



Procurement Policy Note: Procuring Steel in Major Projects - Revised Guidance

Action Note PPN 11/16 13 December 2016

Issue:

1. Government is committed to implementing measures that will help to address barriers that prevent UK steel producers from competing effectively for public sector contracts. In autumn 2015, Government issued steel procurement guidance to central government departments on how to ensure that they take full account of the value provided by steel producers when conducting their procurement activities to help ensure a level playing field for UK steel producers.
2. In April this year, Government announced it would extend the steel guidance so that it is available for use across the wider public sector. The guidance has now been revised to make it more suitable for wider public sector use, and additional improvements or clarifications have also been made to the guidance as a result of reviewing its application since it was issued last year.
3. The revised guidance is a practical guide on how to design major public procurement projects (involving steel) in a way that ensures the best value for money by recognising relevant wider social and environment benefits where appropriate. The revised guidance replaces existing guidance on procuring steel in major projects.
4. Procurement decisions should always be made on a quality/cost/risk basis. The measures contained within the guidance are compliant with the Public Contracts Regulations 2015 (PCRs 2015) and Government's overarching priority of value for money. Local authorities that choose to follow this guidance should ensure that they do so in accordance with the Best Value Duty.

Dissemination and Scope:

5. This PPN updates PPN 16/15. The contents of this PPN and guidance apply to all Central Government Departments, their Executive Agencies and Non Departmental Public Bodies. Together these are referred to in this PPN as 'In-Scope Organisations'. The guidance has also been extended so that the wider public sector can use it in their procurements where they consider it appropriate. When wider

public sector organisations choose to use the guidance, they must ensure that doing so does not conflict with other obligations and guidance.

6. This PPN applies to any major procurement project where steel is a critical component. There is no set value as to what constitutes a major procurement project, as this will differ between contracting authorities. It is therefore, for contracting authorities to determine which of their procurements are major projects. Major procurement projects are likely to include, but not be limited to the following:
 - Infrastructure – such as rail and roads
 - Construction – such as the building of and or refurbishment of prisons, hospitals, universities, housing, community centres, bridges and schools
 - Flood defences
 - Defence related projects (ensuring consistency with the Defence and Security Public Contracts Regulations 2011 as appropriate)
 - Medical equipment
 - Energy related projects – e.g. new nuclear technology
7. Whilst application of this guidance is specifically in relation to steel, the principles are also relevant to other materials, to which it could be applied as appropriate.
8. Please circulate this PPN within your organisation, drawing it to the attention of those with a purchasing role.

Timing:

9. This PPN should be implemented with immediate effect as appropriate.

Monitoring and compliance:

10. As part of the monitoring of this policy, central government departments, their Executive Agencies and Non-Departmental Public Bodies are still required to report on compliance with the Government's steel policy through the existing reporting mechanism overseen by the Crown Commercial Service. This reporting requirement also includes signalling future pipelines of demand for steel in procurement projects (of any value).

Background:

11. The Government wants UK steel companies to be able to compete on a level playing field when applying for public procurement opportunities. The measures in this PPN and associated guidance are designed to ensure that government applies a more strategic and transparent approach to the sourcing of steel in major projects. This should stimulate greater competition and lead to better value for money, while helping to address the barriers that prevent UK suppliers from competing effectively.

Contact:

12. Enquiries about this PPN should be directed to the Crown Commercial Service Helpdesk (telephone: 0345 410 2222, email: info@crowncommercial.gov.uk).