

# Managing medicines inventory in hospital pharmacy

04 February 2026

The first stop for professional medicines advice

# Today's speakers

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SPS Regional Pharmacy Procurement Specialist, South West

Continuing our webinars to support colleagues in operational procurement:

- Induction
- Shortages
- Off contract claims
- Horizon scanning

**This webinar will focus on:**

- Overarching principles of inventory management
- Newly published guidance notes on SPS website
- Exend & Exend+ to support system improvements
- Where could you focus next?

**Note: Nothing is mandatory. Trusts need to review the most appropriate models of managing stock locally**

# Why is this important?

## Patient care

Ensuring the right medicines of the right quality are available at the right time.

Mutual aid requests, out of hours & emergency deliveries

## Operationally Effective

Optimise NHS resources in the process of procuring, storing and distributing medicines.

Slow stock turnover, high order frequency, ineffective storage and processing backlogs

## Best value for the NHS

Limiting medicines write-off costs, and being prepared for best value opportunities

Delayed switching to best value medicine. Large value expired stock

## Environmental

Protecting the environment by ensuring that we limit the amount of medicines that are wasted.

# Why is this important?

- Inventory is an asset in financial terms and generally reported monthly and yearly.
- Good inventory management supports the delivery of best value medicines - preparation for new transition molecules.
- Large operating surplus of stock is a potential financial liability unless addressed.
- Raise profile of Commercial OPD stock management
- Improves effective team working - variable practices between pharmacy departments
  - Clinical leads
  - Dispensaries
  - Stores
  - Technical services.

# Issues affecting inventory

- Pharmacy stock control systems
- Local policies
- Supplier capability
- Humans!
  - Changes in clinical practice
  - Ordering behaviours – manual vs system



# Inventory management guides on SPS website



The first stop for professional medicines advice

# Managing medicines inventory - introduction

## Managing medicines inventory

Published 13 January 2026

Topics: [Procurement](#) · [Trusts](#)

Approaches to maintain accurate medicines inventory and investigate incorrect stock levels by secondary care pharmacy procurement teams.

This article forms part of a series

### Managing medicines inventory

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- [Completing regular and annual stock checks](#)
- [Reconciling stock in automated storage systems](#)
- [Monitoring slow moving stock and rarely used medicines](#)
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### Using our advice

To support the continued supply of medicines, hospital pharmacy procurement and store leads need to maintain an accurate inventory.

We encourage you to work with senior leadership, internal and external auditors to establish what the Trust policy requirements are and apply appropriate processes.

### Using articles in this series

We discuss different actions procurement leads can undertake to maintain their inventory, some of which can be measured for quality improvement. Many approaches might be viewed as best practice, but none are mandated by regional pharmacy procurement leads.

Optimum medicines inventory processes for individual trusts rely on the accuracy of medicine stock levels. Medicines stock levels are in a constant state of change due to activities such as dispensing, issuing, receipting, it is important to review potential incorrect stock levels in a timely way to prevent further inaccuracies and maintain patient safety.

### Investigating incorrect stock levels

Inventory can be incorrect for many reasons, and trusts are urged to undertake reasonable root cause analysis to identify the potential cause for inaccuracies. Procurement and stores leads need to balance the appropriate resources committed to investigate a discrepancy against the value, volume, criticality (controlled drugs) and frequency of occurrence.

It is important to understand charging a medicine discrepancy to a cost centre on the pharmacy system might impact on the product usage profile and ordering of replacement stock. Discrepancies should be addressed appropriately.

The stock correction processes built into some pharmacy systems will attribute the financial loss or gain of a product to the pharmacy budget. Identifying the cause of a stock discrepancy and applying the appropriate IT processes to resolve the problem is essential.

Hospital procurement leads may want to consider the following list of causes when reviewing stock inaccuracies.

### Incorrect quantity

#### Received

An order is received and only part of it has been delivered. This can be an issue with standing orders where deliveries are made over a set period of time.

#### Picked

These can occur in any location, but typically where a dispensing label is not applied, for example picking for ward stock, or requisitioning between locations.

#### Dispensed

A mix up between boxes of medicines and individual units. For example, a box of 10 ampoules is booked out as 1 individual unit.

### Open store

When stock is moved between stores and dispensary locations but stock transfers on IT systems are not used. A closed store generally has processes in place to restrict staff moving stock and ensures better accuracy. Correcting stock discrepancies typically involves counting stock at all locations to identify the cause.

### Incorrect use of automation

Most automated storage systems will allow for a manual override to remove a product from storage. If used inappropriately, these systems will generate a reconciliation issue between the automated system and pharmacy IT system.

### Incorrect use of labelling systems

Some pharmacy systems allow for relabelling of a dispensed medicine without deducting stock as a registered issue transaction. These systems are sometimes used when stock is inaccurate but can further contribute to stock inaccuracies if not identified and resolved.

### Stock adjustments

Adjusting stock without fully investigating its cause can contribute to broader stock discrepancies. This is particularly an issue when stock is regularly moved across multiple storage locations without the correct use of pharmacy systems.

### Diversion of product

The term used to describe stock theft.

### Expired stock

Disposed stock not booked off the pharmacy IT system.

### Short-dated stock

Stock on the pharmacy system but not suitable for use. Robust expiry checking is essential for patient safety.



# Managing medicines inventory - introduction

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Topics: [Procurement](#), [Trusts](#)

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Hospital procurement leads may want to consider the following list of causes when reviewing stock inaccuracies.

Important to understand the consequences of how you correct stock

### Incorrect quantity

#### Receipted

An order is receipted and only part of it has been delivered. This can be an issue with standing orders where deliveries are made over a set period of time.

#### Picked

These can occur in any location, but typically where a dispensing label is not applied, for example picking for ward stock, or requisitioning between locations.

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**Completing regular and annual stock checks**  
Published 13 January 2026  
Topics: [Procurement](#) [Tools](#)

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The actions discussed are viewed as best practice, but none are mandated by SPS regional pharmacy procurement leads.

**Regular stock checks**

Most pharmacy systems will have a basic stock checking function to support regular stock checks. Stock checks would be completed daily or weekly. A list of random products with their stock levels is checked for accuracy in each location.

Many trusts will run this model of inventory management as it is compliant with most audit requirements. An agreed number of stock checks per day ensures all medicines have been counted an agreed number of times in a 12-month period. The stock check is completed either at the start or the end of the working day, when there is little to no movement of stock.

Some pharmacy systems can be configured to count high cost products and/or critical medicines on a more regular basis such as four or six times a year to help minimise financial risk by identifying discrepancies sooner and supporting patient safety.

This stock check can be resource intensive but provides assurance of accurate stock.

**Monitoring slow moving stock and rarely used medicines**  
Published 13 January 2026  
Topics: [Procurement](#) [Tools](#)

It is important to hold medicines in date and identify where usage of medicines has changed or are only required on an irregular basis.

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**Slow moving stock**

Slow moving stock will be a financial liability if the products' shelf life is less than the number of days' stock on hand. Slow moving stock can result in expired stock that can potentially impact on patient care, and needs to be accounted for in the pharmacy budget.

Several factors can impact on surplus stock, including pharmacy system configuration and manual ordering, resulting in inappropriate orders on demand. Changes in clinical practice which result in a reduction in prescribing of a medicine can also lead to a surplus of stock.

**Analysis of slow moving stock**

Stock analysis is broadly viewed against a set of criteria, such as a turn rate in excess of 300 days' inventory data can be extracted and used in financial orders to identify the highest value finance liability. Procurement and store leads must ensure product stock accuracy and verify data to ensure the potential for expired stock.

Following the stock analysis, consider potential actions to mitigate risk, in liaison with senior pharmacy managers, and the appropriate clinical lead.

Trust pharmacy departments with a Wholesale Dealer Authorisation (WDA) may consider reducing their financial liability by setting redundant stock to another NHS organisation. Systems such as Salsita Stock Optimisation required may also be able to support this process.

Trusts should consider the optimum approach to managing stock on their pharmacy system, and how the system will manage the transaction, ensuring where possible the potential to identify stock issues, before the SPS guidance. Measure excess stock and decommissioned products (SPS page) for suggestions on how to best manage the process.

**Managing stock of critical medicines**  
Published 13 January 2026  
Topics: [Procurement](#) [Tools](#)

Essential medicines that must be held in stock or risk assessed for alternatives if unavailable.

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**Critical or operationally essential medicines list**

Many pharmacy departments will manage an inventory list of medicines that are deemed critical to support a defined number of services or procedures. Critical medicines lists will be agreed with senior clinical pharmacy leads and reflect the services supported by the trust. For example, resuscitation agents, vasopressors and rarely used antibiotics.

Most pharmacy systems will use generic stock issue transactions to determine stock holding. It is most cases adapting the best medicine stock holding to levels outside of the parameters for routine ordering to ensure adequate stock in hand.

**Monitoring critical medicines**

Consider the following actions to monitor your stock of critical medicines:

- Check stock by location, for example an emergency drug cabinet location
- Agree criteria list of critical medicines, including stock levels and average size. Critical medicines will need to be monitored as part of a regular process, and to do so orders created where appropriate, some systems might require manual ordering
- Engage with lead clinicians as well as chief pharmacist, A&E pharmacist, ITU pharmacist and theatre lead pharmacist to ensure there is an agreed list of medicines that the list contains critical
- Consider adding a flag on the pharmacy IT system to alert pharmacy staff that it is essential to hold an agreed quantity of stock at any time. Consider more frequent stock checks for critical medicines
- Review how to best use the 'best medicine stock levels' feature of your pharmacy IT system. This is particularly useful when working to hold defined quantities of critical medicines such as courses of rarely used antibiotics.

**Managing expired stock and decommissioned products**  
Published 13 January 2026  
Topics: [Procurement](#) [Tools](#)

Advice on how to manage expired stock and decommissioning of medicines.

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**Expired stock**

Stock processes must be in place if trusts are to manage medicines stock successfully in all areas such as wards and departments as well as the pharmacy department. Patient safety relies on the right medicine being in the right place at the right time in the right quantity and in date. Adequate stock rotation in all areas should be a regular identified process.

Consideration should be given to rotating medicines held in critical locations where usage is minimal. This stock could be moved as the medicine nears expiry to a location where usage is high. An example of medicines stored in the emergency medicines cupboard, stock could be moved to areas where it may be used such as intensive care units, theatres or Accident and Emergency to expiry. The emergency medicines cupboard can be replenished with longer dated stock.

**Areas for quality improvement**

Trusts should review options to financially account for all expired stock using pharmacy IT system cost centres that do not contribute to the order agreement. These are sometimes referred to as 'sinker' cost centres.

Financial issues through expired stock should be regularly reported and monitored. For some trusts, the right form part of annual and external audit requirements, and should be data accessible through standard reporting functions. For trusts that use expired stock cost centres on their pharmacy IT system, the RIMS system can also support the ongoing reporting using the following link:

- RIMS - Expired - Value of expired stock by month
- RIMS - Expired - Top 10 expired medicines by year

**Decommissioning products**

There will be occasions when a medicine held in stock in pharmacy will cease to be required, for example, when there is a change in clinical practice. An assessment giving consideration to regulatory requirements should be carried out to determine if the product:

- will be used prior to its expiry
- can be sold to another organisation (Wholesale Dealer Authorisation (WDA) may be required)
- is not alternative but to follow the appropriate trust waste destruction process.

The key activity is to ensure that the Trust can financially account for the cost of the product, whilst not representing stock that has a future demand.

**Understanding principles of medicines inventory management**  
Published 13 January 2026  
Topics: [Procurement](#) [Tools](#)

Our advice to help NHS secondary care pharmacy procurement teams manage inventory of medicines.

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**Benefits of holding medicines centrally**

Medicines prevent, treat or manage many illnesses or conditions and are the most common intervention in healthcare. Storing medicines is always a compromise of stock holding costs versus service level to the end user. Managing medicines in secondary care is challenging regarding supply issues, contract changes and logistics. Managing stock and pharmacy IT systems within the trust's control helps prevent stock outs, reduces time spent chasing orders and lowers carriage charges.

Factors to consider when holding medicines centrally include:

- space costs, such as rent, heating, lighting
- staff resources
- money tied up in stock
- stock no longer used
- insurance costs
- losses through theft
- inventory control costs

**Reconciling stock in automated storage systems**  
Published 13 January 2026  
Topics: [Procurement](#) [Tools](#)

Highlighting the importance of maintaining a closed system, monitoring and restricting access to minimise errors and discrepancies.

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**Robotic storage and dispensing cabinets.**

Many trusts will operate automated storage systems, for example robotic and dispensing cabinets. Automated storage systems may issue to more than one location such as stores and dispensary.

Pharmacy IT systems can run a stock reconciliation process identifying the difference between pharmacy system and high value medicines within all locations in the department should have regular stock checks to ensure stock holding is accurate, and all medicines can be financially accounted for.

The process needs to be restricted to the appropriate staff who can investigate and correct stock levels. Due to the nature of large ranges of medicines stored in automated systems, stock accuracy can be achieved quickly but should be run on a regular basis to complement non-automated storage stock checks.

**Managing high value medicines**  
Published 13 January 2026  
Topics: [Procurement](#) [Tools](#)

Medicines can be seen as a liability or an asset. High value medicines should have regular stock checks to ensure stock holding is accurate.

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**High value medicines**

Medicines inventory is often produced in industry as a liability. Some medicines that hospitals are required to hold are of high value, particularly branded medicines, and specialist medicines such as those used in oncology, each have a defined expiry date.

High value medicines are commonly commissioned by NHS England and require patient level billing data to be submitted for financial recovery. On the other hand, some finance departments may see the stock in total terms as an asset. Reducing stock holding has an impact on Trust equity, therefore it is essential to speak with your chief pharmacist or designated responsible person when making any significant changes to stock holding.

There is a financial risk of holding stock that may not be used within its expiry date.

Typically, oral solid dose medicines will have long shelf lives, spanning a couple of years. Irrevocable medicines generally have shorter shelf lives, unbranded vaccines and compounded medicines may have very short expiry dates.

High value medicines within all locations in the department should have regular stock checks to ensure stock holding is accurate, and all medicines can be financially accounted for.

Pharmacy systems can support the reporting of inventory stock checking by value and location to support this process.

RIMS's Expiry has a function to identify the [highest value medicines](#).

**Managing high frequency order lines**  
Published 13 January 2026  
Topics: [Procurement](#) [Tools](#)

Advice on optimising pharmacy systems to balance storage capacity, supply and demand.

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**Pharmacy systems ordering patterns**

Pharmacy procurement teams continually try to balance optimum medicines inventory, reviewing storage capacity and demand and internal departmental logistics. Pharmacy ordering systems algorithms can consider case, capacity issues and procurement leads may need to take more regular ordering patterns. For example, numerous daily, where manual ordering might be the preferred method.

Pharmacy systems, when configured appropriately, will automatically build orders in line with demand. A dependence on manual ordering systems can also lead to orders being missed at the point of when a minimum order level is triggered, and not at scheduled times of the week or month. This can cause operational problems for pharmacy stores where the same medicines are being delivered several times a week.

Similarly, the manual flow of minimum order levels that are not changing in line with increases in demand can cause the same effect. These products may be susceptible to frequent stock outs.

**Areas for quality improvement**

To ensure the ordering patterns are optimal, procurement leads can review their most frequently ordered lines, reducing delivery frequency, and improving stock holding. Pharmacy systems should support this function through system or desktop reporting.

The RIMS system allows hospital pharmacy departments to report on high frequency ordering through the following link:

- RIMS - Expiry - Top 10 lines through RIMS/Expiry
- RIMS - Expiry - Top 10 lines through RIMS/Expiry

# SPS webpages to support procurement

**Managing medicines inventory**  
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**Key points on maintaining accurate inventory**

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**Regular stock checks**

Most pharmacy systems will have a basic stock check that can be completed daily or weekly. A list of locations.

Many trusts will run this model of inventory number of times checked per day ensures a period. The stock check is completed where movement of stock.

Some pharmacy systems can be configured to run such as four or six times a year to help support patient safety.

This stock check can be resource intensive.

**Monitoring slow moving stock and rarely used medicines**  
Published 13 January 2026

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Several factors can impact on waste stock, including pharmacy system configuration and manual ordering, resulting in overstocking or understocking. Consider a process to review stock levels and update the pharmacy system to ensure accurate stock levels.

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Published 13 January 2026

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Refer to the first article in this series, [Managing medicines inventory \(SPS page\)](#), if you have not done so already.

The actions discussed are viewed as best practice, but none are mandated by SPS regional pharmacy procurement leads.

**Critical or operationally essential medicines list**

Many pharmacy departments will manage an active list of medicines that are deemed critical to support a defined number of services or procedures. Critical medicines lists will be agreed with senior clinical pharmacy leads and reflect the services supported by the trust. For example, anaesthetics, vasoactive drugs, and rarely used antibiotics.

Most pharmacy systems will have a stock check to determine stock holding in most cases adjusting for holding levels outside of the parameters for routine ordering.

**Managing expired stock and decommissioned products**  
Published 13 January 2026

**Advice on how to manage expired stock and decommissioning of medicines.**

**This article forms part of a series**

- **Managing medicines inventory**
- **Understanding principles of medicines inventory management**
- **Completing regular and annual stock checks**
- **Reconciling stock in automated storage systems**
- **Monitoring slow moving stock and rarely used medicines**
- **Managing high value medicines**
- **Managing stock of critical medicines**
- **Managing high frequency order lines**
- **Managing expired stock and decommissioned products**

**Reconciling stock in automated storage systems**  
Published 13 January 2026

**Highlighting the importance of maintaining a closed system, monitoring and restricting access to minimise errors and discrepancies.**

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**Robotic storage and dispensing cabinets.**

Many trusts will operate automated storage systems, for example robotic and dispensing cabinets. Automated storage systems may be used in more than one location such as stores and dispensary.

Pharmacy IT systems can run a stock reconciliation process identifying the difference between pharmacy system and stock held in the automated system. These are fast and very effective, but still need investigating before being conducted.

The process needs to be restricted to the appropriate staff who can investigate and correct stock levels. Due to the nature of large ranges of medicines stored in automated systems, stock accuracy can be achieved quickly but should be on an on a regular basis to complement normal non-automated storage stock checks.

**Regular stock checks to ensure stock holding is accurate.**

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**High value medicines**

Medicines inventory is often prioritised in industry as a liability. Some medicines that hospitals are required to hold are of high value, particularly branded medicines, and specialist medicines such as those used in oncology, each have a short shelf life.

High value medicines are commonly commissioned by NHS England and require patient level billing data to be submitted for financial recovery. On the other hand, some finance departments may see the stock in real terms as an asset. Reducing stock holding has an impact on Trust assets therefore it is essential to speak with your chief pharmacist or designated responsible person when making any significant changes to stock holding.

There is a financial risk of holding stock that may not be used within its expiry date.

Typically, one or two solid dose medicines will have long shelf lives, spanning a couple of years. Irrevocable medicines generally have shorter shelf lives, automated systems and compounded medicines may have very short expiry dates.

High value medicines with all occasions in the department should have regular stock checks to ensure stock holding is accurate, and all medicines can be financially accounted for.

Pharmacy systems can support the reporting of inventory for stock checking by value and location to support the patient.

Rohto's Exend has a function to identify the [high value medicines](#).

**Managing stock of critical medicines**  
Published 13 January 2026

**Essential medicines that must be held in stock or risk assessed for alternatives if unavailable.**

**This article forms part of a series**

- **Managing medicines inventory**
- **Understanding principles of medicines inventory management**
- **Completing regular and annual stock checks**
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**Pharmacy systems ordering patterns**

Pharmacy procurement teams continually try to balance optimum medicines inventory (reviewing storage capacity with demand and review departmental logistics). Pharmacy ordering systems algorithms can sometimes cause costly issues and procurement leads may need to take more regular ordering patterns. For example, intravenous fluids, where manual ordering might be the preferred method.

Pharmacy systems, when configured appropriately, will automatically build orders in line with demand. A dependence on manual ordering routines can also lead to orders being missed at the point of when a minimum order level is triggered, and not at scheduled times of the week or month. This can cause operational problems for pharmacy stores where the same medicines are being delivered several times a week.

Similarly, the manual flag of minimum order levels that are not changing in line with increases in demand can cause the same effect. These products are susceptible to frequent stock outs.

**Managing high frequency order lines**  
Published 13 January 2026

**Using pharmacy systems to balance storage capacity, supply and demand.**

**This article forms part of a series**

- **Managing medicines inventory**
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**Decommissioning products**

There will be occasions when a medicine held in stock in pharmacy will cease to be required, for example, when there is a change in clinical practice. An assessment giving consideration to regulatory requirements should be carried out to determine if the product:

- will be used prior to its expiry
- can be sold to another organisation (Othello's/ System Automation (SDA) may be required)
- not alternative but to follow the appropriate trust waste destruction process.

The key activity is to ensure that the Trust can financially account for the cost of the product, whilst not representing stock that is no longer needed.

**Principles of why we hold inventory**

**Benefits of holding medicines centrally**

Medicines present, held or manage many stresses or conditions and are the most common intervention in healthcare. Storing medicines is always a compromise of stock holding costs versus service level to the end user. Managing medicines in secondary care is challenging regarding supply issues, contract changes and logistics. Managing stock and pharmacy IT systems within the trust's control helps prevent stock outs, reduces time spent chasing orders and lowers carriage charges.

Factors to consider when holding medicines centrally include:

- space costs, such as rent, heating, lighting
- staff resources
- money tied up in stock
- stock no longer used
- insurance costs
- losses through theft
- inventory control costs

## Understanding principles of medicines inventory management

Published 13 January 2026

Topics: [Procurement](#) · [Trusts](#)

Our advice to help NHS secondary care pharmacy procurement teams manage inventory of medicines.

This article forms part of a series

Managing medicines inventory

- [Understanding principles of medicines inventory management](#)
- [Completing regular and annual stock checks](#)
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### Contents

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[How much stock to hold](#)

- [Calculation of stock holding](#)
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[Stock holding locations](#)

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- [Periodic review](#)
- [Fixed order](#)

[Checking stock levels](#)

## Benefits of holding medicines centrally

Medicines prevent, treat or manage many illnesses or conditions and are the most common intervention in healthcare. Storing medicines is always a compromise of stock holding costs versus service level to the end users. Managing medicines in secondary care is challenging regarding supply issues, contract changes and logistics. Managing stock and pharmacy IT systems within the trust's control helps prevent stock outs, reduces time spent chasing orders and lowers carriage charges.

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To manage stock effectively, three key questions should be considered. Although the questions seem obvious, colleagues are often continue 'as normal' and may not be reviewing the basics.

1. How much stock to hold?
2. How much stock to order?
3. How often to order?

We discuss each question in the rest of this article. You should consider incremental changes to the pharmacy ordering system and monitor the impact of change to avoid unintended overstocking or destocking of key medicines.

## How much stock to hold

It is important to know how much stock you hold at any time. Pharmacy procurement teams should consider implementing the three calculations discussed in line with local policy.

## Calculation of stock holding

Most systems allow this figure to be generated. In addition to pharmacy IT systems, Rx-info has developed software for NHS hospital pharmacies and finance departments, providing them with instant access to high quality business intelligence reports. Secondary care pharmacy procurement teams have access to the RxInfo system. The RxInfo System, Exend provides monthly tracking of inventory value through the following:

RxInfo Exend – [Total Stock Value](#)

## Calculation of annual spend

Annual spend is vital for effective management. This figure can be obtained from your hospital pharmacy system. The RxInfo Exend Spend Analytics system provides a monthly total value of purchases.

RxInfo Exend – [Monthly medicines purchase value](#)

RxInfo Exend – [12 month medicines purchase value](#)

## Calculation of stock turnover

This calculation tells you the number of times your stock turns over per year. This can be calculated by dividing the Trust's annual medicines spend by the average stock value.

The typical value for stocks turns is 12 to 16 times a year.

### Less than 12

You may have too much stock.

### More than 16

You may be generating too many orders. Check your service levels, are they adequate?

Stock turns are often converted into the number of weeks of stock. Divide the stock turn figure by 52 to generate an average. The typical range is 3 to 6 weeks. Different stock categories will move at different rates.

## Adjusting stock holding parameters

You may want to consider:

- adjusting the number of weeks stock set in the pharmacy IT system
- adjusting the individual medicine's minimums and maximums and fixing them
- fixing a maximum, if you have a limited amount of storage space, such as fridge items
- reviewing the top 20 medicines by value and monitoring stock levels, reducing or tracking the top 20 medicines may decrease overall stock holding value significantly

Examples of when to fix minimums and maximums:

- holding a set course of rarely used antibiotics
- meeting needs of monthly or quarterly outpatient clinics with multiple patients using the same treatment
- managing limited storage capacity

## Stock categorisation

Not all stock is the same. Examples of how medicine can vary include, how frequent medicines are supplied, their criticality to patients (antibiotic versus a vitamin tablet) and cost. You may consider categorisation of these medicines differently.

## Why do we hold inventory?

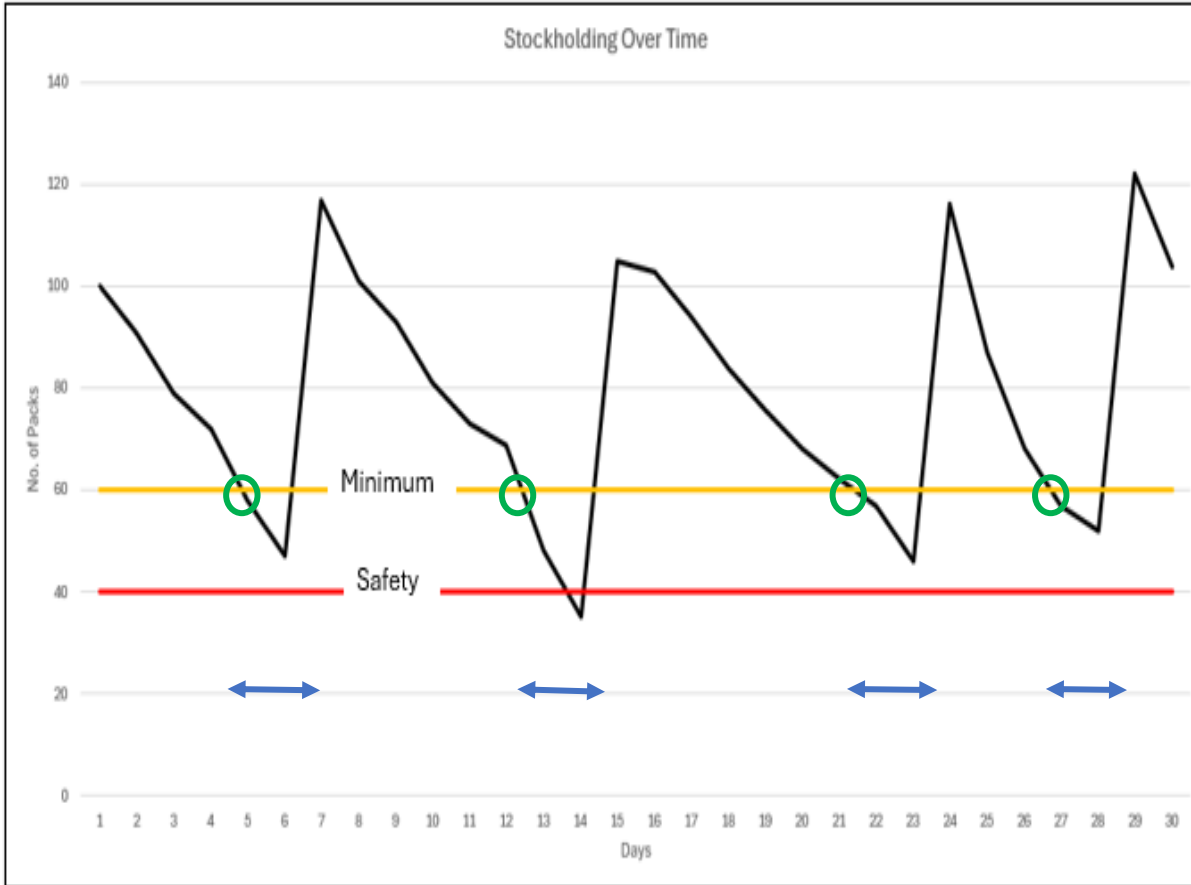
- Satisfy immediate and future demand, and maintain service levels
- Provide a buffer against supply disruptions and increase resilience
- Manage seasonal or unpredictable demand
- Achieve economies of scale and operational efficiency

## Principles, models and metrics for managing inventory

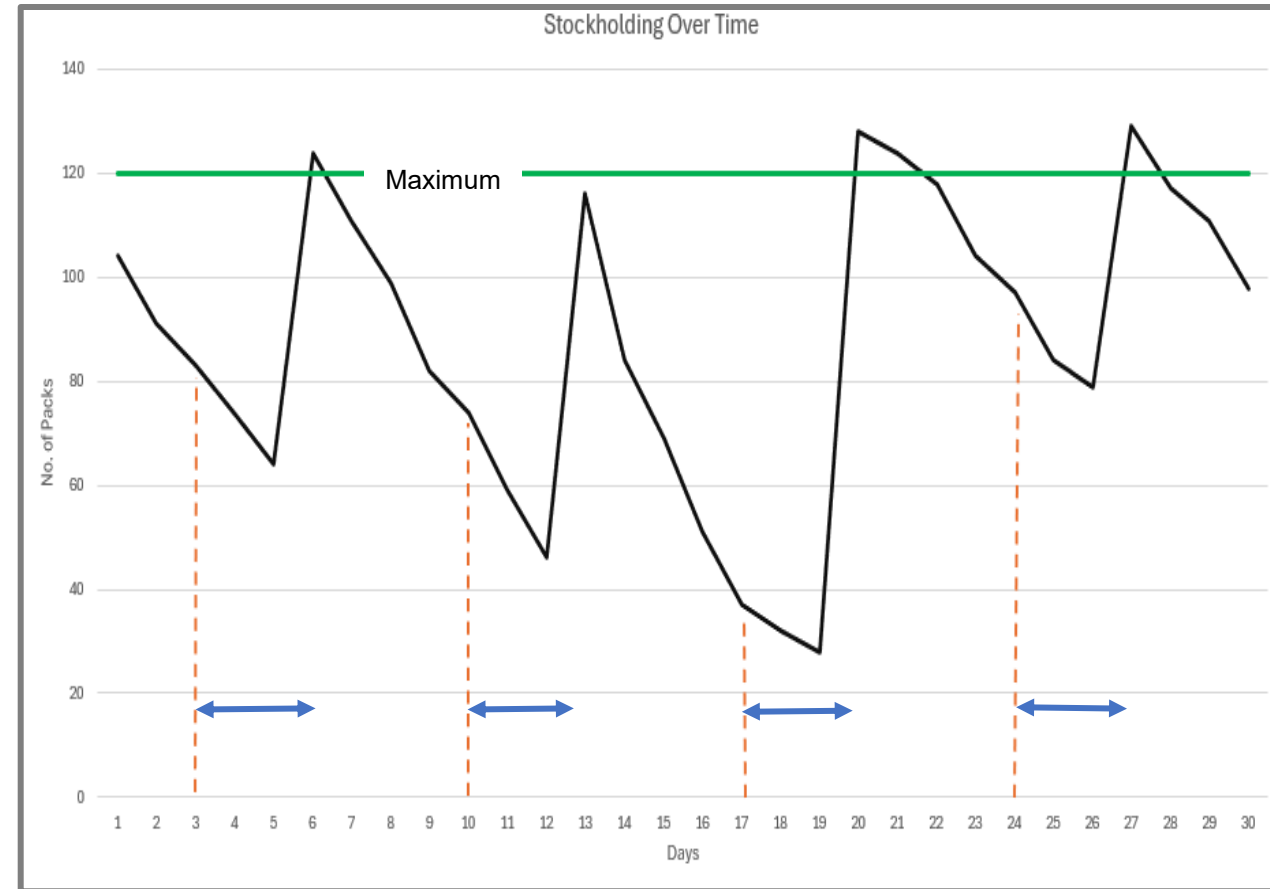
- Order methods
- Inventory categorisation models
- Key Performance Indicators

# Order Methods

- Order only on request

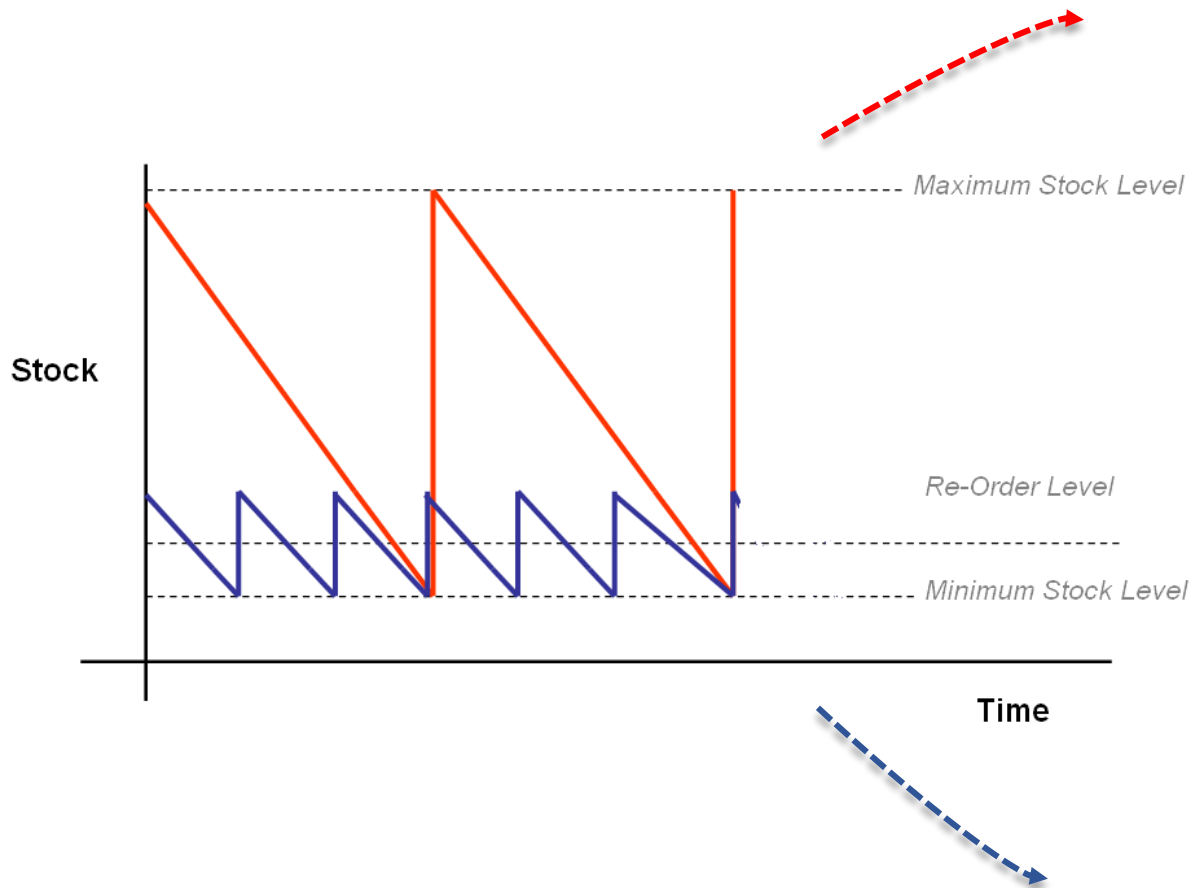


- Fixed Order Quantity



- Periodic Review

# Order Methods



## Slow Ordering Patterns

- High volume / value of stock
- Large deliveries that exceed capacity
- Increased risk expired stock

## Fast Ordering Patterns

- Based on “Just In Time” (JIT) model
- Frequent deliveries of low quantities of stock
- Resource intensive
- Risk frequent out of stocks with little buffer

# Identifying contributing factors

## Managing high frequency order lines

Published 13 January 2026

Topics: [Procurement](#) · [Trusts](#)

Advice on optimising pharmacy systems to balance storage capacity, supply and demand.

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### Using our advice

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### Pharmacy systems ordering patterns

Pharmacy procurement teams continually try and balance optimum medicines inventory, reviewing storage capacity with demand and internal departmental logistics. Pharmacy ordering systems algorithms can sometimes cause capacity issues and procurement leads may need to have more regular ordering patterns. For example, intravenous fluids, where manual ordering might be the preferred method.

Pharmacy systems, when configured appropriately, will automatically build orders in line with demand. A dependence on manual ordering routines can also lead to orders being released at the point of when a minimum order level is triggered, and not at scheduled times of the week or month. This can cause operational problems for pharmacy stores where the same medicines are being delivered several times a week.

Similarly, the manual fixing of minimum order levels that are not changing in line with increases in demand can cause the same effect. These products are susceptible to frequent out of stocks.

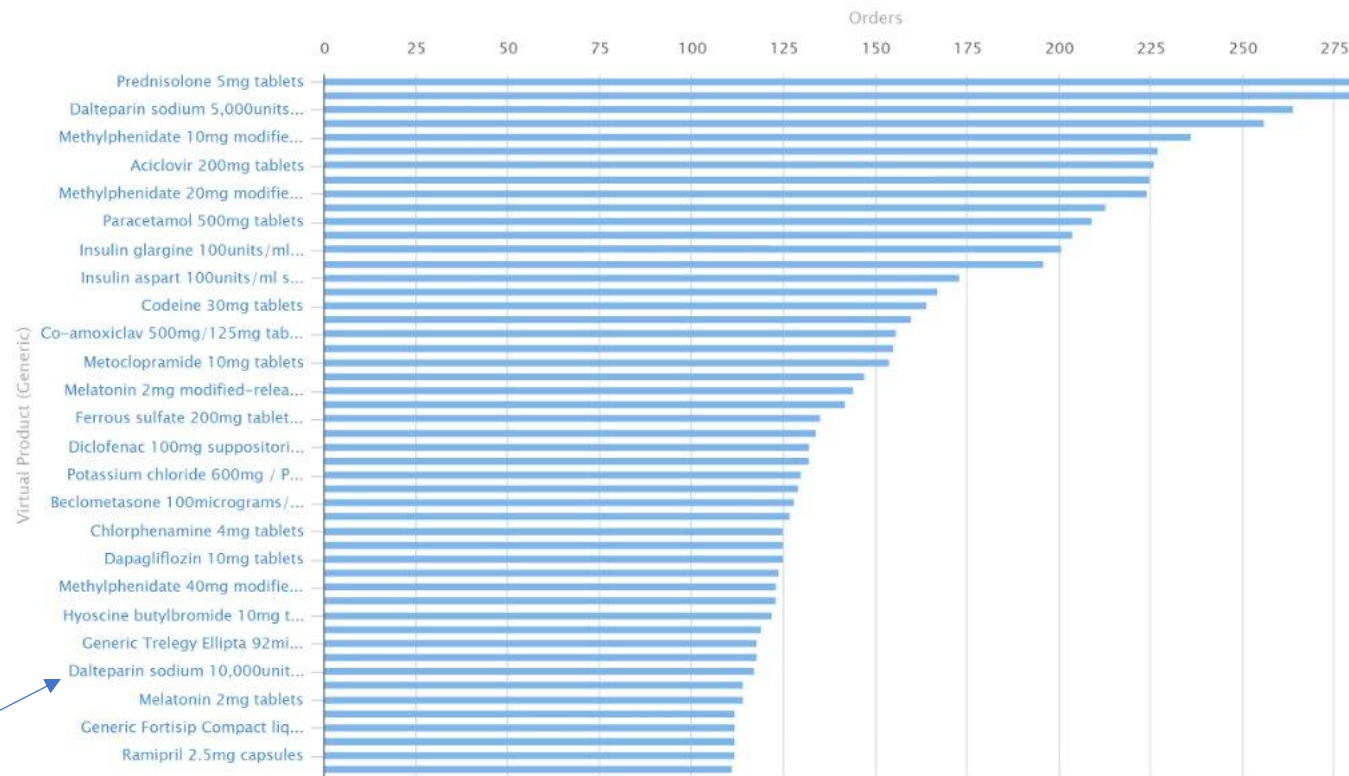
### Areas for quality improvement

To ensure that ordering patterns are optimal, procurement leads can review their most frequently ordered lines, reducing delivery frequency, and improving stock holding. Pharmacy systems should support this function through system or bespoke reporting.

The RxInfo system Exend, allows hospital pharmacy departments to report on high frequency ordering through the following:

- RxInfo Exend – [Top 50 lines through Wholesalers](#)
- RxInfo Exend – [Top 50 lines through Non-Wholesaler](#)

Supplier (Common): AA H Pharmaceuticals Ltd, Alliance Healthcare (Distribution) Ltd, Mawdsley-Brooks & Company Ltd, Phoenix Healthcare Distribution Ltd, Excluding VMP: -None-, Show Top: 50 Categories only



Trusts can review and monitor ordering patterns, and develop local quality improvement plans as appropriate



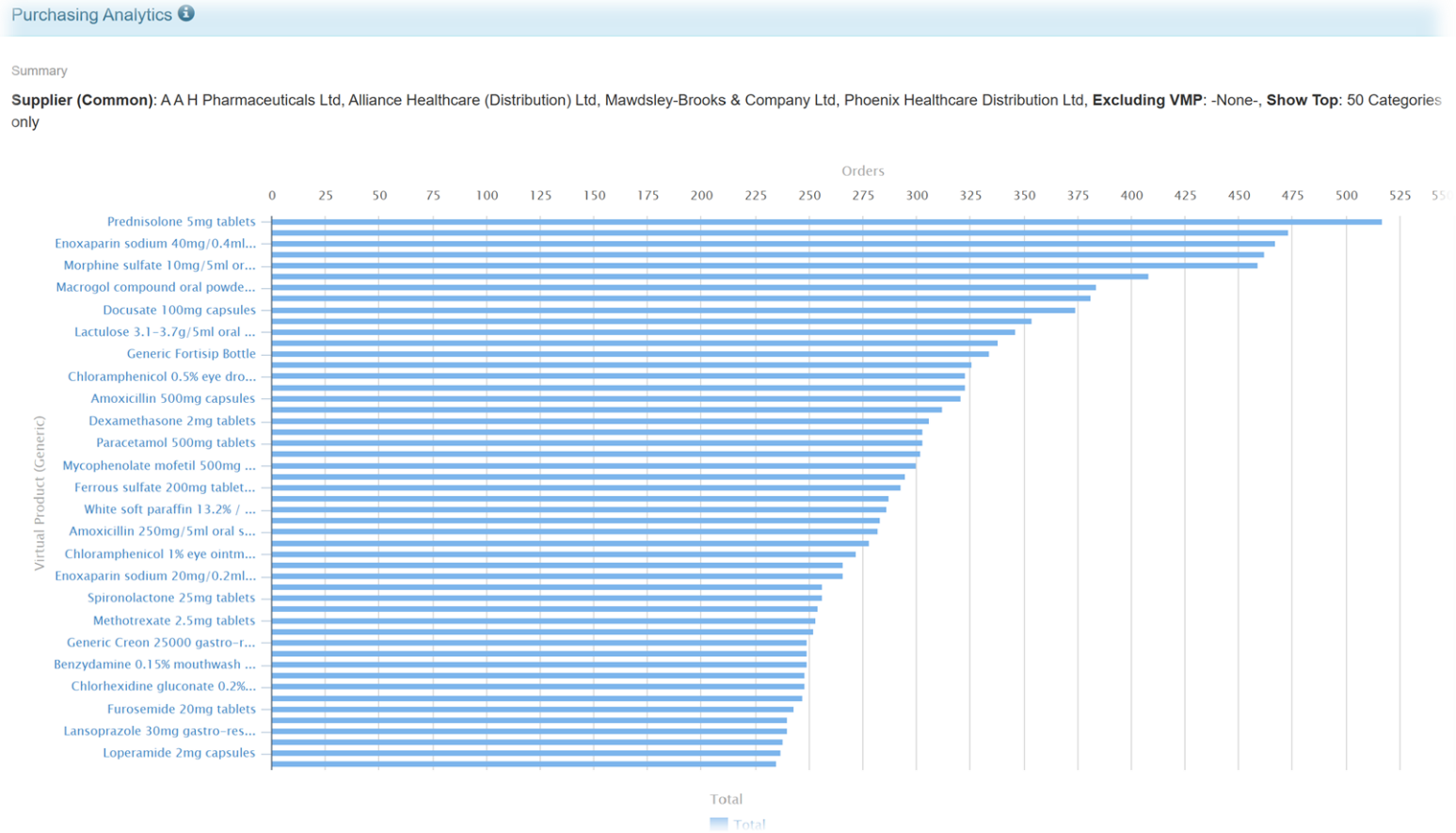
# Identifying contributing factors

**Exend+**

Spend Analytics  
Analysis of purchasing

Purchasing Analytics  
Purchase data from your Trust.

- Top 10 Products
- Top 10 Suppliers
- Top 10 Suppliers - Excluding Homecare
- Top 30 ATC Chemicals
- Top 10 BNF Chapters
- Over Time
- Contract vs Off-Contract Purchases
- Top 20 Off-Contract Products
- Price Index
- Custom, Total
- Custom, By Month
- Activity per wholesaler type / non-wholesaler
  - Orders per full-line wholesaler
  - Orders per supplier, excluding full-line wholesalers – top 50
  - Orders per short-line wholesaler
  - Top 50 lines through full-line wholesalers
  - Top 50 lines through short-line wholesalers
  - Top 50 lines NOT through full-line wholesalers (excluding homecare)
- Cost per supplier
  - Cost per Supplier Type
- Ordering efficiency
  - Number of order lines per order (denominator = orders), top 100 – past month
  - Number of order lines per order (denominator = orders), top 100 – past 12 months
  - Number of orders, top 30 – past month
- Pre-labelled lines
  - Cost and number of orders, top 50 lines
- Compounding
  - Cost and number of orders, top 50 lines including "none" VMPs







- Might indicate minimum order levels set too low, causing frequent outages

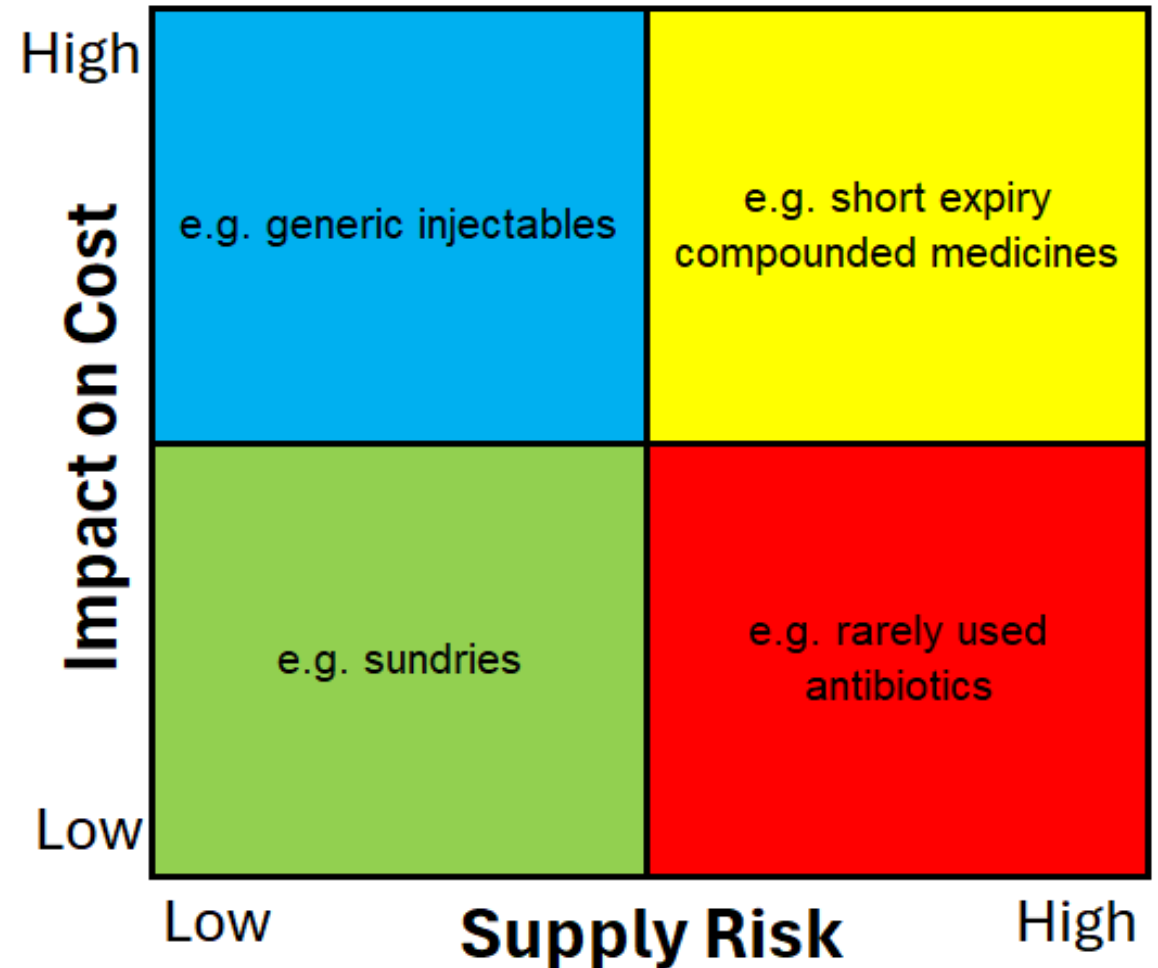
# Inventory categorisation models

- **Pareto** – the '80:20 rule'
- **VEN categories** – Vital Essential Necessary or ABC analysis
  - A = highest value, risk or stock turn
  - B = medium value, risk or stock turn
  - C = lowest value, risk or stock turn

# Inventory categorisation models

## Product Matrix

-  Many suppliers and near substitutes  
? Bulk purchasing
-  Few suppliers and near substitutes  
? Fixed quantities / Regular stock checks
-  Many suppliers and near substitutes  
? Higher stock levels / Well managed back-orders
-  Few suppliers and near substitutes  
? Close monitoring



# Key Performance Indicators

**Stock Service Level**     $\text{Service Level \%} = \frac{\text{demands fully satisfied}}{\text{demands made}} \times 100$

**Stock Turn Rate**     $\text{Stock Turn} = \frac{\text{annual spend value}}{\text{average stock value}}$

**Aim:** to achieve good Stock Service Level with optimal Stock Turn Rate.

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# Extend & Extend +

Extend Home Support

Extend does not yet include data from Bedford and other small 3rd party pharmacy systems.

**Extend**

**Stock**  
Use up to date stock data to monitor supply levels and over-stocking

**Supply Issues**  
Monitor medicine issues of known shortage items

**Extend+**

**Spend Analytics**  
Analysis of purchasing

**Contracts**  
Compare procurement data against CMU contract data to minimise off-contract spending

Stock analytics

Purchase analytics

**Extend**

**Stock**  
Use up to date stock data to monitor supply levels and over-stocking

Report data from 1 Sources, 0 (0.00%) published

**Current Stock Levels**  
Stock Levels by Medicinal Product (VMP)

- View stock for VMP
- Search for Medicinal Product (VMP)
- Stock Hold - no stock
- Stock Hold < 7 Days
- Stock Hold > 6 Months**
- High Cost Stock Levels
- High Unit Cost Stock Levels
- Custom

**Other**

**Extend+**

**Spend Analytics**  
Analysis of purchasing

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Purchase data from your Trust.

- Top 10 Products
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# Slow moving stock and rarely used medicines



The first stop for professional medicines advice

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Home

## Monitoring slow moving stock and rarely used medicines

Published 13 January 2026

Topics: [Procurement](#) [Trusts](#)

It is important to hold medicines in date and identify where usage of medicines has changed or are only required on an irregular basis.

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### Contents

#### Using our advice

- **Slow moving stock**
- Analysis of slow moving stock
- Areas for quality improvement

#### Rarely used medicines

- Analysis of rarely used medicines

### Using our advice

Refer to the first article in this series, [Managing medicines inventory \(SPS page\)](#), if you have not done so already

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### Slow moving stock

Slow moving stock can be a financial liability if the products' shelf life is less than the number of days' stock on hand. Slow moving stock can result in expired stock that can potentially impact on patient care, and needs to be accounted for in the pharmacy budget.

Several factors can impact on surplus stock, including pharmacy system configuration and manual ordering, resulting in inappropriate estimates on demand. Changes in clinical practice which result in a reduction in prescribing of a medicine can also lead to a surplus of stock.

### Analysis of slow moving stock

Stock analysis is typically reviewed against a set criterion, such as a turn rate in excess of 365 days. Inventory data can be extracted and sorted in financial order to identify the highest value financial liability. Procurement and store leads review the product stock accuracy and expiry dates to assess the potential for expired stock.

Following the stock analysis, consider potential actions to mitigate risk, in liaison with senior pharmacy managers, and the appropriate clinical lead.

Trust pharmacy departments with a Wholesaler Dealers Authorisation (WDA) may consider reducing their financial liability by selling redundant stock to another NHS organisation. Systems such as [RxInfo's Vend](#) (subscription required) may also be able to support this process.

Trusts should consider the optimum approach for managing stock on their pharmacy system, and how the system will manage the transaction, avoiding where possible the potential re-ordering of stock issued. Refer to the SPS guidance [Managing expired stock and decommissioned products \(SPS page\)](#) for suggestions on how to best manage the process.

### Areas for quality improvement

There are several ways to review inventory value and identify whether stock is moving too fast or too slow. For example, compare all stock versus all expenditure to determine a turnover rate, or at an individual product level.

Most trust pharmacy systems will support the analysis of slow-moving stock, by measuring stock on hand against a rate of issue. Stock opening and closing values should be produced as part of a month end reconciliation routine. It can be compared to a total expenditure value to develop a stock value, but this will only represent an average of all stock.

Trust procurement and stores leads may consider developing monthly routines to identify and assess surplus stock at a product level to help mitigate the financial liability of potential expired stock and reduce patient safety concerns. Pharmacy systems can produce reports to interrogate the system to support managed processes.

NHS colleagues with the relevant user capabilities are able to utilise the slow moving stock reports available in RxInfo. The reports below can identify slow moving stock and stock that is not expected to be issued by a defined period such as six months or one year. The user can determine the length of time as part of the reporting parameters.

- RxInfo Exend – [All stock not expected to moved within 365 days](#)
- RxInfo Exend – [Slowest Moving stock based on the average number of days](#)

# Slow moving stock

## Current Stock Levels 825

Download All Results (CSV)

Stock levels where mapped to VMP, with e...alling back on estimated annual use recorded against stock record, for Ascribe and EDS). Results where both stock level and use are 0 are excluded.

Reports can be exported into CSV (to manage large data extracts)

Options

Scope

Merged Trusts

Supply Issues:

Virtual Product

Search for Medicinal Product (VMP)

Unit Cost £ (Mean)

Exclude:

- data from 'Obsolete' stock
- Homecare stock
- Third Party stock

Configure stock period to review

ATC (Group, Chemical)

Search for ATC Group/Chemical

Days Remaining (Active Stock, Agg)

From 182

Toggle summary between "ALL Locations" and "By Location"

Source Grouping

Total

dm+d Grouping

VMP

Base Days Remaining On

Use in Last Year

Generated Today at 13:32 (should be regenerated several times per day).

Reset to Defaults

Go

Source Grouping

Source

# Slow moving stock

Sorted by HIGHEST "Number of days stock"

Note report sorting options

Total	VMP	Source Count	Stock Lines	Stock Value (Net)	Unit Cost (Net) (Mean)	Stock Level (VMP Units)		Avg. Daily Use (VMP Units)		Days Remaining (based on use Last Year)			
						Total	With Est. Usage	Last Year	Last Fortnight	All Stock	Agg	Min	Max
Total Oldest stock data extracted about 17 hours ago	Generic Fresubin Original Fibre liquid	1	2	£2,096.00	£0.0099 per ml	212,000 ml	212,000 ml	22 ml	0 ml	9,673	9,673	9,673	9,673
Total Oldest stock data extracted about 17 hours ago	Heparin calcium 5,000units/0.2ml solution for injection ampoules	1	4	£833.00	£ Redacted per ml	50 ml	50 ml	0.0055 ml	0 ml	9,126	9,126	9,126	9,126
Total Oldest stock data extracted about 17 hours ago		1	1			48 tablet	48 tablet	0.0055 tablet	0 tablet	8,761	8,761	8,761	8,761
Total Oldest stock data extracted about 17 hours ago		1	1			100 gram	1,100 gram	0.14 gram	0 gram	8,030	8,030	8,030	8,030
Total Oldest stock data extracted about 17 hours ago		1	1			264 ml	264 ml	0.044 ml	0 ml	6,023	6,023	6,023	6,023
Total Oldest stock data extracted about 17 hours ago	Carfilizomib 10mg powder for solution for infusion vials	1	2	£528.00	£ Redacted per vial	12 vial	12 vial	0.0027 vial	0 vial	4,381	4,381	4,381	4,381
Total Oldest stock data extracted about 17 hours ago	Rabies vaccine powder and solvent for solution for injection 1ml pre-filled syringes	1	3	£0.00	£0.00 per ml	60 ml	60 ml	0.014 ml	0 ml	4,380	4,380	4,380	4,380
Total Oldest stock data extracted about 17 hours ago	Dexrazoxane 500mg powder and solvent for solution for infusion vials	1	4	£6,750.00	£ Redacted per vial	109 vial	109 vial	0.027 vial	0 vial	3,979	3,979	3,979	3,979

The product VMP is the common name used to stitch all local Trust descriptors to one national descriptor.

Look for variation between average usage periods. Could be an indicator of rarely used medicines or changes in clinical practice.



# Highest value stock

Hide / Unhide "Value" columns

Total	VMP	Source Count	Stock Lines	Stock Value (Net)	Unit Cost (Net) (Mean)	Stock Level (VMP Units)		Avg. Daily Use (VMP Units)		Days Remaining (based on use Last Year)			
						Total	With Est. Usage	Last Year	Last Fortnight	All Stock	Agg	Min	Max
Total Oldest stock data extracted about 18 hours ago	Pembrolizumab 100mg/4ml solution for infusion vials	1	1	£176,536.00	£	Redacted	Redacted	57 ml	64 ml	11	11	11	11
Total Oldest stock data extracted about 18 hours ago	Daratumumab 1.8g/15ml solution for injection vials				£	Redacted	Redacted	46 ml	6.1 ml	21	21	21	21
Total Oldest stock data extracted about 18 hours ago	Faricimab 21mg/0.175ml solution for injection pre-filled syringes				£	Redacted	Redacted	3.7 ml	6.2 ml	13	13	13	13
Total Oldest stock data extracted about 18 hours ago	Daunorubicin liposomal 44mg / Cytarabine liposomal 100mg powder for solution for infusion vials	1	2	£78,060.00	£	Redacted	Redacted	0.2 vial	0 vial	120	120	120	120
Total Oldest stock data extracted about 18 hours ago	Ruxolitinib 20mg tablets	2	2	£75,531.00	£38.00	1,088	1,088	20 tablet	50 tablet	98	98	0	107
Total Oldest stock data extracted about 18 hours ago	Pertuzumab 600mg/10ml / Trastuzumab 600mg/10ml solution for injection vials	1						22 ml	8.6 ml	20	20	20	20
Total Oldest stock data extracted about 18 hours ago	Blinatumomab 38.5micrograms powder and solution for solution for infusion vials	1						2.2 vial	5.5 vial	20	20	20	20
Total Oldest stock data extracted about 18 hours ago	Nivolumab 600mg/5ml solution for injection vials	1						6 ml	1.4 ml	41	41	41	41

Sorted by HIGHEST value medicines in stock

Look for indicators of slow movement. Could be indicators of:

- Change in clinical practice
- Stock not routinely booked out (Tech services)
- Manual ordering

# Highest value stock over 365 days

Total	VMP	Source Count	Stock Lines	Stock Value (Net)	Unit Cost (Net) (Mean)	Stock Level (VMP Units)		Avg. Daily Use (VMP Units)		Days Remaining (based on use Last Year)			
						Total	With Est. Usage	Last Year	Last Fortnight	All Stock	Active Stock	Agg	Min
Total	Generic Vosevi 400mg/100mg/100mg tablets	1	1	£47,980.00	£ [Redacted] per tablet	[Redacted] tablet	[Redacted] tablet	0.15 tablet	0 tablet	2,190	2,190	2,190	2,190
Total	Belantamab mafodotin 70mg powder for solution for infusion vials	1		[Redacted]	£ [Redacted] per vial	14 vial	[Redacted] vial	0.0082 vial	0.071 vial	1,703	1,703	1,703	1,703
Total	Obeticholic acid 5mg tablets	1		[Redacted]	£ [Redacted] per tablet	0 tablet	[Redacted] tablet	0 tablet	0 tablet	∞	n/a	n/a	n/a
Total	Sofosbuvir 200mg / Velpatasvir 50mg tablets	1	1	£18,228.00	£ [Redacted] per tablet	0 tablet	[Redacted] tablet	0 tablet	0 tablet	∞	n/a	n/a	n/a
Total	Hydroxocobalamin 5g powder for solution for infusion vials	1	4	£14,931.00	£ [Redacted] per vial	[Redacted] vial	[Redacted] vial						730
Total	Quizartinib 26.5mg tablets	2	4	£14,137.00	£ [Redacted] per tablet	[Redacted] tablet	[Redacted] tablet						1,237
Total	Generic SMOfilipid emulsion for infusion 500ml bottles	1	4	£13,643.00	£ [Redacted] per ml	[Redacted] ml	[Redacted] ml						368

Sorted by HIGHEST value medicines in stock – over 365 days average use.

“Infinity” ∞ sign that indicates no average usage. Might relate to:

- Surplus stock
- A new medicine with no usage.
- Rarely used medicine

# Before you start....

- Read the SPS web content
- Understand how your system creates orders for medicines – speak to your System Manager or software provider.
- Engage with your colleagues - Needs to be a learning / reflective process
- Important to understand the consequences of how you maintain stock accuracy - Quick fixes often lead to more work! Avoid contributing to the problem - Break the cycle
- Consider developing routine stock monitoring as Business As Usual:
  - Regular stock checks – Daily / weekly
  - Top 20 highest value medicines

# Suggested local workplan: High value / slow moving stock

- Nominate an accountable person(s)
- Review top 20 slowest highest value medicines in excess of 365 days ... highest financial risk
- Identify what kind of stock category it might fall into
- Review stock with appropriate lead:
  - Clinical leads
  - Dispensary lead
  - Tech services leads
  - Operational leads
  - Finance
- Agree a plan to manage accuracy, and expiry dates to identify risks to the Trust.
- AVOID reordering where appropriate [written off, booked to a cost centre, transferred or sold]
- Monitor progress

# Suggested local workplan: High frequency ordering

- Identify top 20 high frequency order lines
- Review for pharmacy system configurations / limitations
- Identify the order methods being used to purchase the stock ... is this warranted?
- Review storage capacity options
- Review direct to location orders versus ordering into a single location
- Review stock with appropriate lead:
  - Clinical leads
  - Dispensary lead ... especially when discussing reorder levels
  - Tech services leads
  - Operational leads
  - Finance
- Agree a plan to manage changes in ordering patterns – optimising pharmacy system where possible
- Monitor progress

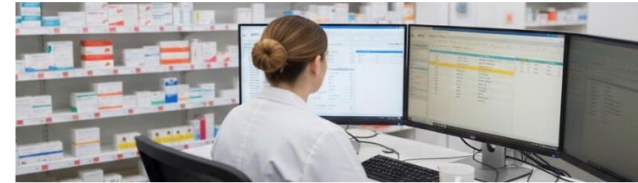
# Futures hub to support sample material

- Developing a document store to support operational procurement.
- Sample Trust SOPs, User Guides and Case Studies.
- Contact your regional procurement team if you want to share your work.

## Pharmacy Technology Hub

Upload New Item

Sample SOPs across the different hospital pharmacy systems in use across the UK. Please bear with us while we collate and develop the material to support you



### Welcome to the Pharmacy Technology Hub

This site brings together sample SOPs and user guides to support people working in medicines procurement. The resources are based on practical experience and focus on helping you use your systems. All of the material has been generously volunteered by colleagues working in hospital pharmacy, with the aim of supporting the wider community of pharmacy procurement staff. Whether you're new to a system or looking to improve how it's already configured, the material here is designed to help you work more efficiently and get the most out of your setup. It is intended that materials can be adapted to fit local processes and governance requirements, and compliment the resources developed on the Specialist Pharmacy Service website.

#### Disclaimer

The sample SOPs and guidance provided on this site are shared for information and support only. They are intended as examples of good practice and should be reviewed, adapted, and approved locally before use. The content may not reflect current local, organisational, or regulatory requirements, and responsibility for ensuring safe, compliant use remains with the individual organisation and users.

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### HOW TO GET INVOLVED

Submit your user guides and SOPs to be hosted here

SUPPORT YOUR COLLEAGUES



The first stop for professional medicines advice

# Thank you for attending the webinar

