

Pre-qualification Reform Project

Revised Project Proposal

May 2017



We have been consulting extensively with members and stakeholders on the initial proposal for **The Pre-qualification Reform Project**, circulated in March 2017.

This **revised proposal** responds to feedback gained through the consultation process, **and sets out an updated proposal** outlining the aims of the pre-qualification reform project.

We will continue to engage with members on both the revised proposal and the development of a **Common Assessment Standard**.

|The Pre-qualification Reform Project|

Mission Statement & Principles

The Build UK & CECA Pre-qualification Reform Project aims to deliver against the following mission statement outlined in the Build UK [Action Plan](#):

“develop and implement a solution to the current bureaucratic and repetitive process of pre-qualification that meets the needs of clients and other stakeholders and is beneficial to the construction supply chain”.

Project Principles

Introduction of a pre-qualification process that provides assurance to Clients and Main Contractors that the supply chains on their construction projects are competent.

Implementation of an industry agreed Common Assessment Standard to improve the management of risk across the industry and enable companies to demonstrate that they meet Health & Safety and Business Assurance requirements.

Build on existing, recognised industry best practice, with no intention to create a new accreditation scheme. Reformed pre-qualification should feel both familiar and more simple.

Provide benefit to the entire industry by reducing the costs and releasing resources associated with pre-qualification, to improve productivity and output.

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Project Background

As a result of consultation with Build UK and CECA members, and with other stakeholders including clients and accreditation providers, Build UK have developed a proposal for reformed pre-qualification.

The project aims to deliver a reformed pre-qualification system; where increased commonality amongst accreditation and assessment can lead to:

- Companies providing a single set of pre-qualification information annually;
- Assessment against a common standard by a provider of choice;
- Removing current repetitive and bureaucratic processes, and;
- Providing greater assurance to Clients and Main Contractors that assessments meet their risk management requirements.

Audited pre-qualification information and accreditations would be held on an Online Source of Information that can be accessed by suppliers, accreditors, and potential client organisations.

The reformed pre-qualification process will:

- Be overseen and managed by a central cross-industry body to encourage greater collaboration and ownership;
- Build on the industry's existing best practice, complimenting and streamlining existing processes to be familiar and simplistic.
- Benefit the construction industry by removing the current repetitive and bureaucratic processes; saving organisations time, cost and resources to improve productivity and output and manage risk effectively.

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Construction Leadership Council (CLC) Support

The principles of the proposal for reform were supported by both Contractor and Trade Association members in their respective Forums in September 2016 and by the Construction Leadership Council (CLC) in January 2017.

“The Construction Leadership Council welcomes and supports the proposed reform of the current pre-qualification process – it is a real and practical way of reducing bureaucracy and improving quality in the procurement process.

By simplifying, aligning and accrediting the myriad of PQQs currently in use, companies will be able to demonstrate that they meet industry agreed standards and clients will be able to rely on the accreditation. This will remove duplication of effort and will save the whole industry time and money.

The CLC forms an important bridge between the industry and government, and we will be encouraging adoption of this revised standard throughout government construction procurement.

I would like to record the CLC’s gratitude to Build UK and its members who have supported this piece of work. We are very grateful for the thought, time and hard work that has been put into it.”

Ann Bentley, Chair of the CLC’s Business Model Workstream

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Project Objectives, Benefits & Outcomes

Objectives

Ensure wide-scale adoption of the reformed pre-qualification process

Build UK to create a reformed pre-qualification process for the construction industry

Collaborate with the construction industry:

- to ensure change responds to and builds on existing best practice, and
- create a pre-qualification process that is industry-owned

Benefits & Outcomes

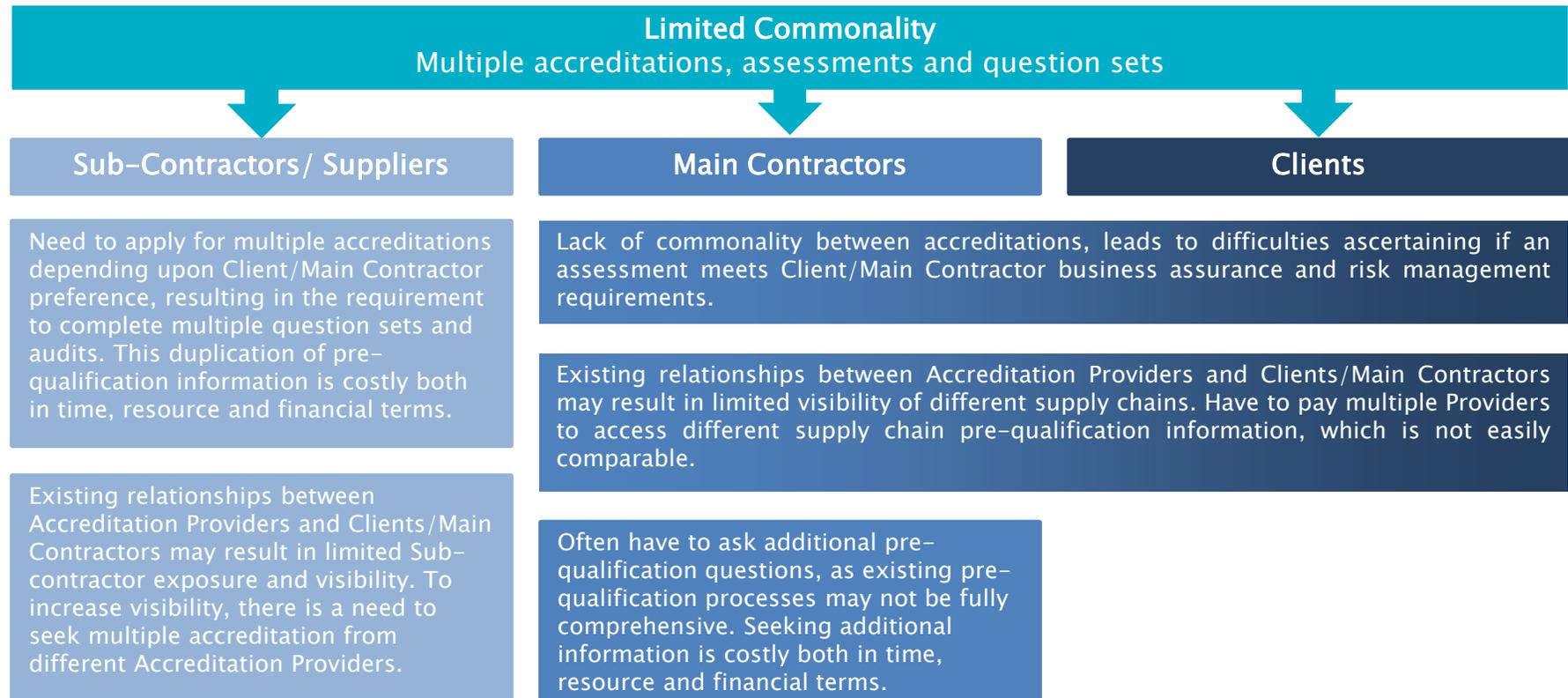
Improved industry procurement productivity and efficiency, managing risk and reducing costs for Build UK members

Create transparency and equitability to raise industry standards

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Issues within the current pre-qualification system

Gaining pre-qualification accreditation through 'Accreditation Providers' (e.g. Achilles, CHAS, Constructionline, SSiP etc.) is considered the standard approach when carrying out "Stage 1 assessment of capability of construction contractors", a process required by the Construction (Design & Management) (CDM) Regulations. However, there are a number of issues for all parties involved in the current pre-qualification system:



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Key Enablers of Reform

Key enablers of the proposed reformed system are:

- A **'Common Assessment Standard'** across accreditation providers setting out the criteria a company needs to demonstrate to meet the required standard
- An **'Agreed Industry Question Set'** with sector specific questions, based on the Common Assessment Standard criteria
- **Two levels of accreditation** – **'Core'** and **'Enhanced'** – based on proportionality
- An **'Online Source of Information'** for sharing of electronic pre-qualification data across the industry

Build UK and CECA will be focusing on delivering these enablers to develop an effective pre-qualification process.

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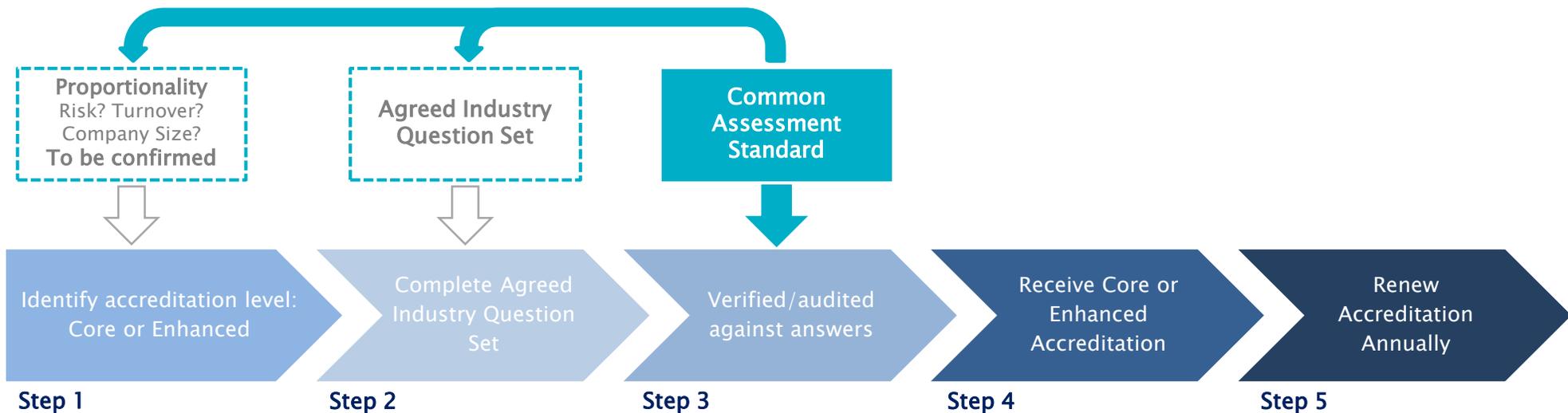
Key Enabler – Common Assessment Standard

The key enabler of the reformed pre-qualification system is a proposed **Common Assessment Standard**, which can be adopted by the industry to:

- provide a common benchmark for auditing pre-qualification information;
- improve the industry by improving standards; and
- create a consistent level of assurance that a company is sound and competent.

As this is the key enabler of the reformed system, Build UK will be prioritising this element of the project.

The creation of a Common Assessment Standard will lead to the development other pre-qualification Reform Project key enablers; an **Industry Agreed Question Set** and proportionality criteria for **two levels of accreditation** – ‘Core’ and ‘Enhanced’.

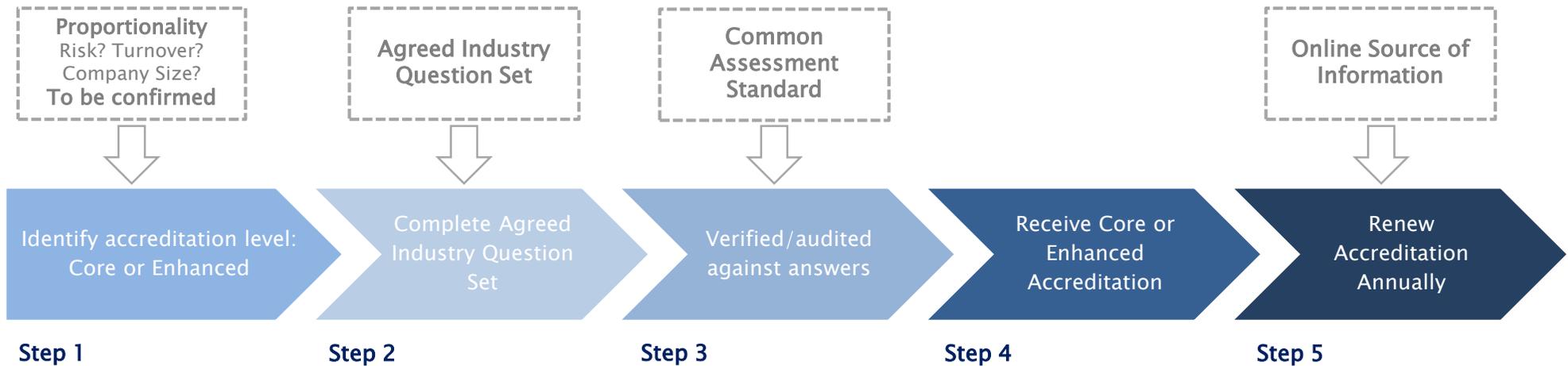


Further information on the Common Assessment Standard is provided in the **'Common Assessment Standard Briefing Document'**.

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The proposed reformed process

Companies would follow a simple 5 step process to gain pre-qualification accreditation:



|The Proposed Reformed Process|

Step 1: Identify Accreditation Level – Core or Enhanced

- It is proposed that there will be **two levels of audit** against a **Common Assessment Standard**, resulting in two levels of accreditation: '**Core**' or '**Enhanced**'
- Which level of audit a company will undergo will be based on proportionality*.
- Within both the Core and Enhanced audit criteria, the Common Assessment Standard will set an agreed benchmark answer** for each question set response. This will provide assurance to the Client/Main Contractor that a Sub-Contractor is competent for the type and risk of work that they are bidding to work on, while also ensuring that Sub-Contractors are subject to a proportional and transparent audit.
- Upon completion of a successful audit by an accreditation scheme, the company would be awarded either a **Core** or an **Enhanced** accreditation and this would be made visible on the Online Source of Information.

**in consultation with members*

***Build UK is in the process of determining the benchmark answers with stakeholders.*

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Step 2: Complete Agreed Industry Question Set

- Once the industry has agreed the Common Assessment Standard, we plan to develop an Agreed Industry Question Set which companies will respond to in order to demonstrate business assurance.
- Currently, Clients/Main Contractors each specify a preferred set of pre-qualification questions for Sub-contractors to answer and provide information in response to. Build UK has found that presently over 300 different questions are currently being asked in existing pre-qualification processes – often the same questions asked in a subtly different way, requiring very similar responses. This results in time having to be spent interpreting questions and adapting pre-qualification information for a specific request, rather than simply using a recognised predetermined response.
- The principle of the reformed process is that companies will only need to complete one set of questions once a year in order to gain a Core or Enhanced accreditation. This may be via an Accreditation Provider, which could be a Trade Association.

Based on our initial research and consultation, the Agreed Industry Question Set could consist of:

1. Industry Question Set

Agreed with industry stakeholders through consultation with Build UK, the Industry Question Set is formed of PAS 91 and additional industry agreed questions commonly asked by industry.

2. Sector Specific Question Set

Companies will only have to complete the sector specific questions if they want to work in a particular sector, for example rail or utilities. The questions will cover any additional technical questions or other information that sector specific clients seek in pre-qualification. Build UK and CECA are currently consulting on this.

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Step 3: Verified/Audited Against Answers

- Once a company has identified their accreditation level and completed the **Agreed Industry Question Set**, the intention is that the company could select an accreditation body to undertake an audit.
- The type of audit required will depend on the accreditation level:

Core Accreditation	Enhanced Accreditation
Desktop Audit required	Site Audit Required

- Accreditation bodies will audit the company's responses to the **Agreed Industry Question Set** against a **Common Assessment Standard**.
- Build UK and CECA will be consulting on the development of this Common Assessment Standard and are aiming to align the assessment standards of existing schemes. This will reduce duplication and provide transparency and clarity as to how a company has been assessed.

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Step 4: Receive Core or Enhanced Accreditation

If the company meets the requirements set out in the **Common Assessment Standard**, they will receive the Core or Enhanced accreditation, which will then be made visible to Clients/Main Contractors via an **Online Source of Information**.

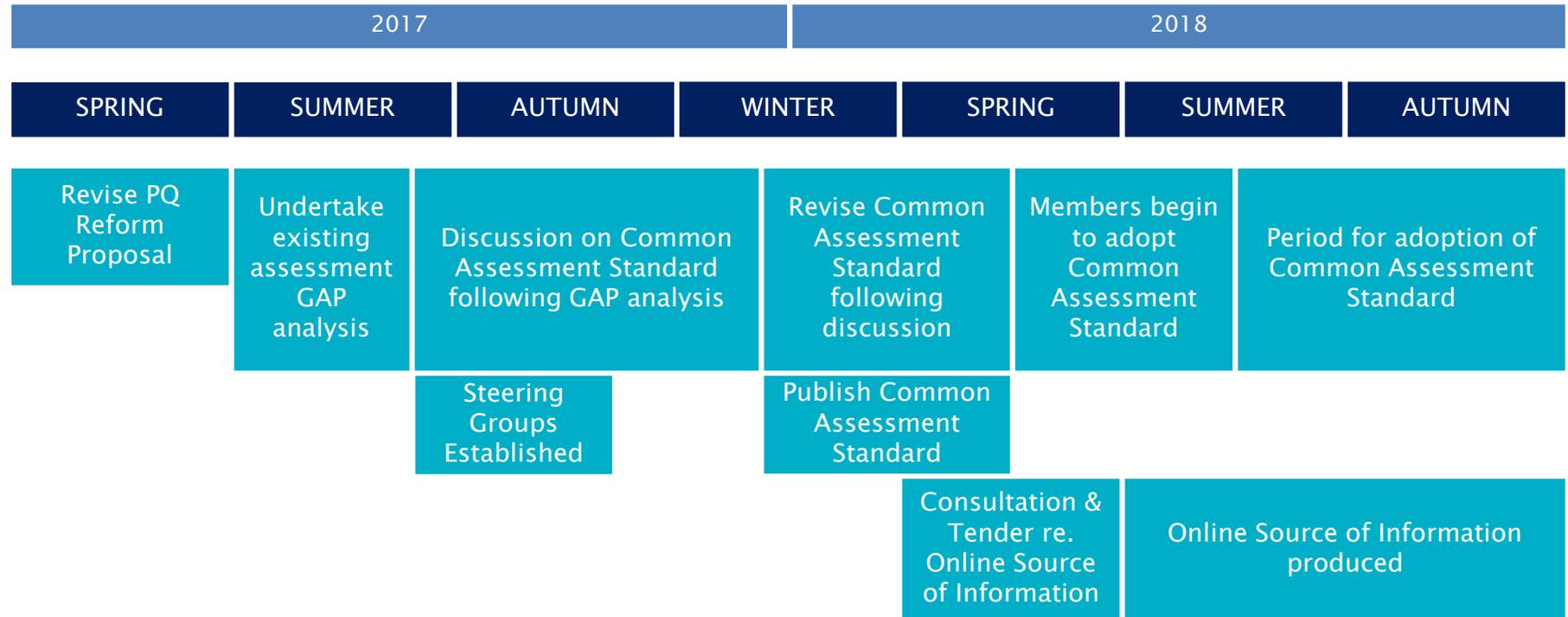
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Step 5: Renew Accreditation Annually

- Once the accreditation has been achieved, it will be visible on an **Online Source of Information** to allow Clients/Main Contractors to view which Sub-contractors are business assured, and allow Sub-contractors to annually renew their accreditation.
- This proposal suggests that the Online Source of Information will act as a hub for the reformed pre-qualification process. The extent of this functionality is to be determined in consultation with the preferred supplier of the service, once selected.
- Should the reformed pre-qualification process be adopted, the industry can achieve cost and time savings by only completing a single set of pre-qualification questions and being audited once annually against a single Common Assessment Standard.
- A proposal for the Online Source of Information will be developed in due course. Build UK and CECA have no preferred suppliers. We are taking a collaborative approach to this project and want to work equally with all stakeholders to develop a reformed pre-qualification process which works for industry.

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Timescales



THANK YOU

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