



Procurement Policy Note – Taking account of a supplier’s approach to payment in the procurement of major contracts

Action Note PPN 04/18 29 NOVEMBER 2018

Issue

1. The Government understands the importance of prompt, fair and effective payment in all businesses. Being paid promptly for work done ensures businesses have a healthy cash flow. This Procurement Policy Note (PPN) sets out how payment approaches can be taken into account in the procurement of major Government contracts.

Dissemination and Scope

2. This PPN applies to all Central Government Departments, their Executive Agencies and Non Departmental Public Bodies. These organisations are referred to in this PPN as ‘In-Scope Organisations’. Please circulate this PPN within your organisation, drawing it to the attention of those with a commercial and procurement role.
3. In-Scope Organisations should take action to apply this PPN when procuring goods and/or services and/or works with an anticipated contract value above £5 million per annum¹ (excluding VAT) which are subject to the Public Contracts Regulations 2015.
4. This PPN applies to framework agreements and dynamic purchasing systems only where it is anticipated that the individual value of any contract to be awarded under the framework agreement or dynamic purchasing system is greater than £5 million per annum (excluding VAT).

¹ Based on estimated contract value, averaged over the life of the contract, e.g. a contract with a 4 year term with a total contract value of £21m would be in scope, even if the value in the first year was under £5m.

Timing

5. In-Scope Organisations must apply the provisions of this PPN in all procurements advertised on or after 1 September 2019.

Action

6. Where this PPN applies, In-Scope Organisations must use the accompanying questions as sub-questions within section 6.2 of the standard selection questionnaire ([PPN 08/16](#)).
7. In-Scope Organisations should continue to use the PAS91 for works contracts (including the procurement of goods and services needed in relation to the works). In-Scope Organisations should incorporate these questions as project specific questions within PAS91.

Selection Questions and Guidance

8. The accompanying guidance explains how to include assessment of a supplier's approach to payment as part of supply chain management and when it may be appropriate to exclude those suppliers which cannot demonstrate a fair, effective and responsible approach to supply chain payment.

Background

9. In its 2017 Manifesto, the Government stated that it would 'use our buying power to ensure that big contractors comply with the Prompt Payment Code both on government contracts and in their work with others'. This PPN reflects that commitment in the context of the UK's procurement rules.

Contact

10. Enquiries about this PPN should be directed to the Crown Commercial Service Helpdesk on 0345 410 2222 or info@crowncommercial.gov.uk.