

CONSTRUCTIONLINE – TAKING THE PAIN OUT OF PRE-QUALIFICATION

A formalised mechanism for assessment for ‘pre-qualification’ is an integral part of the public sector tendering exercise. Public sector organisations need assurance that potential suppliers are suitable to tender for public contract opportunities in terms of their legal, financial and technical capacity. This guidance provides suppliers with information on pre-qualification and the Constructionline service, including the benefits to their organisation – whether buyer or supplier focused – recent developments and industry support.

BACKGROUND

The qualification of firms for the process of procurement of products or services has been in existence for many years, is international and is used by most of the public sector and many private sector buyers. Qualification thus affects virtually all businesses.

The process is referred to by a variety of descriptions such as shortlisting, in-house lists, approved lists, etc. However, all systems involve the same fundamental principle of businesses demonstrating their compliance with set criteria relevant to buyers’ general procurement practices usually, but not necessarily, at a time unrelated to a specific project.

Buyers are thus able, at the start of a procurement process, to identify suitable firms for invitation to tender.

WHAT IS PRE-QUALIFICATION?

Pre-qualification is the process by which suppliers are assessed for their fitness to tender for contract opportunities or to be included on pre-approved lists. While this does occur in the private sector it is most prevalent in the more highly regulated public sector.



constructionline
U.K. REGISTER OF PRE-QUALIFIED CONSTRUCTION SERVICES

In order to pre-qualify, suppliers are asked to provide information in the form of a Pre-Qualification Questionnaire (PQQ).

While the content of this will vary to some extent, it will generally include details of:

- company’s legal status
- finance and accounts
- tax information
- Health & Safety policy
- past experience and references
- relevant accreditations, eg CORGI

Increasingly, Environmental and Equal Opportunity policies are also being requested.

WHY PRE-QUALIFY?

Pre-qualification reassures the buyer that it is dealing with a bona fide supplier and enables it to make an informed judgement on the capabilities of that supplier. It also helps to avoid time wasted through unsuitable suppliers being considered for work that they are simply not in a position to fulfil.

For suppliers being pre-qualified gives them a degree of credibility and a competitive edge in terms of securing work for certain buyers.

A SIGNIFICANT BURDEN

While there are obvious benefits to pre-qualification, the provision, assessment and maintenance of the plethora of information required has obvious resource and financial implications. This applies both to the buyers who are increasingly being required to demonstrate efficiencies and financial savings and to the suppliers who wish to work for them.

For suppliers wishing to work in the public sector pre-qualification can become a significant burden that precludes many firms from working with public sector buyers.

Although the objectives and goals that pre-qualification is seeking to achieve are common, the range of criteria is extremely varied. Schemes run by public sector bodies and private firms frequently ask for the same information in different ways and enjoy no common acceptance by buyers.

A single national database

With many organisations and departments within organisations operating as discrete buying centres there is real risk of significant duplication. It has long been recognised within the construction industry that this risk could be alleviated by the existence of a single national database.

The Property Services Agency (PSA), the government body that managed the government estate, held a list of pre-qualified suppliers. On the privatisation of the PSA, the Government retained the supplier data held and established the Contractor Management Information System (CMIS) and later the Consultants Register (ConReg) to ensure the continuation of the service for central government buyers.

Sir Michael Latham's report *Constructing the Team* (1994) emphasised the need to have a recognised single pre-qualification service, to provide an even standard of assessment and to maximise cost and efficiency savings to both public sector buyers and suppliers. This re-energised the concept of a single national database in the form of Constructionline, which was endorsed by Sir John Egan's report *Rethinking Construction* in 1998.

Not only does a single national database reduce duplication, it also ensures that all suppliers are assessed to the same standard once and their information is maintained on an ongoing basis.

WHAT IS CONSTRUCTIONLINE?

Owned and endorsed by the Department of Trade and Industry, Constructionline is the UK's register of pre-qualified local and national construction suppliers.

Over 12,800 contractors and consultants, accredited to proven industry-agreed standards, are registered with Constructionline. As a result over 1700 buying organisations across the UK ranging from large central government departments and agencies to local authorities,

housing associations, universities and NHS trusts regularly use Constructionline to source pre-qualified suppliers.

HELPING THE INDUSTRY

Constructionline removes the need for buyers to maintain their in-house lists of suppliers and send out duplicate pre-qualification forms for each and every tender. Instead buyers simply use Constructionline to select a shortlist of pre-qualified suppliers based on their chosen search criteria, completely removing the need to send suppliers any pre-qualification forms.

The service is available free of charge to buyers, the one provision being that they agree not to ask suppliers for any information held on the Constructionline database.

SO WHAT DOES THIS MEAN FOR CONSTRUCTION SUPPLIERS?

Saving resources – suppliers registered on Constructionline have reduced the time spent pre-qualifying for tenders by up to 80%

Access to over 1700 buying organisations – during 2005 contracts placed through Constructionline totalled an estimated £6 billion

Industry recognition – as a Government-endorsed service, Constructionline is widely recognised by the industry and provides suppliers with a cost-effective way to market their business and increase credibility

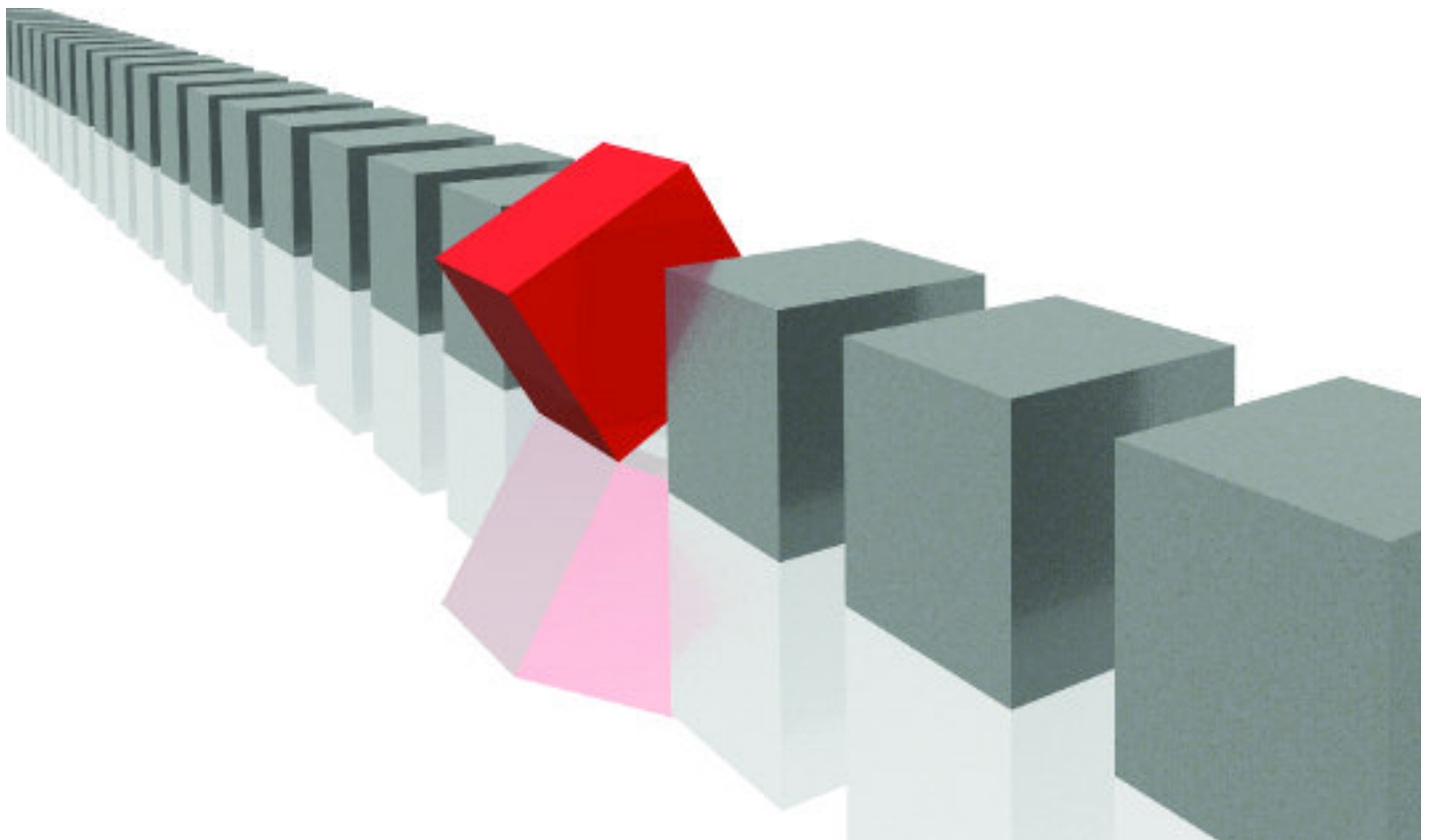
Government support

The Constructionline service has been recommended by a number of influential bodies, including the Local Government Task Force and the OGC. In 2004 the North Wales Constructionline Pathfinder Project evaluation report showed that Constructionline could achieve potential annual efficiency savings of £1.2 million and £1.4 million for the Welsh public sector and Welsh firms, respectively.

Constructionline's accreditation standards have been agreed by the DTI, OGC and DCLG.

DEVELOPING THE SERVICE

In 2006, there were a number of developments to the Constructionline service including a completely new web-based system, integration with e-procurement solutions and wider industry recognition:



New web-based system

A new web-based system was launched in March 2006 providing buyers with faster access to all registered suppliers plus a number of new and improved tools including supply chain management, contract analysis and feedback tools.

This new system is a great deal more interactive. Suppliers can receive alerts when buyers have viewed their details and can use their feedback as future references.

Buyers have responded well to the new functionality available to them; since its launch use of the system has increased by up to a third.

Integration with e-procurement solutions

Over recent months Constructionline has agreed a number of Memorandums of Understanding (MOUs) with several e-procurement organisations including @UK plc, BiP Solutions, Buy4Wales, eGS/IDeA and Supply2.gov.uk

These mean that buyers using the various e-procurement solutions will have access to Constructionline's database of pre-qualified construction suppliers. For suppliers this increases use of the database and potential exposure to new buyers.

WORKING WITH OTHER INDUSTRY ORGANISATIONS

Constructionline continues to work closely with a range of industry organisations including CHAS, CSCS, CRE and most recently with Constructing Excellence to continue to reduce duplication for buyers and suppliers alike. By working with the experts in these specialised fields Constructionline ensures that the information it gathers is in line with the most current legislation and industry requirements.

NO SUPPLIER IS TOO SMALL

There is an increasing demand from buyers to find small, local suppliers to work on public sector contracts.

As a result, Constructionline has introduced a number of developments to the service to ensure it is just as easy for smaller contractors and consultants, with fewer administration resources, to gain exposure to buying centres:

Launch of the Small Suppliers Reference Requirement (SSRR)

Available to all firms with a turnover of less than £150,000 or fewer than five employees, SSRR reduces the number of references smaller suppliers need to provide as part of their Constructionline registration.

Registration helpline

Suppliers of all sizes can complete their Constructionline registration form with the Information Collection team over the telephone, removing the need for suppliers to fill in the extensive form themselves.

Help for new start-ups

In most cases recently established businesses will not have a full range of financial information available, therefore Constructionline has reduced the amount of information required by new suppliers in their initial application.

VALUE FOR MONEY

Constructionline suppliers can register for unlimited work categories or areas of operation from as little as £70 + VAT a year up to £1275 + VAT, depending on turnover. This provides suppliers with access to all 1700 registered buying centres whilst guaranteeing industry-wide recognition and credibility.

WHAT OUR CUSTOMERS SAY

Greater Manchester Police Authority

As one of the largest police forces in the UK, and with a major multimillion-pound new build and refurbishment schedule in place, Greater Manchester Police Authority (GMPA) needed access to trustworthy and reliable suppliers.

March Chilcott, Contract Administration Officer for GMPA, explains: "By using Constructionline to draw up lists, the police force has been able to streamline what was previously a very time-consuming process. We are now able to prepare longlists very easily and speedily, without having to keep busy project managers waiting for more than a day or two. It's made the



whole process so much simpler and quicker. We have been able to ensure that every firm working for GMPA meets rigorous financial standards and that each major contract is being tendered for competitively."

GBJ Environmental Systems Ltd

Since registering with Constructionline in 2003, GBJ Environmental Systems has saved an estimated 16 staff hours or £4000 for each questionnaire.

"Before joining Constructionline we spent a great amount of time completing pre-qualification paperwork," states Bob Smith, Business Support Manager for GBJ. "Less time and fewer resources have been spent completing pre-qualification questionnaires, thus releasing resources for other works and contracts."

HOW TO REGISTER

Registering with Constructionline is simple. Please visit www.constructionline.co.uk to download the application form and to see a full list of buyers.

Alternatively the Information Collection team can complete the application form for you over the telephone. Please call us on **0870 240 0152** to arrange a convenient time.

For more information on Constructionline please go to www.constructionline.co.uk

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Expert public procurement consultancy for Buyers and Suppliers at your service



PASS – HELPING YOU MEET KEY OBJECTIVES

The key objective of public procurement professionals is to ensure that the most suitable supplier is selected to provide goods and services on terms which are likely to offer the best value for money. The *PASS* service helps you meet this requirement and deliver contracts that offer best value-for-money terms with suppliers who will execute them efficiently.

PASS CONSULTANCY

BiP's *Procurement Advice and Support Service (PASS)* provides organisations with access to experts in public procurement practices and procedures, thus helping you develop and deliver effective and efficient procurement. Our team offers a range of services to meet your specific needs. Whichever area you wish evaluated and improved, we have the experts to help.

The PASS consultancy's mission is to help you deliver the best in government procurement through:

- Practical solutions to improve procurement performance
- Innovative approaches to knowledge transfer within government
- Joined-up government
- Improved performance indicators
- Strategic direction and performance
- Opportunities offered by e-government
- Capacity to deliver change to meet identified needs
- Continuous improvement of services and challenging poor performance
- Sustainable development within decision-making processes and delivery of services
- EU-compliant processes
- Best practice procurement training

PASS TRAINING

Our consultants can provide you with bespoke training packages to suit your needs. Consultancy and training is available for the following: environmental purchasing, partnering, evaluation, e-government, supplier debriefing, UK legal processes and precedents, contract management, EU-compliant tendering and much more.

PASS ONLINE GUIDANCE

The *PASS* service provides online guidances on all aspects of the public procurement process and legal requirements: www.bipsolutions.com/html/briefing.php

PASS – EFFECTIVE DISPUTE MANAGEMENT

Contractual and procurement-related disputes are time-consuming, expensive and unpleasant. They can destroy client/contractor relationships, can add substantially to the cost of the contract, and can nullify some or all of its benefits or advantages. They can also have an impact on value for money. It is therefore in everyone's interest to work at avoiding disputes in the first place. Inevitably, however, disputes do occur and when they do the importance of a fast, efficient and cost-effective Alternative Dispute Resolution (ADR) procedure cannot be overstated. If a dispute arises, it is important to manage it actively and positively and at the right level in order to encourage early and effective settlement. Unnecessary delays and inefficiency can lead to rapid deterioration in relations and entrenchment of opinions. ADR through PADRE mediation involves the use of a trusted expert third party and is an effective alternative to litigation. PADRE mediation is provided by experts in contracting and public procurement. If you would like more details on how PADRE can help your organisation and become your mediation service of choice, telephone the *PASS* team on **0845 270 7055** or email pass@bipsolutions.com.

PASS HEALTH CHECK

The *PASS* service can help your organisation examine its current procurement organisational structures, strategies, processes, practices and related strengths and weaknesses. It delivers a detailed *PASS Mark Health Check Outcome Highlight Report (OHR)* that outlines areas of strength as well as those requiring further attention, and provides an outline *Project Initiation Document (PID)* designed to deliver a more effective and efficient tendering process that will help you achieve optimum performance and better value-for-money procurement.

PASS IN-HOUSE PRESENTATIONS

PASS consultancy can provide you with in-house presentations directed to buyer or supplier. Each presentation will be bespoke to your requirements, whether they be with regards to improving your tendering practices or your procurement strategy or processes. Contact: pass@bipsolutions.com



The *PASS Mark Health Check* is a process-based evaluation technique that helps identify how your company can develop more effective processes when tendering for public sector contracts.

For further information on the **PASS** service, contact our **PASS Team** on **0845 270 7055**, email pass@bipsolutions.com or visit www.bipsolutions.com/pass/