

PPN 04/20 - recovery and transition from Covid-19

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PPN 04/20 (**PPN 04/20**) was published in early June and provides information and guidance for contracting authorities on measures to ensure continuity of service delivery during the coronavirus outbreak. It continues the guidance provided in PPN 02/20 – a link to our detailed guidance on what public bodies should be doing in accordance with [that PPN can be found here](#).

PPN 04/20 applies to all contracting authorities and to all goods, works and services contracts being delivered in the UK, including PFI and PF2 arrangements. It is effective from 1 July to 31 October 2020.

PPN 02/20 required contracting authorities to review and risk assess their contracts, and put in place measures to support continued service delivery during the coronavirus outbreak. PPN 04/20 is issued in recognition of the likelihood that the pandemic will cause continued disruption for the foreseeable future. Relief measures may still be required, and contracting authorities may continue any such measures if necessary to support service delivery. However, it will also be necessary to work with suppliers to exit relief and move to an operating model which is sustainable in the longer term. This will require contracting authorities and suppliers to evaluate whether their contractual arrangements require modification in order to support ongoing service delivery. If contracts are no longer viable or relevant, then termination should be considered, in accordance with the terms of the contract.

What does this mean for contracting authorities?

- If you have already agreed relief arrangements with a supplier in accordance with PPN 02/20 those arrangements can continue in the short term if you consider it necessary. If you consider that relief should be provided to a supplier not already receiving it, then it may be provided in accordance with PPN 02/20.
- You will need to work with suppliers who are benefitting from contractual relief mechanisms to agree a plan to exit any such arrangements as soon as is reasonably possible. If your operational requirements have changed, then you may need to vary your contracts to reflect those changes. Any contract variation should be made in accordance with the Public Contracts Regulations 2015 (PCR). We have previously provided [general guidance on varying contracts during the pandemic here](#).
- Work with your suppliers to ensure that your contracts are still relevant, sustainable and deliver value for money over the medium to long term. Carefully consider your options where contracts do not reflect your current requirements, or are unlikely to represent value for money. The PCR provide scope to agree contract variations, but any variation will need to be carefully justified in accordance with the relevant provisions. It may also be necessary to consider whether such contracts should be terminated.
- Continue to pay suppliers as soon as possible (or otherwise in accordance with agreed dates) to maintain cash flow.
- Ensure that you maintain appropriate records of any decisions taken with regard to your contracts, so that you are able to justify any actions should this be necessary in future. Ensure that you can demonstrate why the action was necessary, how it complies with the relevant legal framework and why it represents value for money.

PPN 05/20 – The Outsourcing Playbook has been updated

The Outsourcing Playbook, launched in February 2019 in response to the collapse of Carillion has been updated in order to improve how central government departments assess, procure and manage public services to deliver better outcomes and value for money. Although it is only directly applicable to central government procurements, the Outsourcing Playbook is useful best practice guidance for other contracting authorities. A link to [version 2.0 may be found here](#).

The 11 key principles for getting projects right established in the original playbook remain, but have been expanded upon and further developed to provide more detailed guidance which is broader in scope. Content has been refreshed in several areas, including the guidance notes which provide greater detail on a number of areas.

The key changes are:

- The guidance on 'Make or Buy' has been reframed as 'Delivery Model Assessment' and a detailed framework has been developed. The framework will support central government departments in assessing and evaluating delivery models before deciding to outsource, insource or re-procure.
- Additional guidance is provided on the 11 key policies to support implementation;
- A new 'functional matrix' has been introduced, which maps the 11 key policies. This is intended to provide a guide for departments to support implementation of the guidelines and the rules by demonstrating which groups within a department (finance or legal colleagues, for example) need to be involved in respect of a particular policy, and what their involvement should be.
- The guidance is now linked to commercial policy priorities, highlighting lessons learned from best practice and the Government's approach to contract management.
- New or refreshed guidance notes have been provided in relation to:
 - Delivery model assessments
 - Testing and piloting services
 - Risk allocation and pricing principles
 - Bid evaluation
 - Competitive Dialogue and Competitive Procedure with Negotiation
 - Should Cost Modelling
 - Assessing and monitoring the economic and financial standing of suppliers.

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