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procurement**

# Supplier updates on PPNs in scope of DOS 7

**August 2024**



Crown  
Commercial  
Service

## Digital Outcomes and Specialists 7(DOS 7)

# INTRODUCTION AND OVERVIEW





# Agenda

## Structure of the session

### Part 1 - DOS 7 approach to:

- Carbon Reduction Plans
- Financial Viability Risk Assessments
- Social Value
- Modern Slavery
- Prompt Payment

### Part 2 - DOS 7 approach to:

- Information Security
- Cyber Essentials
- Insurance
- Certificates of Technical and Professional Ability

### Part 3 - Further guidance and training

*CCS reserve the right to modify the requirements as set out in this presentation to reflect our business requirements*



# Introduction and Housekeeping

- Please keep your mics or phones on mute to cut down on background noise
- Please keep your cameras off for network stability
- Suppliers may ask questions, however these will be answered after the event
- The session is being recorded
- Questions should be directed to the web chat function
- Slides and a copy of all questions and answers will be posted on the supplier engagement section of the DOS 7 upcoming deals page after the event
- Tech UK will send a copy of the slides and the Q&A to all webinar attendees after the webinar



# Key Aims

## After this session you should

- Be more comfortable and confident in understanding the PPNs in scope of DOS 7
- Understand where you can get further guidance and training on the PPNs
- Know the steps you/ your organisation need to take to prepare to comply with the PPNs in scope of DOS 7

# PPNs in scope of DOS 7





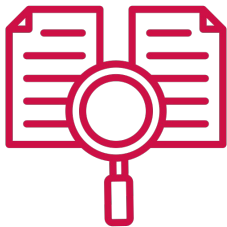
# Overview by lot of PPNs applied at framework level overview

	Lot 1: Digital Outcomes	Lot 2: Digital Capability and Delivery Partner	Lot 3: Digital Specialists	Lot 4: User Research Studios and Participants
Carbon Reduction Plans	✗	✓	✗	✗
Financial Viability Risk Assessments	✓	✓	✓	✓
Social Value (agreement to commitment statement)	✓	✓	✓	✓
Modern Slavery	✓	✓	✓	✓



# PPN 06/21 Carbon Reduction Plans

- Suppliers bidding for Lot 2 contracts, whose average size is likely to be £5m per annum or above, will be required to submit a company wide Carbon Reduction Plan (CRP) covering their UK based emissions only
- CRPs will be evaluated for compliance by CCS at framework procurement stage
- Suppliers are responsible for updating and maintaining their CRP every year
- Buyers will be likely to require that Lot 2 suppliers have a valid CRP at call-off stage
- The CCS Sustainability team runs regular webinars offering guidance on measuring and reporting your organisation's emissions, and producing and maintaining a compliant CRP



# What is a CRP?

- CRPs are an essential part of helping the UK achieve the government's target of carbon net zero by 2050
- They help prospective customers understand the impact a supplier's operations may have upon the environment
- CRPs should provide an outline of the environmental measures the organisation already has in place, or will implement, that will be used in the delivery of the contract for which it is bidding
- Company practices outlined in the CRP will be followed in the delivery of individual contracts but granular levels of reporting won't be provided
- All CRPs submitted to CCS are available for buyers to view through CCS's [supplier webpages](#). CRPs should be accurate and up to date
- Suppliers have 12 months from the end of any given reporting year to update their CRP with emissions data and required information. Those who don't supply the data within the 12-month period may miss out on call-off contracts and can't use the CRP to bid for any new tender



# How are CRPs evaluated?

- CRPs aren't scored or compared to each other. They are judged by [a set of criteria](#) which simply confirms whether or not a supplier's submission meets the required standard.
- The requirements state the information expected as part of these plans
- The requirements determine what a CRP must do, including (but not limited to) the following:
  - be regularly updated and published on the supplier's website
  - verify the supplier's commitment to achieving Net Zero by 2050
  - provide current UK emissions for Scope 1 & 2 of the greenhouse gas (GHG) Protocol and a subset of Scope 3 emissions
  - provide emissions reporting for the 6 greenhouse gases covered by the Kyoto Protocol
  - detail the environmental management measures that can be applied in the delivery of the contract

# Financial Viability Risk Assessments

- The economic and financial standing of all DOS 7 bidders will need to be considered as part of the selection process as per the Sourcing and DDaT playbooks.
- The tiering tool was completed by CCS for DOS 7 and calculated Lots 1 and 2 as Gold and Lots 3 and 4 as Silver.
- Bidders will therefore need to complete either a Silver or Gold Standard FVRA and submit this as part of their DOS 7 framework tender submission so CCS can understand the economic and financial standing of the bidder
- FVRAs will be assessed and bidders may be contacted for further information or for CCS to query some information received.
- Bidders unable to meet either the Silver or Gold Standard FVRA as applicable and unable to demonstrate a stable financial position will not be awarded a place on the framework

# What is an FVRA?

- The FVRA is the Cabinet Office template, issued as part of the playbooks for collecting and assessing financial information
- It provides an audit trail as to the decisions that are made as part of the procurement process
- The key features in the FVRA process are designed to benefit both Government departments and bidders (potential suppliers to Government). The key themes are:
  - transparency
  - consideration of corporate group health
  - bidder mitigation - ability to provide supplementary information in addition to statutory statements

# FVRA - financial information input

The image shows a screenshot of a financial reporting form titled "Private Limited Company/Publicly Listed Company Template". The form is divided into three main sections: "Balance Sheet", "Profit and Loss Statement", and "Cash Flow Statement". Each section contains a table with columns for "Actual", "Draft", and "Forecast". A magnifying glass is positioned over the "Balance Sheet" section, highlighting the following line items: "Assets in associates or joint ventures", "Current trade receivables", "Finance lease receivables", "Amounts owed by group undertakings", "Amounts owed by joint ventures and associates", "Derivative financial instruments", "Other non-current assets (Deferred tax, etc.)", "Employee benefit assets (Pension etc.)", "Contract fulfillment assets", and "Current assets".

- We ask for the most recent information but you can choose the information you enter including draft accounts.
- You need to provide supporting documentation to evidence any information that you put into the FVRA

# How does the FVRA work?

- A number of metrics will be assessed and there are very clear thresholds as to what is considered low, medium or high risk
- Metrics will be calculated in real time and you can see the outcome before you submit the FVRA
- The FVRA process also allows you to provide mitigating commentary or additional information so you can explain why certain metrics may be creating an output.
- FVRAs also acknowledge the fact that corporate health doesn't always sit within one particular entity. We look at the health of the overall corporate group where applicable.





# PPN 06/20 - Social Value

- PPN 06/20 - Taking account of social value in the award of central government contracts will apply for all DOS 7 lots
- All lots will have a social value commitment statement for bidders to agree to, rather than Social Value questions for bidders to answer and CCS to evaluate, due to the high level of tenders expected
- Buyers will ensure the delivery of social value at call-off contract level. Social Value for call-off contracts will have a minimum weighting of 10% of the total score for in-scope organisations and will form part of the quality evaluation criteria
- We intend to include within the framework KPIs a requirement for suppliers to report their social value delivery so that we can monitor its effectiveness
- Annual Social Value Statements will be included in framework schedule 4 as a performance indicator

# Social Value themes in scope

- Equal Opportunity and Tackling Economic Inequality are the most relevant and proportionate for DOS 7 services
- However, buyers still think that Fighting Climate Change and Wellbeing do have some applicability to their requirements
- Buyers can identify specific social value priorities from the 4 themes in scope as part of each call-off contract
- Social value is championed across the customer base with a focus on digital skills programmes and digital inclusion.

# How will buyers address social value?

- Buyers will draw from the list of chosen Social Value themes and outcomes in scope at call off
- Buyers can ask suppliers how they will deliver against their specific requirements. Buyers can ask suppliers how they propose to deliver social value against their specific themes and outcomes, in the delivery of the call off
- Central Government buyers should not evaluate on a quantitative basis, but should evaluate on the basis of how well your proposal meets their needs
- The terms and conditions will support a Social Value evaluation for further competitions

# Social Value buyer guidance

- The overriding objective for DOS 7 for lots 1, 3, and 4 is to ensure that relevant and proportionate social value is applied to call-off contracts that does not disadvantage SMEs
- For lot 2, since call-off contracts will be of a much higher value, the expectation is that there will be a greater ability to perform, deliver, and report on social value
- The recent Cabinet Office and techUK collaboration [Guidance on applying Outcome 2 of the Social Value Model to Digital, Data and Technology Contracts](#) was created in collaboration with SMEs specifically to address buying DDaT resources and we want to promote this as much as possible in DOS 7 buyer guidance
- The above guidance identifies the social value questions and award criteria from the PPN 06/20, which are most likely to be best suited to digital, data and technology ('DDaT') purchases

# PPN 02/23 - Tackling Modern Slavery

- PPN 02/23 Tackling Modern Slavery in Government Supply Chains will apply when suppliers are bidding for Lots 1,2,3 and 4 of DOS 7
- Based on the low risk status of the supply chain and sector, when bidding for DOS 7, CCS does not require DOS 7 bidders to complete the Government's modern slavery assessment tool ("Modern Slavery Assessment Tool" or "MSAT" on which more detail is available from the following link <https://supplierregistration.cabinetoffice.gov.uk/msat>)
- However there is a possibility that buyers may request the completion of the MSAT at further competition stage
- All suppliers, even those below the threshold, would be in-scope of the MSAT

# How will modern slavery be evaluated?

- In scope bidders are those providing services under the framework whose annual turnover is above £36m
- These bidders will be required to submit a modern slavery statement when bidding for DOS 7 in accordance with section 54 (transparency in supply chains) of the Modern Slavery Act 2024
- Bidders who are not in-scope are not required, but will be encouraged, to submit a modern slavery statement. This will ensure they meet the requirements of the PPN, should they become in-scope. These bidders will not have their modern slavery statements checked.
- CCS will ensure that in-scope suppliers are monitored through SRM and keep their Modern Slavery Statements updated

# PPN 10/23 - Prompt Payment

- PPN 10/23 Taking account of a bidder's approach to payment in the procurement of major contracts will apply when suppliers are bidding for Lots 1,2,3 and 4 of DOS 7
- This is because the PPN applies to framework agreements where it is anticipated that the individual value of any contract to be awarded under the framework agreement is greater than £5 million per annum (excluding VAT)



# How is Prompt Payment evaluated?

- In the selection questionnaire, bidders will be required to demonstrate that they pay 95% of their invoices within 60 days, or 90% with an action plan to improve to 95%
- The action plan must also detail what actions they are taking to improve payment of their suppliers within the agreed terms
- Bidders will also be required to demonstrate that they pay all invoices within an average of 55 days in at least one of the two previous six month periods (reporting periods)
- If a bidder has not paid all invoices within the agreed contractual terms in at least one reporting period, they must explain why



# What payment data can be used?

- Where a bidder has reported payment data every six months in accordance with the Reporting on Payment Practices and Performance Regulations 2017, the two most recent reports can be submitted
- If a bidder has recent data for the previous three or more months which has not yet been reported under the regulations, then this can also be submitted as a reporting period
- Where bidders aren't required to publish data in accordance with the regulations, they should still submit the previous twelve months' worth of available data in two (six month) periods in line with the DBT Guidance to Reporting Payment Practices and Performance



# How will prompt payment be monitored once the agreement is live?

- Core term 4.8 of the terms and conditions enforces prompt payment and requires suppliers awarded a place on the framework to maintain levels of prompt payment throughout the contract
- CCS will monitor supplier prompt payment performance and discuss with suppliers as part of SRM activity
- Additionally, the Core terms will still include the requirement for suppliers to ensure that all Subcontractors are paid, in full, within 30 days of receipt of a valid, undisputed invoice



**CYBER  
ESSENTIALS,  
INSURANCE AND  
INFORMATION  
SECURITY**





# Overview by lot of PPNs applied at framework level overview

	Lot 1: Digital Outcomes	Lot 2: Digital Capability and Delivery Partner	Lot 3: Digital Specialists	Lot 4: User Research Studios and Participants
Cyber Essentials + or equivalent	✗	✓	✗	✗
ISO/IEC 27001:2022 Information Security Management standard or equivalent (CE+)	✗	✓	✗	✗
Employer's Liability, People and Products and Professional Indemnity Insurance	✓	✓	✓	✓
Certificates of Technical and Professional Ability	✗	✓	✗	✗



# Insurances required for DOS 7

(i)	Employer's Liability	£5m	Applicable to all lots
(ii)	Public and Products Liability	£5m	Applicable to all lots
(iii)	Professional Indemnity	£5m	Applicable to all lots

The new procurement regulations state that insurance requirements cannot be requested as a condition of participation.

This removes barriers to entry where appointed suppliers are required to fund insurances but don't win work under the framework



# Information Security and Cyber Essentials required at framework procurement stage

(i)	ISO/IEC 27001:2022 Information Security Management standard or equivalent (CE+)	Applicable to lot 2 only
(ii)	<a href="#">Cyber Essentials + or equivalent</a> (ISO27001)	Applicable to lot 2 only

Lot 1,3 and 4 buyers are likely to require and ask for Cyber Essentials or Cyber Essentials + for their call-offs



# Certificates of Technical and Professional Ability (COTPAs) at framework procurement stage

(i)	COTPAs	Applicable to lot 2 only
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These must be signed by customers - suppliers to ensure they obtain the customer signature

# **FURTHER GUIDANCE AND TRAINING**





# Further guidance and training CRPs

- [CCS Carbon Reduction Plan Training for Suppliers](#) on measuring emissions and implementing solutions
- [Annex A of the official publication of PPN 06/21](#) which includes a CRP template. This gives a clear framework to help lay out your plans and save you time and resources
- [Suppliers Questions on CNZ answered; and](#)
- [Carbon Calculator](#)
- The Cabinet Office resources for meeting CRP standards:
  - [specific guidance for adopting and applying the requirements](#) and the criteria that will be used to judge compliance in the procurement process
  - further information on [the standard of carbon emissions data](#) required as part of the plan
  - [answers to some of the most common questions](#) posed about CRP requirements



# Further guidance and training FVRAs

- [The Sourcing Playbook](#)
- [The FVRA tool](#)
- [Assessing and monitoring the economic and financial standing \(EFS\) of suppliers guidance note \(includes FVRA guidance starting on page 9 Contract categorisation and risk thresholds\)](#)



# Further guidance and training social value

- [Information and guidance on the Social Value Act](#)
- [Procurement Policy Note 06/20 – taking account of social value in the award of central government contracts](#) (This gives a bit more info about how it all works).
- [Guidance on applying Outcome 2 of the Social Value Model to Digital, Data and Technology Contracts](#)



# Further guidance and training modern slavery

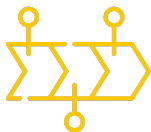
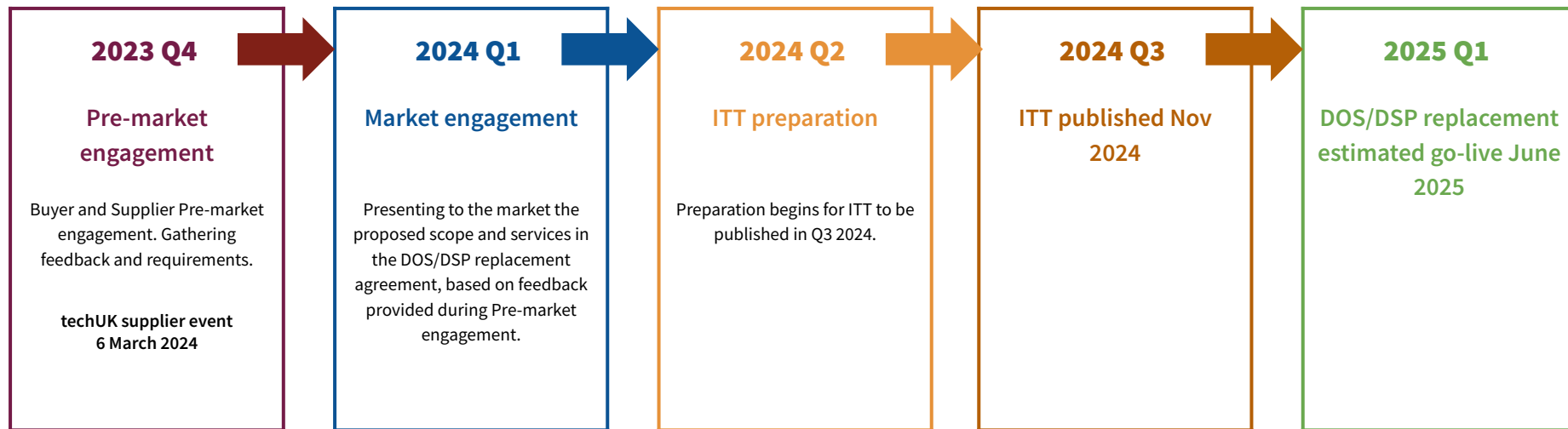
- [Information and Guidance on the Modern Slavery Act](#)
- [Tackling Modern Slavery in Government Supply Chains](#) (This is the most up-to-date gov document, and is quite readable).



# Further guidance and training prompt payment

- [PPN 10/23 Guidance](#)

## High Level Draft Timeline



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