergency responsive repairs, an urgent IT infrastructure replacement, or a rapidly escalating operational requirement: an established third-party framework may enable contracts to be awarded within days rather than months. However, where sufficient time is available, and the requirement is complex, specialised, or high-value, establishing an internal framework may provide greater flexibility to design the evaluation, embed social value requirements, and structure commercial arrangements to reflect the organisation's specific priorities.

Organisations should also consider their understanding of the relevant supplier market and *the anticipated contract value. High-value or business-critical procurements: major infrastructure projects, long-term service contracts, or arrangements with significant reputational risk: may justify the additional investment required to establish an internal framework. For routine, lower-value or well-commoditised requirements, the administrative efficiencies offered by an existing third-party framework typically represent the more proportionate solution, provided the commercial assumptions underlying that framework are understood.*

Governance requirements and whole-life cost-effectiveness should be weighted alongside operational considerations. Decision-makers should evaluate not only direct procurement costs but also internal resource requirements, supplier levy implications, contract management responsibilities, and the likely commercial outcomes of each route over the framework's full life. An option that appears less expensive at the point of access may not represent the greatest value once all commercial and operational factors are considered with the rigour that public money demands.

There is no universally correct answer. The most appropriate solution will vary depending on the organisation, the procurement requirement and the wider commercial environment. What should never vary is the quality of the analysis applied to the decision. Procurement professionals who assess each option objectively: balancing compliance, efficiency, governance, flexibility and value for money: consistently achieve better outcomes than those who treat framework selection as a procedural formality rather than a strategic commercial judgement.

Future Developments

Framework agreements are expected to continue evolving as procurement practices become more digital, data-driven and strategically focused. The Government Commercial Agency's frameworks already process billions of pounds of public expenditure annually, and the continued development of digital procurement platforms is reshaping how frameworks are administered. Streamlined tendering, automated supplier selection, contract management and spend analytics are reducing administrative effort while improving the quality and timeliness of procurement records: changes that benefit both contracting authorities and suppliers.

Artificial intelligence is already influencing framework management, with AI-assisted tools used for market analysis, contract review, risk identification, and spend analytics. As these capabilities mature, procurement professionals will be better placed to make evidence-based decisions about which framework to use, when to trigger a mini-competition rather than a direct award, and how to identify commercial risk embedded in supplier pricing. Data-driven supplier management: supported by the transparency obligations introduced by the Procurement Act 2023, is likely to become a defining characteristic of high-performing procurement functions within the next five years.

The pressure to deliver wider social and environmental outcomes through procurement will also intensify. Social value, carbon reduction, ethical supply chain management and supply chain resilience are becoming embedded in framework evaluation criteria and contract management obligations. The UK public sector's procurement spend of over £434 billion per annum- processed through ports handling 429.7 million tonnes of freight annually, supply chains stretching from Asian electronics manufacturers to domestic construction businesses, and service providers employing millions of workers- represents a policy instrument of extraordinary reach. Frameworks that fail to leverage this influence effectively are leaving significant social and environmental value uncaptured.

The Procurement Act 2023's open framework mechanism will also reshape the competitive landscape over the coming years, as contracting authorities gain experience with longer-duration frameworks that admit new suppliers at defined intervals. The resulting increase in supplier participation- particularly for SMEs, which account for 99.8% of UK private sector businesses and employ approximately 16.6 million people- should generate genuine *competitive benefits. Whether those benefits materialise in practice will depend on how rigorously contracting authorities use mini-competitions, manage incumbent advantage and engage with new entrants throughout the framework's life.*

Making Framework Agreements Deliver Real Value

Framework agreements demonstrate that procurement efficiency and commercial value are related but not identical objectives. Reducing procurement timescales and administrative effort yields real organisational benefits, but those benefits are of limited value if they lead to higher prices, reduced competition, or inadequate contract performance. Procurement professionals should focus on value for money across the entire procurement lifecycle rather than simply minimising the cost or duration of the procurement exercise: a distinction that is straightforward in principle but requires genuine commercial discipline to maintain in practice.

The convenience of third-party frameworks carries a commercial cost that is frequently underestimated. Supplier-funded models provide rapid access to compliant procurement routes and established documentation, but the levies and fees that fund those arrangements are not absorbed without trace. Understanding how framework providers' commercial models operate enables procurement professionals to make better-informed decisions, and to ask suppliers the right questions about how framework participation costs influence their pricing.

Framework agreements should never be regarded as self-managing procurement solutions. Once established, whether internally or through a third-party provider, they require effective contract management, regular supplier performance reviews, and ongoing commercial engagement to ensure expected benefits continue to be realised. The Ministry of Justice awards almost 80% of its contracts through frameworks precisely because it has invested in the governance infrastructure needed to actively manage framework relationships. That investment is not optional; it is what distinguishes frameworks that deliver sustained value from those that provide a compliant route to spend.

Maintaining competition throughout a framework's life requires conscious commercial decision-making at each call-off stage. Where mini-competitions are available, the default should be to use them unless a specific and justified case for direct award can be made. The additional procurement effort involved in running a mini-competition is almost always justified by the commercial discipline it imposes on suppliers and by the audit trail it generates for contracting authorities who may face scrutiny of their procurement decisions.

Good governance underpins every successful framework agreement. Transparent decision-making, comprehensive record-keeping, conflict management, compliance with the Procurement Act 2023's notice requirements, and adherence to the specific framework's call-off procedures protect organisations from legal challenge, audit criticism and reputational damage. Governance should be viewed not as an administrative burden but as the commercial safeguard that enables organisations to defend their procurement decisions with confidence: including the initial decision about which framework to use.

The most important strategic lesson is that selecting a procurement route is itself a procurement decision: and one that deserves the same analytical rigour as any commercial judgement involving public money. Internal and third-party frameworks each have distinct strengths; neither is universally superior. The question should no longer be 'Should we use a framework?': that question was answered definitively when frameworks became the dominant procurement vehicle in UK public contracting. The question that matters is: 'Which framework model- established how, governed how, and managed how- delivers the greatest value for this specific procurement requirement?' Organisations that answer that question rigorously, every time, will consistently achieve better commercial outcomes than those that treat framework selection as the beginning and end of their procurement thinking.

Summary – Framework Agreements Are a Tool, Not a Procurement Strategy

Framework agreements have become one of the most effective procurement mechanisms *available to contracting authorities in the UK, providing a structured, compliant and efficient route to market for recurring purchasing requirements. By reducing duplication, accelerating procurement and standardising contractual arrangements, they enable organisations to procure more effectively while maintaining transparency and appropriate governance. Their widespread adoption- with 26% of all public sector contracts now awarded through frameworks, generating £60 billion of call-off activity in 2024- reflects genuine operational and commercial benefits. But scale of use is not the same as evidence of optimisation.*

The effectiveness of a framework agreement depends not on its existence alone, but on how it is selected, established and managed throughout its lifecycle. Even the most carefully designed framework will fail to deliver its intended benefits without active contract management, ongoing supplier engagement, robust governance and regular performance monitoring. These requirements apply equally to internal and third-party frameworks, and the contracting authorities that achieve the best commercial outcomes from their framework arrangements are invariably those that invest in their governance infrastructure rather than treating framework award as the conclusion of the procurement process.

The comparison between internal and third-party framework agreements demonstrates that each offers distinct advantages. Internal frameworks provide greater commercial control, stronger direct supplier relationships and remove the indirect cost layer created by supplier-funded provider models. Third-party frameworks offer established governance, reduced procurement effort, immediate access to compliant arrangements and standard documentation: making them particularly valuable where procurement resources or timescales are constrained. Neither approach should be viewed as universally superior.

The most appropriate procurement route will depend on factors including organisational capability, procurement expertise, market complexity, contract value, governance requirements, the implications of the applicable commercial model, and the organisation's strategic priorities. Effective procurement professionals recognise that the decision to establish an internal framework or utilise a third-party arrangement demands objective evaluation: not organisational habit, perceived convenience or unreflective imitation of what other bodies appear to be doing.

Procurement efficiency should always be assessed alongside overall commercial value, rather than treated as an end in itself. Administrative savings, reduced procurement timescales and simplified processes deliver genuine benefit only when they support improved outcomes across the contract lifecycle. Framework agreements are a procurement tool, not a procurement strategy, and their value depends entirely on the rigour with which they are selected, the discipline with which their competitive mechanisms are applied, and the quality of the commercial relationships and governance arrangements that sustain them.