

PPN 08/23: using standard contracts

16 August 2023

On 1st August 2023, the Cabinet Office published a Procurement Policy Note ([PPN 08/23](#)) in replacement of PPN 04/12 and PPN 06/14 relating to the use of standard contracts.

PPN 08/23 confirms that the Government Commercial Function and the Government Legal Department have updated following three contracts to be used by Government departments and public sector organisations:

- Model Services Contract (now version 2.1);
- Mid-Tier Contract (now version 1.2); and
- Short Form Contract (now version 1.4).

together the 'Standard Contracts'.

The Cabinet Office has published a list of the changes made to each of the Standard Contracts from the previously published versions for transparency. The aim of the revised publication of the Standard Contracts is to assist the government and public sector buyers to “obtain the best value for citizens”.

The PPN 08/23 confirms that the Standard Contracts should be used by central Government departments and their executive agencies, and non-departmental bodies (referred to as 'In-Scope Organisations'), when purchasing bespoke goods or services or goods or services that cannot be purchased using a suitable government framework.

The Standard Contracts unify the approach for bespoke contracts by creating one template for each category as opposed to drafting new contracts for each procurement and have been updated to refer to the most up-to-date government policies.

In-Scope Organisations should be mindful that the Standard Contracts should be implemented as soon as possible. However, the Standard Contracts do not need to be used where a more suitable form of contract is available, the PPN 08/23 provides the following examples on where a Standard Contract is not required:

- Departmental terms and conditions attached to purchase orders for very low value procurements;
- If there is a Government framework; and/or
- If there is an industry-specific contract, such as those available for construction.

Notably, the Standard Contracts are subject to feedback and improvement on how they are implemented in practice so may be subject to further change. Each Standard Contract is supplemented with its own guidance for In-Scope Organisations to follow which we have referred to below. The guidance for each of the Standard Contracts confirms that the contracts should be used by specialists and lawyers and tailored appropriately. It is therefore important that legal advice should still be obtained when using these contracts despite them streamlining the procurement process.

Model Services Contract

The PPN 08/23 provides the following guidance on when the Model Services Contract should be used:

- for Business Process Outsourcing or ICT delivery services contracts;
- where the contract value over the entirety of the contract term is £20m or more;
- where the contract is rated “Gold” using the Cabinet Office Contract Tiering Tool;

- where a contract is high risk and/or complex;
- for services which require dialogue or negotiation (i.e. a competitive procedure with dialogue or competitive procedure with negotiation).

Further, the PPN 08/23 provides a link to [Model Services Contract Guidance](#) regarding when be used and the key changes.

Mid-Tier Contract

The Mid-Tier Contract template is designed to be used for procurements for goods/services which do not require any negotiation or dialogue with potential suppliers. The Mid-Tier Contract is intended to be used for either:

- procurements that are not complex and where the contract value over the entirety of the contract term is above threshold, but below approximately £20m; or
- procurements that are complex but the contract value over the entirety of the contract term is below threshold.

The [Mid-Tier Contract Guidance](#) link confirms changes made in comparison to the previous version and guidance on the core terms.

Short-Form Contract

The Short-Form Contract is designed to be used for “light touch” contract terms and low-value goods and/or services procurements. It is designed to be used for procurements below threshold and where the contract is not complex (i.e. the nature of the arrangements do not require a Mid-Tier Contract to be used). The Short-Form Contract cannot be used for any contract which is valued above the relevant procurement thresholds. The [Short Form Contract Guidance](#) provides detail regarding the changes made and the structure of the contract.

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