Dear industry partner,

COVID-19 GUIDANCE TO DEFENCE INDUSTRY SUPPLIERS

Following the key message to the defence industry from Sir Stephen Lovegrove, reinforcing your vital role in supporting our critical outputs, I wanted to take this opportunity to share some additional guidance covering our support to suppliers in response to COVID-19.

It’s clear that the current outbreak of COVID-19 is already having an impact on many defence suppliers, who may struggle to meet their contractual obligations, and this will put their financial viability, ability to retain staff and their supply chains at risk. This is why we are taking action to support you to both maintain service delivery and retain staff during these challenging times.

Two Defence Procurement Policy Notes (DPPNs) have been published, which are applicable to all defence and security authorities, and which supersede PPNs 01/20 and 02/20 issued by Cabinet Office. We have also prepared guidance on the furloughing of staff and its application with use of interim payments.

Defence Procurement Policy Note 01/20
Responding to COVID-19 – Defence Update to CO PPN 01/20

This Defence Procurement Policy Note (DPPN) sets out information and associated guidance on the public procurement regulations and responding to the current COVID-19 outbreak. This explains that, in these exceptional circumstances, contracting authorities may need to procure goods, services and works with extreme urgency.
Defence Procurement Policy Note 02/20
Responding to COVID-19 – Defence Update to CO PPN 02/20

The DPPN set out a series of actions in relation to paying suppliers, to ensure service continuity during and after COVID-19 and protect jobs. Contracting authorities have been advised to support suppliers in a range of ways to maintain cash flow during this period. This might include a range of approaches such as forward ordering, payment in advance/prepayment, interim payments and payment on order (not receipt).

Covid-19 Defence Furlough and Interim Payment Policy Note
This provides further guidance on the furloughing of staff through the Coronavirus Job Retention Scheme https://www.gov.uk/guidance/claim-for-wage-costs-through-the-coronavirus-job-retention-scheme and its application with use of interim payments, and includes FAQs.

I hope that this guidance provides reassurance and will allow you to maintain service delivery and retain staff in these unprecedented times. In return we are expecting suppliers to continue to pay employees and flow down funding to their supply chains.

Detailed guidance is contained in the attachments.

Regards,

Jim Carter
Commercial Director, Supply Chain

Encl:
DPPN 01/20
DPPN 02/20
Covid-19 Defence Furlough and Interim Payment Policy Note