



Department for  
Business, Energy  
& Industrial Strategy

# Steel public procurement 2020

Compliance with the steel procurement  
guidance (PPN 11/16)



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# Contents

<b>Departmental breakdown of steel procured for FY18/19</b>	<b>4</b>
<b>Evidence from departments and their arm's length bodies on how they, and their contractors, have complied with the steel procurement guidance</b>	<b>15</b>

## Departmental breakdown of steel procured for FY18/19

### Ministry of Defence (MoD)<sup>1</sup>

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
Dreadnought <sup>2</sup>	NQ1	Approx.400. Actual tonnage not currently available	£1,916,000	Due to its specialist nature, this steel is only currently available in France. Qualification of alternatives including UK producers is taking place for future competitions.	N/A
	HY100	Approx.300. Actual tonnage not currently available	£1,288,000	Due to its specialist nature, this steel is only currently available in France. Qualification of alternatives including UK producers is taking place for future competitions.	N/A
	S550	2,742	£3,600,000	Yes	0%
	S355	Approx.800. Actual tonnage not currently available	£890,000	Yes	Value from UK producers currently not recorded. 100% from UK suppliers.

<sup>1</sup> Some small quantities of other steel types may have been procured during 2018/19. Due to the complexity of the supply chain, detailed information about the source and origin is not recorded.

<sup>2</sup> Steel procurement for the Dreadnought programme is the responsibility of the prime contractor. Due to the complexity of the supply chain, some information is approximating value, tonnage and origin of steel procured as it is not readily available. The prime contractor would need to undertake an extensive, detailed review of all steel orders across the programme to establish this detail.

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
Submarine Emergency Rescue Abandonment Survivability Training Facility - Clyde	Rebar/Mesh	430	£308,000	Yes	100%

### Network Rail

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
Supply of steel rail and ancillaries	Long and short rail	86,526	£60,762,000	No	93.5%
Bloom stock – exceptional purchase <sup>3</sup>	Bloom	15,000	£7,587,000	Yes	100%

<sup>3</sup> Rail procurement is a A14 Cam to Hunts rolling programme. This purchase was made under exceptional circumstantial purchases and should not be considered within a standard order pattern.

## Highways England

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
A14 Cam to Hunts	Reinforcing steel	26.4	-	No	87%
	Bridge steel	742.7	-	No	40%
	Steel barriers	2,560	-	No	95%
	Steel plate	9,543	-	No	46%
	Sign Gantries	10,316.2	-	Yes	100% UK sourced
A19/A1058 Coast Road	Rebar	3545		Yes	100%
	Structural Steel	195		Yes	100%
	Sheet Piles	1058		Yes	100%
	Barrier	45		Yes	100%
	Lighting Columns	47		Yes	100%
	<b>Total</b>	5500	£3,400,000	Yes	100%
HE CDF M25/HS2 Slip Roads	VRS	26	£60,000	No	58%
	Security fencing and gates	4	£35,000	No	0%
M4 Smart Motorway Programme	Reinforcement for Structures	2,387		No	60%

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
	Bridge Beams	4,060		No	25%
	Sheet Piles	220		No	0%
	Environmental Barriers	200	£450,000	Yes	100%
	Vehicle Restraint System	810	£1,800,000	Yes	100%
	Rebar for foundations and reinforcement works	500	£250,000	Yes	100%
	Gantry Steel works	1108		N/A	N/A

## Environment Agency

Data not available at time of publication.

## Department of Health and Social Care

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
Great Ormond Street Hospital for Children NHS Foundation Trust. Project 5: The Italian Hospital	Steel Beams Steel Columns Shelf Angle Plate	92	£420,000	Yes	100%
University Hospital Southampton NHS Foundation Trust. Extension & Refurbishment of General Intensive Care Unit (GICU) - University Hospital Southampton	Foundation Reinforcement, Structural Steel Frame, Reinforcement for Concrete Frame.	714.46	£797,000	Yes	100%
North Cumbria University Hospitals NHS Trust. Northern Centre for Cancer Care	Structural Frame	214	£404,000	Yes	100%
Liverpool Women's NHS Foundation Trust. Neo-Natal Intensive Care Unit	Structural	185	£288,000	Yes	100%
Barnet, Enfield and Haringey Mental Health NHS Trust. New Mental Health and Eating Disorders Inpatient Accommodation	Secondary steel frame	33.7	£216,000	Yes	0%
	Reinforcing	369	£405,756	Yes	0%

**Ministry of Justice**

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
Stocken (extension of existing prison)	Re bar; Structural steel; doors; windows; stairs handrails balustrading.	500	£625,000	Yes	100%

**Education and Skills Funding Agency**

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
School Building	Bar Reinforcement	1096.5	£ 492,000	100% can be produced in the UK	52%
	Cold Rolled	650.7	£ 636,000	Not currently recorded	13%
	Fabric Reinforcement	143	£ 155,000	Not currently recorded	30%
	Flat Plate Steel	190.754	£ 134,000	Not currently recorded	8%

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
	Hot Rolled	4870.13	£ 5,916,000	Not currently recorded	13%
	Other	351.34	£ 161,000	Not currently recorded	12%
	Structural Steel	1218.046	£ 788,000	Not currently recorded	8%

### Nuclear Decommissioning Authority

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
Sellafield - Box Encapsulation Plant (BEP)	Carbon steel	365	£440,000	100% of requirement can be supplied by UK producers	53%
	Stainless steel	89	£205,000	Not currently recorded	EU Sourced
Sellafield - High Integrity Stainless Steel containers (HISSC)	Stainless steel and some exotics	c.1000	£2,600,000	Not currently recorded	0% was supplied by UK producers, 100% was sourced from UK suppliers

Steel public procurement 2020

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
Sellafield - Pile Fuel Cladding Silo Early Retrievals Units A&B	Carbon Steel	83	£350,000	100% of requirement can be supplied by UK producers	0% was supplied by UK producers, 100% was sourced from UK suppliers
	Stainless Steel	88	£80,000	100% of requirement can be supplied by UK producers	0% was supplied by UK producers, 100% was sourced from UK suppliers
Sellafield - Operations Site Works (OSW)	Carbon Steel	5	£7,000	Not currently recorded	0% produced in the UK, 100% from UK suppliers
	Stainless Steel	7	£35,000	Not currently recorded	0% produced in the UK, 100% from UK suppliers
Sellafield - Infrastructure Strategic Alliance (ISA)	Carbon Steel	360	£319,000	100% of requirement can be supplied by UK producers	97%
	Stainless Steel	11.5	£25,000	100% of requirement can be supplied by UK producers	100%
Sellafield - 3m3 Boxes – Tranche A	Duplex Steel	19.5	£126,000	0% of requirement can be supplied by UK producers	0% was supplied by UK producers, 100% was sourced from UK suppliers
Sellafield - Security Fencing project	Hot rolled mild steel	288	£480,000	100% of requirement can be supplied by UK producers	100%
Sellafield - Packages & Gamma Gate	Profiled water jet cut stainless steel	45	£400,000	0% of requirement can be supplied by UK producers	0%
	Forged steel	7	£200,000	100% of requirement can be supplied by UK producers	0%

Steel public procurement 2020

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
	Carbon steel plate	7	£12,000	Under 40mm thick can be sourced from UK producers	0% sourced from UK producer. 100% sourced from UK suppliers
DSRL - Dounreay Cementation Plant Intermediate Level Waste Store Extension	Structural steelwork	550	£700,000	100% of requirement can be supplied by UK producers	100%
DSRL - Dounreay Cementation Plant Intermediate Level Waste Store Extension	Secondary Steelwork	100	£150,000	100% of requirement can be supplied by UK producers	100%
	Steel Reinforcement	1500	£600,000	100% of requirement can be supplied by UK producers	100%
	Cladding	50	£700,000	0% of requirement can be supplied by UK producers	0%
	Metal Decking	50	£20,000	100% of requirement can be supplied by UK producers	100%
DSRL Fuels Exotics - Programme	Transportation Containers & Support Equipment	165	£150,000	100% of requirement can be supplied by UK producers	100%
LLW Container Manufacturing	Mild steel – waste containers	453	c.£375,000	100% of requirement can be supplied by UK producers	(Estimated) 100%
	Mild steel – waste drums	100	c.£73,500	100% of requirement can be supplied by UK producers	100%

Steel public procurement 2020

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
Magnox - Drum Liners	Drum Liners incl 6M3 furniture	1,200	Not recorded	Yes	(Estimated) 100%
Magnox - 6M3 Concrete Boxes (Contract awarded 2017)	6M3 Concrete Boxes (with steel rebar, casings, twistlocks etc)	1,350	Not recorded	Yes	(Estimated) 100%

## Hinkley Point C

Data not available at time of publication.

## UK Research and Innovation

Project	Steel requirements	Volume (tonnes) of steel requirement	Value of contract	Can all this steel be produced in the UK?	Of the previous column, what is the value of steel from UK producers?
British Antarctic Survey Wharf at Rothera	Structural steel	850	£2,500,000	Yes	100%
	Steel sheet piles	436	£463,000	Yes	100%

## Offshore wind

Contractors have started procurements for projects awarded CfDs in auction round 3<sup>4</sup>. This includes Dogger Bank 1-3, Sofia and Seagreen<sup>5</sup>.

<sup>4</sup> Contractor manages procurements directly.

<sup>5</sup> The industry has set a target for 50% UK content by 2020. The most recent figures (2017) show that the industry achieved 48% lifetime UK content. The next figures are due to be published in 2020.

# Evidence from departments and their arm's length bodies on how they, and their contractors, have complied with the steel procurement guidance

## Ministry of Defence

- 1 The MOD is directly supporting BAE Systems, the prime contractor on its submarine programmes, in its efforts to ensure that UK steel suppliers can compete on a level playing field. Where appropriate, BAE Systems actively competes its requirements with UK stockists, and undertakes regular due diligence on the health and sustainability of preferred suppliers. The company, supported by the MOD, has also established a programme of activities to identify alternative sources of supply for certain specifications of steel with a view to enabling future potential competitions.
- 2 No other equipment or infrastructure projects have procured significant amounts of steel during the 2018/19 reporting period.

## High Speed 2

### 1 Pipeline of Requirements

HS2 Ltd seeks to provide a high degree of transparency of opportunity for both direct and indirect contracts.

- **Communicating Direct Contract Opportunities**

- All of the procurement details for HS2's future pipeline of direct contracts are publicly available via the HS2 Contracts Opportunity Table, on the HS2 website. The HS2 Contracts Opportunity Table is a live document which is updated weekly. The table identifies the procurement status for each contract and includes contact details, where organisations have been shortlisted and awarded.
- This tool helps ensure suppliers are appropriately informed regarding procurement and the programme and allows sub Tier 1 contractors a direct access route into organisations that have been awarded work on the HS2 programme.

- **Communicating Indirect Contract Opportunities**

- To ensure that there is clear visibility of opportunities at subcontract level, where the source of steel (or other critical subcontract) hasn't been defined by the lead contractor as part of their tender submission, HS2 mandates that the lead contractor will advertise all their sub contracts via Compete For. HS2 mandates that its lead contractors cascade this requirement to their suppliers and so our lower tier opportunities also are advised via this mechanism.

### 2 Market Engagement

To maximise British involvement HS2 supply chain opportunities HS2 has engaged extensively with businesses of all sizes from a diverse range of sectors and across the UK as part of the market engagement process. This includes:

- HS2 have been meeting with the UK Steel Board and have pledged to work with UK Steel members. HS2 have also met with British Constructional Steel Association (fabricators) Confederation of British Metalforming; UK Steel Long Product Groups and the Galvanisers Association.
- 365 events in 3 years (HS2 Supply Chain Conferences, HS2 National and Regional Roadshows, HS2 Speakers & Exhibitions at non-HS2 led events) this includes 2 'Meet the Contractor Events'.
- Over 50% SMEs at HS2 led events
- 5,000 businesses directly engaged and 10,000's indirectly engaged
- Market Soundings (questionnaires, one to ones, workshops, industry days) – 42 topics tested and over £15bn procurements market tested
- 'Business' section of HS2 website. This includes Supplier Guidance targeted at SMEs.
- Supply Chain Communications mailbox – 123 queries/month and 3,475 queries responded to
- On-going liaison with organisations to support SMEs and minority groups, including FSB, LEPs, Growth Hubs, Chambers of Commerce, Umbrella Bodies and Trade Associations, MSD UK, Social Enterprise UK

HS2 will continue to engage with any British business that is interested in supporting our supply chain, throughout the lifetime of the programme, and HS2's direct contractors will be encouraged to engage directly with UK businesses as well, within the boundaries set up the applicable legislation.

### 3 All Stages

Contract clauses will be put in place with our Tier 1 Contracts which to enforce the guidelines. This includes;

- Contracts over £10k will need sign off by HS2. As part of the tendering process, an evaluation question has been incorporated which requires organisations who are bidding for HS2 work to propose their own steel supply policy.
- On contract award, the contractor is required to submit detailed procurement procedures to HS2 for acceptance. This includes a Tender Event Schedule for all of their future sub contract procurements.
- During delivery, in selecting sub-suppliers, the HS2 Project Manager can reject signing off a subcontract (of any tier) where the Works Information supply principles have not been followed – this includes ensuring that a series of evaluation factors which take into account relevant social and environmental factors have been applied.
- Mandating that Tier 1 contractors advertise all subcontracted works using the CompeteFor web-sourcing portal unless otherwise accepted by the Project Manager.
  - Furthermore, mandating that the Contractor shall procure that its Subcontractors use the CompeteFor web-sourcing portal to advertise subcontracting opportunities arising from the works unless otherwise accepted by the Project Manager
- Mandating Meet the Contractor events.
  - Within one year, and annually thereafter, working with the HS2 Supply Chain team, the Contractor shall participate and support in the delivery of a 'Meet the Contractor' event, to open up supply chain opportunities and engage with prospective suppliers.

- HS2 will monitor our critical supply chain and the associated risks/opportunities.

## Highways England

- 1 Collaborative Delivery Framework (CDF) Clause Z63, Subcontracting and Steel Purchasing covers the requirements of the PPN.
- 2 Works information for scheme project management includes the requirements for RQSC qualified contractors to be selected to ensure levels of safety, suitability and fitness for purpose
- 3 Upcoming scheme requirements are shared with subcontractors at regular intervals by category management
- 4 The new Regional Delivery Partner procurement has clauses entitled S1210 Acceptance procedure, where it's contractually required the 'Supplier' (Contractor) must advertise any subcontract in accordance with Procurement Policy Note 11/16
- 5 Development of a new reporting tool for scheme requirements may be developed in future

## Department for Business, Energy and Industrial Strategy – Nuclear Decommissioning Authority

- 1 Programme & Project Partner (PPP) the £4.5b procurement itself does not include for any steel, however once the PPP is awarded it is expected that they will award subcontracts for Steel and other such trade packages. These will be planned and advertised to the market, Sellafield Limited will have a role as the client to assure and govern these awards. The PPP have a contractual obligation to support any published HMG public agenda items such as SME engagement or Steel.
- 2 For major procurement projects where steel is a critical component – use of the Sellafield Limited ITT Selection Question 8.3 (a) – 'Please describe the supply chain management systems, policies, standards and procedures you currently have in place to ensure robust supply chain management'
- 3 For major procurement projects where steel is a critical component – use of the Sellafield Limited ITT Selection Question 8.3 (b) – 'Please provide details of previous similar projects where you have demonstrated a high level of competency and effectiveness in managing of all supply chain members involved in steel supply or production so that there was a sustainable and safe supply of steel'
- 4 Where steel is being procured and irrespective of quantity or value; specific questions have been added to the Selection Questionnaire to ensure that Contractors comply with PPN 11/16 on Steel Procurement. These questions focus particularly on Health & Safety which is scored as a pass/fail and also includes CFSI questions considering the quality of the Steel. This assessment has been carried out on the DCP Cementation Plant Procurement.
- 5 As standard, the Commercial Team seek Technical experts across the Dounreay site to identify the appropriate weighting between Commercial and Technical scoring. BAFOs and final tender submissions are based on the whole life cost of the proposed Contract.

- 6 The PPN 11/16 guidelines have been shared with the Support Directorate. The Commercial Team will ensure that quality checks have been incorporated into all future project pipeline specifications, referencing the standards set out by PPN 11/16 and Lessons Learnt.

### **Education and Skills Funding Agency**

- 1 The 2017 ESFA Construction Framework was procured during 2017 and came into operation on 27 November 2017. As part of the procurement process, best practice in pre-procurement market engagement was applied:
- PIN notice was issued to the market provide relevant details of the procurement and urging interested parties to register interest;
  - 2 market engagement days were held – 2 days engagement in June 2016 in Nottingham, 1 day engagement in November 2016 in London and a further market engagement day in February 2017 (London);
  - 2 significantly detailed online surveys were issued to the market in November 2016 which sought the market view of structure, characteristics and other details of the market as part of review and discussion in determining what the Framework would look like;

- 2 During the procurement of the 2017 ESFA Construction Framework, there was an assessment on the health and sustainability of potential suppliers in the market. Hence, there was a check carried out on the previous 3 years accounts as well as an analysis of key financial ratios. Following the appointment of the contractors onto the 2017 Framework, a watching brief has been kept on the financial health of the firms. Hence a 6 monthly Dun & Bradstreet check is undertaken as well as a regular review of hedge funds to determine which publicly listed contractor shares are experiencing shortselling. In addition to this, we review the H Score of the firms using the Company Watch Data. Accordingly, the health and sustainability of the contractors on the Framework was assessed during the procurement stage and is monitored on an on-going basis as part of the strategic management of the Framework.

Compliance with Health and Safety legislation was assessed during the procurement competition stage along with an assessment of the arrangement that the firms have in place for compliance with Health and Safety matters. The ESFA Head of Health and Safety engages with the contractors to ensure continued compliance with relevant health and safety legislation. Amongst other things, contractors are required to report on accident and incident statistics on a regular basis. We have a legal team unit that engages with the contractors and amends the Framework and Works contracts to ensure compliance with new or amended employment legislation. In addition, The Accident Incident Rate is measured and reported as part of the KPI management of the Framework

- 3 In procuring the Framework as well as in determining the outcome of Local Competition bidding process, appropriate account and consideration was and is taken of social and environmental considerations. These include but are not limited to the following:
- Requirement for apprentices to be employed on ESFA school projects;
  - Ensuring that contractors provide opportunities for local school children to have guided visits of the construction site to engender interest in engineering;
  - Ensuring that contractors visit local schools to share the nature of the project and to warn of the hazards of construction;

- Ensuring that contractors keep to our School Specification which inherently has been developed to deliver environmentally friendly projects;
- Ensuring that project Feasibility studies identify any environmental hazards that relate to the delivery of the project and that such hazards are funded for remediation;
- Monitoring the amount of capital that flows down the supply chain to SMEs on typical projects;
- Measuring the distance from site that SMEs are secured from for projects.

### **Ministry of Justice**

- 1** As part of the main project tender evaluation process for the Wellingborough project, the MoJ requires design and build constructors to provide a draft supply chain tender strategy that includes their approaches to ensuring a number of key requirements are delivered through their engagement and contracting arrangement with suppliers and sub-contractors. These requirements include, but are not limited to: compliance with H&S legislation and policies; Quality assurance processes; environmental and sustainability; implementation of a social charter that includes the optimisation of the use of SMEs; prisoner and ex offender employment opportunities; apprenticeship opportunities; along with reporting against these requirements during the life of the contract.
- 2** Through the initial design stage of the Wellingborough project there has been a number of 'meet the buyer' events, the purpose of which is to provide local suppliers early notification of the project and the project timeline so that they informed and can register their interest in tendering for supply chain opportunities within the project. A 'Bravosolutions' procurement portal has been specifically set up for this project to enable the MoJ transparency of the supply chain tendering processes allowing it to monitor quality of tender enquiries and responses to confirm that the tier 1 contractor has flowed down adherence to HM Govt. requirements in terms of sustainability; social and labour law requirements; health and safety etc. to their supply chain.
- 3** On the Wellingborough new prison project, there has been intensive early engagement between the design and build constructor; British Steel and Tata to enable the constructor to understand the full range of products that are available to ensure the design of the project incorporates 'off the shelf' steel products. The design for the project is then being developed to include standardised products that can be supplied by local distributors and suppliers within the UK.

### **Department of Health and Social Care**

- 1** This is an example from one of the P22 framework suppliers on a standard clause within their P22 subcontract conditions.
  - 1.** It is a condition of the Framework that the Scheme Agreements and all subcontracts that include for the procurement of steelwork will comply with Procurement Policy Notes issued by the Cabinet Office / HM Treasury and in particular PPN 16/15.

8.8.2: The Subcontractor is required to:

- a. provide the Contractor with supply chain plans setting out, where known, how and from which supplier, steel will be sourced: and
- b. ensure that all subsubcontracts, which it intends to procure, are:
  - i. advertised; and
  - ii. awarded following a fair, transparent and competitive process proportionate to the nature and value of the subsubcontract.

8.8.3: Any Subsubcontract awarded by the Subcontractor pursuant to clause 8.8.2 must contain requirements to the same effect as those in clause

**2** As part of the design development process under the P22 framework the supplier prepares and agrees with the client a procurement strategy for all subcontract and supplier packages. The standard template procurement strategy in the P22 contract provides for compliance with the PPNs.

**3** The P22 framework suppliers are all large contractors with sophisticated and established supply chain procurement and management processes. Preselection of subcontractors and suppliers, before any tendering commences, includes assessing compliance with health and safety and employment legislation. Suppliers and subcontractors not meeting these checks are not invited to submit tenders.

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