



## Revised Guidance on Procuring Steel in Government Contracts

### Introduction

The government is committed to delivering on its priorities of supporting UK businesses and industry, decarbonisation and levelling up. The UK steel sector plays an important role in our economy, providing high quality steel products and helping to deliver our country's infrastructure. The manufacturing of basic iron and steel supports c.39,000 well-paid jobs in steel production and a further 60,000 jobs in upstream supply chains across many important parts of the UK economy<sup>1</sup>. The public sector is an important buyer of steel, procuring it both directly and indirectly, to build critical infrastructure such as our railways, roads, buildings, defence equipment, schools and hospitals.

In March 2021, the Government launched the Steel Procurement Taskforce, bringing together representatives from across the UK government, the 6 major steel companies in the UK, as well as UK Steel, the sector's trade association, trade unions and the devolved administrations. The Taskforce worked collaboratively to explore how the steel sector could best position itself to compete successfully in an open and transparent public procurement market. The final report<sup>2</sup>, published in February 2022, recommended the development of new technologies, improvement of data, and the promotion of greater transparency.

This guidance forms part of the new Procurement Policy Note (PPN) 04/23, replacing PPN 11/16. It reflects changes to commercial best practice, commercial policy and business case appraisals since 2016 and clarifies the scope of reporting requirements on steel origin data.

In-scope Organisations should also refer to the Frequently Asked Questions (FAQs).

### Scope

This guidance applies to all Central Government Departments, Executive Agencies and Non Departmental Public Bodies when conducting procurements covered by Part 2 of the Public Contracts Regulations 2015 (PCRs), the Utilities Contracts Regulations 2016 (UCRs), the Defence and Security Public Contracts Regulations 2011 (DSPCRs), or the Concessions Contracts Regulations 2016 (CCRs) (together referred to as the Regulations), where steel is being procured directly or indirectly ('relevant steel procurement'). Together these organisations are referred to in this guidance as 'In-scope Organisations'.

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<sup>1</sup> 2021 figures derived from Nomis: <https://www.nomisweb.co.uk/>

<sup>2</sup> <https://www.gov.uk/government/publications/steel-procurement-taskforce-final-report>

Where this guidance refers to other policies, tools and methodologies, they should be applied where appropriate in accordance with the provisions set out in the relevant policy, tool or methodology.

Other public sector contracting authorities are encouraged to consider applying the best practice set out in this guidance, as appropriate, where they do not have equivalent measures in place. They should do so, in accordance with the relevant instructions in each case. Local authorities choosing to follow this guidance should ensure that they do so in light of relevant obligations such as those set out in section 17 of the Local Government Act 1988 and their Best Value Duty.

### **Key changes: project appraisal and commercial policy landscape**

This guidance reflects changes to the project appraisal and commercial policy landscape which have occurred since Procurement Policy Note 11/16 was published.

These changes comprise a range of policy, tools and methodologies, with particular emphasis on:

- developing strong business cases that are aligned with government policy objectives in relation to social value and organisational strategies and objectives;
- ensuring the key objectives identified in the business case (including the strategic and economic case) are applied through all policy and procurement design stages;
- ensuring that public procurements deliver best value over the life of the asset being procured;
- adopting commercial best practice and a suitable delivery model;
- undertaking pre-market engagement, involving the whole supply chain, to combine both an understanding of the capability and capacity of the market and to make suppliers aware of future opportunities;
- taking account of the wider social, economic and environmental considerations, using policy outcomes aligned with the Government's priorities;
- ensuring a level playing field for all suppliers; and
- ensuring value for money for the taxpayer.

For a summary of these policies, tools and methodologies - the [Green Book](#), [Project/Programme Outcome Profile](#), [National Procurement Policy Statement](#) (PPN 05/21), [Social Value Model](#) (PPN 06/20), [Construction Playbook](#) (PPN 09/20), [Supply Chain Visibility](#) (PPN 01/18) and [Value Toolkit](#) - refer to the **Annex**. These policies, tools and methodologies should be applied as appropriate in accordance with the relevant instructions in each case.

A high level overview of where and when some of these policies, tools and methodologies should be considered/applied by In-scope Organisations is included in the table below. For example, application of the Social Value Model is only mandatory for procurements conducted under Part 2 of the PCRs.

<b>Title</b>	<b>Policy/Tool/ Methodology</b>	<b>Application to relevant steel procurements</b>	<b>Commercial Lifecycle Activity Stage</b>
Green Book	Policy Methodology	All business cases	Preparation and Planning
Project/ Programme Outcome Profile	Tool	All business cases	Preparation and Planning Evaluation and Award Contract Implementation
National Procurement Policy Statement (PPN 05/21)	Policy	All procurements where PPN 05/21 applies	Preparation and Planning Evaluation and Award
Social Value Model (PPN 06/20)	Policy Methodology	All procurements covered by Part 2 of the Public Contracts Regulations	Preparation and Planning Evaluation and Award
Construction Playbook (PPN 09/20)	Policy	All procurements	Preparation and Planning Selection & Exclusion Evaluation and Award Contract Implementation
Supply Chain Visibility (PPN 01/18)	Policy	All procurements where PPN 01/18 applies	Preparation and Planning Evaluation & Award Contract Implementation
Value Toolkit	Tool	Optional for procurements	Preparation and Planning

### **Summary of key outcomes and actions**

In light of the changes to the project appraisal and commercial policy landscape above, In-scope Organisations may wish to focus on the key outcomes and actions below:

- ensuring that the Green Book and supplementary guidance (including the Project/Programme Outcome Profile) has been applied at project design stage;
- considering relevant commercial best practice and policy priorities and outcomes in the subsequent design of the procurement(s);

- seeking to deliver best value over the life of the asset through the procurement process;
- undertaking early market engagement, to include all tiers of the supply chain, to inform and test the procurement approach;
- creating visibility of subcontract opportunities;
- ensuring government only contracts with those suppliers that comply with relevant social and labour laws, and health and safety legislation as appropriate;
- ensuring responsible and sustainable steel production;
- ensuring price and cost calculations are based on whole life cost and not lowest purchase price;
- ensuring that the steel origin data requirement is included in contracts and subcontracts;
- taking account of appropriate social and environmental impacts at the award stage;
- ensuring strong supply chain management capability at Tier 1 level, which will establish robust, secure supply chains and performance management throughout the life of the project/programme; and
- ensuring that there is full supply chain understanding of the outcomes that are being sought, and that obligations and commitments are effectively cascaded through the supply chain.

## **Key considerations through the commercial lifecycle**

This guidance provides advice and guidance on matters to be considered by In-scope Organisations throughout the commercial life cycle of a relevant steel procurement. It includes requirements as to data reporting and summarises the requirements, advice and guidance included in other policies, tools and methodologies. This guidance is not a substitute for those other policies, tools and methodologies, which In-scope Organisations should refer to, particularly in relation to their application to their individual procurements. Nothing in this PPN requires the application of policies, tools and methodologies beyond their original scope.

### **1. Define**

#### Preparation and Planning

##### Pipelines:

Publishing commercial pipelines enables suppliers to understand the likely future demand for steel across government. Sharing early insights on planned activities is likely to achieve wider participation and greater diversity in supply chains and supports capability-building for the longer term.

Since 2017 the UK government has published pipelines of its steel requirements with the latest steel pipeline showing plans to use 8.4 million tonnes of steel over the next decade on infrastructure projects such as High Speed 2 (HS2), the maintenance and upgrading of the UK's motorway network and the construction of schools and hospitals. The pipeline can be found [here](#).

Some projects, including HS2 also provide regular project specific pipelines, offering an additional level of detail that steel producers and suppliers can use to identify and secure supply opportunities.

#### Business case:

When deciding how, when, and where to invest money, there are a number of formative steps to be taken prior to any goods, works or services being procured. The [Green Book](#) is the critical guiding framework for business case appraisal and evaluation in central government and applies to In-scope Organisations. The principles underlying the Green Book, and the five case model that should underpin all business cases, remain the starting point for all major projects, including those requiring steel.

The five case model (strategic, economic, commercial, financial and management), is the recommended framework for developing business cases, providing decision makers and stakeholders with a proven framework for structured thinking and assurance that the project:

- provides strategic fit and is supported by a compelling case for change;
- will maximise public value to society through the selection of the optimal combination of components, products and related activities;
- is commercially viable and attractive to the supply side;
- is affordable and is fundable over time; and
- can be delivered successfully by the organisation and its partners.

A business case is recommended best practice and should be prepared following the approval of senior management to the organisational strategy, mandate and brief for the project. Further guidance on how to appraise and evaluate policies, projects and programmes, including business case guidance for projects and programmes can be found in the Green Book.

The Green Book was recently updated to emphasise the need for policy makers to fully understand the strategic and broader economic context for projects and how they contribute to the government's overall agenda. The priority outcomes and metrics for the government's Spending Review 2021 can be found [here](#). In procurements requiring significant amounts of steel (e.g. major infrastructure projects), decision makers should ensure that broader economic and strategic goals established in the business case are fully reflected in the subsequent procurement strategy.

For example, if a major project involving steel was designed to drive decarbonisation, its procurement strategy should be expected to reflect that. One way that could happen is through the Contracting Authority making a decision to procure low carbon steel.

The Green Book is supported by supplementary guidance that addresses appraisal issues relevant to specific policies. This includes the IPA's [Project/Programme Outcome Profile](#) (POP) tool. In-scope Organisations should first use the POP when undertaking their strategic assessment at the outset of developing the business case. It should be revisited alongside the 'case for change' when preparing each iteration of the business case to maintain a 'golden thread' of strategic alignment from government priority outcomes to project and programme objectives.

During this stage, the National Procurement Policy Statement (NPPS) (see [PPN 05/21](#)) is also relevant. This makes clear that In-scope Organisations subject to the NPPS should

consider the following national priority outcomes alongside any additional local priorities in their procurement activities:

- creating new businesses, new jobs and new skills;
- tackling climate change and reducing waste; and
- improving supplier diversity, innovation and resilience.

Any social, economic and environmental considerations identified at this stage, should be tested (and adapted as required) by the In-scope Organisation through their early market engagement activities and include all relevant tiers of the supply chain. This will ensure the market understands the priority policy outcomes that are relevant and proportionate to the procurement and enable them to consider and articulate how they might contribute to them, including through their supply chains.

In-scope Organisations are also required to undertake a modern slavery risk assessment using the risk characteristics tool contained within government's [Tackling Modern Slavery in Government Supply Chains](#) guidance (PPN 02/23). For a works contract which involves a reliance on subcontracted workers, as may be the case with some relevant steel procurements, In-scope Organisations may conclude that modern slavery risks are relevant to the contract as it falls within some of the characteristics which are known to signal a risk of modern slavery:

- a) industry - construction;
- b) nature of the work - dangerous or physically demanding work; and
- c) business/supply chain model - reliance on subcontracted workers.

The identified level of risk and appropriate mitigations at each stage of the commercial lifecycle (define, procure, manage) should be included in the business case (commercial case).

#### Early market engagement:

Engaging early with steel producers and fabricators is likely to help In-scope Organisations understand the range of solutions and options available from the market and the deliverability of their requirements. An accurate assessment of the capacity and capability of the UK market should form an important part of this – particularly given global supply chain pressures, and potential supply chain reliability issues, that have been exposed through the Covid pandemic and the invasion of Ukraine.

Early engagement encourages market interest (including SMEs and new entrants) and can provide In-scope Organisations with valuable information to develop the delivery model, by testing and piloting approaches, routes to market, and bid evaluation criteria, including social value considerations.

Projects/programmes should be tested at the first business case stage (Strategic Outline Case) to ensure that engagement takes place sufficiently early for suppliers to understand the requirement and for In-scope Organisations to reflect on any feedback received.

There is no set process or format for market engagement, it can take many forms. It is about listening to the market and taking their feedback onboard to drive better social, environmental, economic and project outcomes.

Early market engagement should involve all tiers of the supply chain including steel producers, fabricators and stockists.

In most instances steel is not procured directly by In-scope Organisations or by their appointed contractor but by their subcontractors. Bringing the market together through early market engagement activity, provides an opportunity for:

- business to business networking and relationship building;
- highlighting potential supply chain opportunities (in accordance with [PPN 01/18: Supply Chain Visibility - refer to the Annex](#));
- improved knowledge of the supply chain;
- access to industry experts;
- increased competition in the supply chain;
- increased supplier diversity;
- increased awareness and understanding of the issues and risks relating to supply chain resilience;
- early identification of innovative solutions; and
- ensuring contractors understand how their supply chain members can contribute to the success of the overall bid, for example by better understanding their capability, capacity and social value contributions.

Where potential contractors have pre-established vertical supply chain arrangements in place, it is important for In-scope Organisations to understand this in advance, to ensure all opportunities to maximise supply chain diversity, resilience and innovation, and to ensure a level playing field, will be met.

A project/programme may use one or more types of engagement, depending on its size and complexity. The route to market and proposed type of procurement procedure will also shape the types of market engagement activities that are undertaken, but may for example include market analysis, market briefings, industry workshops, supplier group meetings, questionnaires and requests for information.

When undertaking market engagement activities, it is important to:

- refer to the Regulations for details of how market engagement can be used;
- ensure fairness, openness, and transparency;
- be clear about the purpose and objectives of market engagement activities;
- keep an accurate record of discussions and feedback;
- give equal access and information to all suppliers;
- be proportionate in the approach, ensuring barriers to participating in new procurements (e.g. for SMEs, VCSEs, new entrants etc.) are not created; and
- treat all suppliers equally.

Before conducting any market engagement, In-scope Organisations should recognise that certain types of market engagement can be time intensive and allocation of resources will need to be justifiable. It should be clear at the outset how feedback from such engagements will be used. In-scope Organisations should give suppliers sufficient time to understand the requirement and give themselves enough time to reflect on any feedback received.

For further advice and guidance on early market engagement, please refer to the Construction Playbook, [Market, Supplier & Supply Chain Engagement in Construction Guidance Note](#).

Specifications:

Developing clear, appropriate outcome-based technical specifications is key to facilitating innovative, cost-effective solutions.

As steel is typically not bought directly, it is necessary to ensure that the contractor cascades any important technical requirements, which define the characteristics required of the material, product or supply of the steel, both through the specification and contract conditions, where appropriate. For example, where there is an issue of the safety of the production process or quality assurance of the steel being produced, In-scope Organisations may wish to specify minimum standards to ensure conformity to those requirements. Contractual mechanisms which manage and incentivise safe production and delivery of the steel can also be considered.

Technical specifications are required to ensure equal access by bidders to the procurement and should not have the effect of discriminating against non-UK bidders or creating unjustified obstacles to the opening up of public procurement to competition. Equally, In-scope Organisations should be aware of certain steel products (such as reinforcing bar and sections) where different standards exist between UK and EU markets. Specifying requirements only in either UK or non-UK standards can introduce a barrier to non-UK or UK steel producers supplying in public projects and this should be considered at the planning stages of projects.

Unless justified by the subject-matter of the contract, technical specifications (including those for steel) should not refer to a specific make or source, or a particular process which characterises the products or services provided by a specific supplier, or to trade marks, patents, types or a specific origin or production with the effect of favouring or eliminating certain products or services.

If a standard is specified, In-scope Organisations must also refer to and accept 'equivalents'. Typically, common technical specifications or international standards will be used. However, where these do not exist, national standards, national technical approvals or national technical specifications relating to the design, calculation and execution of the works and use of the supplies, can be applied. Again demonstrable 'equivalents' must be accepted.

Where an In-scope Organisation intends to specify a particular label (e.g. a certification) as means of proof that the works, services or supplies correspond to required social, environmental or other characteristics, there may be a number of factors to consider. This will be dependent on the Regulations that apply to the procurement, but must include:

- whether the label can be linked to the subject matter of the contract;
- whether the label is accessible to all interested parties;
- the requirement to accept equivalent labels;
- if the label is established by an open and transparent procedure; and
- if the label has been set by a third party over which the supplier applying for the label cannot exercise decisive influence.

The above requirements are relevant for procurements carried out under Part 2 of the PCRs and In-scope Organisations should refer to the relevant Regulations for further details on how to apply specifications and/or labels.

An example of a technical standard which might be relevant in major projects requiring steel is BES 6001. This enables construction product manufacturers to prove that their products have been produced with responsibly sourced materials. It provides a framework for governance, supply chain management and environmental and social management, and can



be used by a manufacturer of any construction product that uses a foundation product – including steel. Certification of meeting the standard is provided by independent third party bodies.

## 2. Procure

### Selection and Exclusion

This section largely explains the position under Part 2 of the PCRs. In-scope Organisations using other Regulations should refer to those Regulations for specific rules on selection and exclusion.

#### Selection:

The selection stage of the procurement process is designed to assess the technical and professional ability, suitability and economic and financial standing of a bidder and, where relevant, its partners, such as key subcontractors, to perform the contract. Where In-scope Organisations are using Part 2 of the PCRs, they must use the [Standard Selection Questionnaire](#) (SQ), which sets out instructions for contracting authorities and suppliers and the questions that can be asked.

For projects/programmes involving a relevant steel procurement, questions at 7.3 and 7.9 of the SQ should be included (where relevant and proportionate). These questions will enable In-scope Organisations to assess matters relating to the bidders ability to manage its supply chain, deliver steel safely and ensure compliance with health and safety legislation.

For works contracts, including the procurement of mixed contracts that include supplies and services, In-scope Organisations should use the Common Assessment Standard (CAS), or PAS91, in place of the standard SQ template in pre-qualification of bidders. However, it will be for individual In-scope Organisations to ensure the questions used are relevant and proportionate to the contract being procured, ensure equivalent standards are permissible and a level playing field for all types of suppliers.

Additionally, where they are required to do so in accordance with the relevant PPN and subject to the instructions set out in each PPN, In-scope Organisations should include questions relating to government policies on modern slavery ([PPN 02/23](#)), prompt payment ([PPN 08/21](#)) and carbon reduction ([PPN 06/21](#)).

#### Exclusion:

In-scope Organisations must also consider if any of the mandatory or discretionary grounds for exclusions apply. For procurements conducted under Part 2 of the PCRs, questions relating to exclusions are included in the SQ.

In-scope Organisations are able to require information from single bidders, groups of bidders, such as those forming joint ventures and partnerships to deliver the contract, and subcontractors that the bidder is relying upon to fulfil the contract (or parts of it). Where steel is not being procured directly, this would enable In-scope Organisations to assess the bidder's and its steel manufacturer/fabricator suppliers' compliance with relevant social and labour laws (including International Labour Organisation conventions) and health and safety legislation. In-scope Organisations must (or may, where the ground is discretionary) require the bidder to replace any subcontractors to whom exclusion grounds apply (where evidence of self-cleaning is deemed insufficient).

The grounds for exclusion are set out in the Regulations. For relevant steel procurements being procured under Part 2 of the PCRs, UCRs and CCRs, In-scope Organisations should also refer to [PPN 04/21](#) which reminds In-scope Organisations of their obligations in applying exclusions and preventing, identifying and remedying conflicts of interest in public procurement.

### [Evaluation and Award](#)

The government has been clear that it intends to drive wider value through public works projects and programmes. Steel will often be a crucial element in the delivery of public infrastructure. Evaluation criteria should be designed to reflect the central aims of the project and should be centred on value. Competition based on price alone, and evaluation criteria that lead to this, should be avoided. False economies, unhealthy markets, and poor quality infrastructure could result from a narrow focus on up-front capital cost.

### [Whole life costs:](#)

When considering outlay, the key factor is the whole life cost, not the lowest purchase price. Whole life cost takes into account the total cost over the life of an asset, including capital, maintenance, management, operation and exit or decommissioning/disposal, and can be very different from the initial purchase price. In regard to steel, the resources required by the production process, and costs connected with environmental impacts, including the cost of emissions at the production plant and during transport, are likely to be relevant in determining the whole life cost of an asset.

Having a clear understanding of the whole life costs and risks of delivering a project/programme is best achieved by producing a [Should Cost Model](#) (SCM) (as referred to in the Construction Playbook). An SCM provides a forecast of what a project/programme 'should' cost over its whole life, including both the build phase and the expected design life.

### [Quality:](#)

In respect of quality, relevant criteria for projects/programmes requiring steel may cover:

- the cost/benefits of specialised niche solutions (e.g. design, weight, durability, adaptability for subsequent use), speed of response, service and responsiveness to changes, at all points in the life cycle of the product;
- supply chain management (e.g. requiring a good, secure supply chain and management performance);
- the outcomes identified through the POP, and any relevant priorities set out in the NPPS (see social value criteria below); and
- health and safety (requiring the same standards of health and safety throughout the supply chain, including steel production).

For procurements conducted under Part 2 of the PCR, In-scope Organisations are required to apply the Social Value Model. For procurements conducted under other Regulations, In-scope Organisations may still wish to use or adapt evaluation criteria from this model, and if so, they should do so in accordance with the relevant obligations under those Regulations.

Where relevant and proportionate, evaluation criteria may focus on:

- how the delivery of the contract will create employment, re-training and other return to work opportunities for unemployed people;
- how the delivery of the contract will create opportunities for business creation and growth at contractor level or in the supply chain;

- how the delivery of the contract will drive greater resilience, capacity, innovation, use of disruptive technologies, green technologies, efficiency, quality, modernisation, productivity and/or collaboration in the supply chain; and
- how actions taken in the delivery of the contract will identify and manage the risks of modern slavery.

Social value can be delivered anywhere in the supply chain and therefore early market engagement activities should be utilised as an opportunity for In-scope Organisation and contractors to understand how supply chain members (including steel manufacturers/fabricators), can contribute to the success of the overall bid, through the delivery of social value outcomes.

The evaluation methodology, including the evaluation criteria, evidence required, scoring system and proposed weightings should also have been pre-tested with the market to ensure they are reasonable and will not deter businesses from bidding.

Where the Social Value Model is applied in procurements conducted under Part 2 of the PCRs, a minimum overall weighting for social value of 10% of the overall score is mandated. As well as an overall weighting for social value, In-scope Organisations will need to allocate appropriate weightings to each of the individual evaluation criteria they have included. Where it is relevant and proportionate, In-scope Organisations should consider applying a higher weighting to social value<sup>3</sup>.

For further guidance on evaluating bids, refer to the Social Value Model, Construction Playbook, and the Sourcing Playbook [Bid Evaluation Guidance Note](#).

### 3. Manage

#### [Contract Implementation](#)

##### Contract conditions:

Choosing the right terms and conditions of contract is essential for government and public sector buyers to achieve best value. These should not be burdensome and should be relevant and proportionate to the value and risk of the procurement.

In-scope Organisations should ensure the contract includes any obligations that the contractor, its subcontractors and other supply chain members are required to meet. This may include (but is not restricted to) terms and conditions which:

- give the In-scope Organisation the right to terminate if the contractor fails to comply with obligations in respect of environmental, social, equality or employment law;
- require the contractor to include in its subcontracts the right for the contractor to terminate the subcontract for the subcontractor's failure to comply with environmental, social, equality or employment law;
- require the contractor to exercise due skill and care when it selects and appoints subcontractors;
- give the In-scope Organisation the right to pre-approve new subcontractors;
- give the In-scope Organisation the right to ask for the replacement of a subcontractor where there is evidence to exclude the subcontractor if an exclusion ground as defined in the Regulations arises;

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<sup>3</sup>The Ministry of Justice's New Prisons Programme has recently used a 12% social value weighting. The Ministry of Defence intends to apply a 20% social value weighting for future shipbuilding competitions.

- require the contractor to undertake supply chain visibility requirements as defined in PPN 01/18 (this is a requirement for contracts with a value above £5 million conducted under Part 2 of the PCRs);
- require the contractor to pay its subcontractors in full and on time, e.g. within 30 days of receipt of a valid, undisputed invoice (this is a requirement for contracts conducted under Part 2 of the PCRs and in accordance with PPN 08/21); and
- require the contractor to cascade any relevant terms and conditions through its supply chain and monitor performance and compliance with those conditions.

Such terms and conditions will help In-scope Organisations to ensure that excludable steel suppliers are not present in the supply chain, that steel subcontracting opportunities are advertised (where relevant to do so) and that steel suppliers in the supply chain are paid in full and on time.

Model forms of contract for construction, suitable for varying levels of value and complexity are referenced in the Construction Playbook; these can be amended as necessary in accordance with the relevant model form.

#### **Contract performance:**

Contractual KPIs and service levels are used to measure progress and performance of suppliers in the delivery phases of a project/programme. The contractor's performance against KPIs and service levels may be impacted by the performance of its supply chain and contractors should therefore cascade KPIs and service levels down the supply chain where appropriate.

KPIs should drive both a focus on outcomes and continuous improvement (aligning with the POP and Social Value Model where appropriate) and the intended benefits to be realised during contract delivery.

Contract terms and conditions should require the contractor to cascade actively managed performance management reviews down the steel supply chain.

Further guidance on setting and assessing KPIs and social value KPIs can be found in the Construction Playbook and [Guide to using the Social Value Model](#).

#### **Framework agreements**

This guidance also applies to procurements establishing framework agreements under Part 2 of the PCRs, UCRs and DSPCRs. It should be applied through the commercial lifecycle as appropriate. When calling off contracts from a framework agreement, it is not necessary to repeat actions that have already been taken when the framework agreement was set up and the guidance applies only as appropriate, for example, effective contract management is still important to ensure that contractual obligations, including those in relation to steel, are being met. In-scope Organisations should refer to the relevant policy, tool or methodology for specific guidance on their application to framework agreements and contracts awarded under a framework agreement.

#### **Monitoring and compliance**

In-scope Organisations are already required to provide an annual steel data return to the Department for Business and Trade, which is collated and published on Gov.uk.

The reporting requirement currently consists of data on two elements:

- a) pipelines of projected demand for steel procurement for future projects/programmes;  
and
- b) actuals data on steel procured in the previous financial year, including:
  - how much steel they have procured (directly or indirectly) over the previous financial year;
  - the steel product type;
  - the origin of the procured steel; and
  - how they have applied steel public procurement guidance.

Both of these reporting requirements are retained via this revised PPN. However, in relation to element (b), to streamline the data captured, this PPN clarifies that the requirement applies to projects/programmes:

- with a value of £10 million or more; and
- with a value of less than £10 million where it is anticipated that the project/programme will require in excess of 500 tonnes of steel.

#### Origin of the Procured Steel

This data should be recorded as set out in the Inspection Certificate (EN10204 Type 3.1) and contractors should indicate whether the origin stated is also recorded in the certificate as where the steel was melted and poured. If the melted and poured location wording is not found on test certificates<sup>4</sup> provided with steel purchased, contractors are not expected to investigate origin further. From 2023, the UK's steel producers will include on test certificates a clear indication of whether the steel was melted and poured in the UK.

#### Steel Product Type

The steel product type data requirement is the description of the steel purchased under one of the product headings below (e.g. Flat Rolled Steel Products, Steel Plate etc). Other product headings not included in this list are not within the scope of the requirement. However, the specific product examples under each product heading, are for guidance only and do not represent an exhaustive list:

- **Flat Rolled Steel Products:** Products commonly referred to as hot and cold rolled coil, sheet, and strip, including those clad, plated, and galvanised. This will include products such as coated steel building panels, tinmill steel, or corrugated sheeting.
- **Steel Plate:** Products often referred to as heavy or quarto plate, and typically of flat rolled steels exceeding 10mm in thickness.
- **Sections and Shapes:** Products commonly referred to as beams, columns, bearing piles, flange channels, bulb flats, and angles.
- **Reinforcing Bar:** Products commonly referred to as rebar, whether in rod, coils, or products suitable for mesh.
- **Other Bars and Rods:** Wide range of other steel mill products commonly referred to as wire rod, merchant bar, bright bar, black bar.

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<sup>4</sup> There may be some variations in the exact wording used in the certificate concerning melted and poured location. "Melted and poured in (name of country)", "Melt and pour location (name of country)", or "Melted, poured and manufactured in (name of country)" are all acceptable – as is any phrase which clearly conveys where the steel was melted and poured.

- **Tubes/Pipes/Hollow Sections:** Steel products commonly referred to as hollow sections/profiles, welded tube, seamless tube, pipes, and hollow sections.
- **Wire:** steel products commonly referred to as wire or strand, produced through the drawing of rod to produce wire of varying diameters. This would include construction products such as pre-stressed wire, and those coated and plated.
- **Rail:** Railway or tramway track construction material of iron or steel, including grooved rail. (Note: This would not include products such as switch blades, point rods, sleepers, rail clips, crossing frogs).
- **Sheet Piling:** Sheet piling made from assembled elements; welded angles, shapes, and sections.

These product headings refer to those steel products made either from non-alloy or alloy/stainless steel. Broadly speaking they are categorised under the harmonised tariff codes system as headings 7208 through to 7306.

The reporting requirements have been designed to capture 'steel products' for public projects, as opposed to 'steel containing products' such as screws, or steel containers. For example, if a contractor or subcontractor purchases fabricated steel containers to fulfil its public contract it would not be expected to report on the origin of the steel used to make those containers. Conversely, if it purchases steel sections to make a fabricated steel structure for supply into a public project, they should report on the origin of the steel sections.

#### [Contractual provisions and reporting arrangements](#)

For element (b) data, In-scope Organisations should ensure that there are provisions within their contractual terms and conditions requiring suppliers to provide the relevant data. An example clause is attached. It is advisable that subcontractors are made aware of this requirement at the contract award stage, and that they are encouraged to record the origin information at the time of delivery 'on-site'. The data should be submitted within 10 weeks of the end of the financial year to the relevant In-Scope Organisation, informing their annual steel data return to the Department for Business and Trade. A standardised template for data returns is provided. In-scope Organisations should familiarise themselves with the template to ensure that the correct data requirements can be provided in their annual return.

#### **Contact**

For questions relating to this PPN and guidance, in the first instance please refer to the FAQs. Any other queries should be directed to the Crown Commercial Service Helpdesk on 0345 410 2222, or [info@crownccommercial.gov.uk](mailto:info@crownccommercial.gov.uk)

## **Annex - Summary of Project Appraisal and Commercial Policy, Tools and Methodologies**

### Green Book

The [Green Book](#) is the government's guidance on options appraisal and applies to all proposals that concern public spending, taxation, changes to regulations, and changes to the use of existing public assets and resources. Most recently updated in 2022, it supports the design and appraisal of proposals that both achieve government policy objectives and deliver social value.

The Green Book supports the 5 case model, which is the government's recommended framework for developing business cases including for infrastructure projects that require steel. It is also supported by supplementary guidance that addresses appraisal issues relevant to specific policies. This includes the Project/Programme Outcome Profile (see below).

### Project/Programme Outcome Profile

In 2021 the government launched the [Project/Programme Outcome Profile](#) (POP), a methodology and tool developed by the Infrastructure and Projects Authority (IPA). It aims to support the development of stronger business cases for government projects and programmes in line with Green Book guidance. This is achieved by exploring how a project or programme will support the delivery of government's priority outcomes; and using consistent metrics to document the project or programme contribution to those priority outcomes.

The POP should be used when undertaking the strategic assessment at the outset of developing an infrastructure project or programme business case and should be revisited at each iteration of the business case. It should be referred to throughout the approval and assurance processes in relation to the business case, used to inform contractual processes and form the baseline for robust post completion evaluation. The outcomes agreed through the POP should also be used to design the set of key performance indicators for the project or programme.

An introductory video providing a walk-through of the POP methodology and tool can be found [here](#).

### National Procurement Policy Statement

The Government believes that public procurement should be leveraged to support national priorities and local outcomes for the public benefit. The [National Procurement Policy Statement](#) (PPN 05/21) was published in 2021 and sets out the national priorities that all contracting authorities should have regard to in their procurement where it is relevant to the subject matter of the contract and is proportionate to do so. These priorities include, creating new businesses, new jobs and new skills; tackling climate change and reducing waste; and improving supplier diversity, innovation and resilience; and are reflected in the Social Value Model (see below).

### Social Value Model

In 2020 the government launched a new model to deliver social value through the government's commercial activities. For procurements conducted under Part 2 of the PCRs,

In-scope Organisations are required to use this model to take account of the additional social benefits that can be achieved in the delivery of their contracts, using policy outcomes aligned with the government's priorities. Used correctly, the [Social Value Model](#) will encourage market collaboration that identifies and refines proposals. It provides evaluation criteria that can allow In-scope Organisations to conduct robust evaluations of quality, wider public policy delivery and whole-life value. Refer to the 'Evaluation and award' section of this guidance for further information on how to apply the social value model in the supply chain.

### [Construction Playbook](#)

Published in 2020 and updated in 2022, the [Construction Playbook](#) captures commercial best practices and specific sector reforms outlining the government's expectations of how contracting authorities and suppliers, including the supply chain, should engage with each other. These are set out across a range of key policies relating to how the government should assess, procure and deliver public works projects and programmes. Together, these policies drive better, faster, greener delivery and will provide greater transparency about what is constructed and how, in terms of material and product origin and performance, carbon emissions and sustainability.

### [Supply Chain Visibility](#)

Published in 2018, [Supply Chain Visibility](#) (PPN 01/18) requires that procurements within scope of the measure, must include clauses requiring contractors to a) advertise on Contracts Finder subcontract opportunities arising from that contract above £25,000; and b) report on how much they spend on subcontracting, and how much they spend directly with SMEs or VCSEs in the delivery of the contract. This does not apply to subcontracts that were arranged or existed prior to the award of the contract i.e. when the contractor has established its supply-chain as part of the tender process.

### [Value Toolkit](#)

Introduced in 2021, the Construction Innovation Hub's [Value Toolkit](#) was designed in partnership with government and industry experts and has produced a world-leading resource in the construction sector. The toolkit enables contracting authorities to evaluate options and develop an outcome specification consistent with a social value approach. It is recommended that the Toolkit is used to support work to define value for a project, and to inform early market engagement. Refer to the 'Preparation and planning' section of this guidance for further information on early market engagement.