

Voice of the **Specialist Engineering Contractor**
**PRE – QUALIFICATION SCHEMES:
 THE WAR ON WASTE**


The SEC Group Chairman – Trevor Husthouse and the Construction Minister – Ian Lucas MP – at the SEC Group Board dinner on 28 October 2009.

The House of Commons Business and Enterprise Committee 'Construction matters' Report highlighted the burden that multiple public sector pre-qualification schemes impose on construction firms – particularly small and medium enterprises (SMEs). In the current economic climate it was essential to reduce duplication and thereby prevent time and effort being wasted on repeating unnecessary tasks.

There have been **two** significant developments to **help** address these concerns.

1. PUBLICLY AVAILABLE SPECIFICATION.

Firstly, the Department of Business Innovation and Skills (BIS) is developing a 'Publicly Available Specification' (PAS 91) on construction pre-qualification questions (PQQ) with the British Standards Institute (BSI). This has the potential to be a major step forward. With the support of the Department for Business, Innovation and Skills (BIS) the British Standards Institution (BSI) has begun a project to develop a specification for pre-qualification criteria in the construction industry. The specification will provide a logically structured protocol incorporating what is recognised by experts as representing good practice when assessing contractors' capabilities. This project has the potential to benefit tendering and purchasing processes of all kinds.

In line with the approach advocated by SEC Group, the PAS is developing 'core criteria' that will provide clear guidance to clients and all other stakeholders on

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The members of the
SEC Group are:

Association of
Plumbing and Heating
Contractors

British Constructional
Steelwork Association

Electrical Contractors'
Association

Heating and
Ventilating
Contractors'
Association

Lift and Escalator
Industry Association

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pre-qualification criteria. A PAS can be seen as a step in the process of industry standardization. It includes useful and practical information that can be made available quickly to suit the market need of the developers and users of a product, process or service. The rationale for publishing a PAS is that speed of delivery and the high-calibre quality of the content enables users of the PAS to reap early benefits.

2. SAFETY SCHEMES IN PROCUREMENT.

This year also saw the formation of the **Safety Schemes in Procurement forum (SSIP)**. The Health and Safety Executive (HSE), SEC Group and *Constructionline* were founding members of SSIP.

Over the years, the proliferation of health and safety pre-qualification questionnaires in particular has placed increasing burdens on SMEs to repeatedly pre-qualify for both public and private sector work. For most SMEs, initial (Stage 1) pre-qualification has become a source of excessive paperwork and significant cost. This situation has become an unacceptable business burden to many small contractors and in turn, it leads to a negative view of health and safety in SMEs.

Members of the SSIP Forum have recognised this unnecessary duplication and individually moved towards reducing the business burden through 'deem to satisfy' or 'mutual recognition' arrangements between schemes.

The Forum is an umbrella organization for clients, contractors and consultants to facilitate further structured mutual recognition between schemes and others who carry out health and safety pre-qualification. Using an SSIP Forum pre-qualification scheme for a Stage 1 assessment enables clients to concentrate on Stage 2 of the procurement process.

The Forum embraces the core guidance on competence and training in the Approved Code of Practice (ACoP) of the Construction (Design and Management) Regulations 2007. SEC group was instrumental in introducing the core guidance, with a view to kick starting the mutual recognition of pre-qualification activity.

In this current recession, with record levels of insolvencies in the construction industry, these initiatives require the full support of the public sector and the industry. In return, we expect SSIP to ensure that the promised savings for contractors – which will come mainly having to fill in fewer safety questionnaires - are both clear and easily obtainable. We will continue to work with SSIP to ensure that this is so.

There is now real momentum across the industry to resolve these long entrenched problems surrounding PQQ. Structural change across the whole industry and its stakeholders will not be easy, and there will undoubtedly be challenges ahead, but change is in the air. The drive for cost savings in the public sector in particular will act as major thrust towards more efficient and streamlined procurement processes. The Office of Government Commerce (OGC) and the Local Government Association continue to aim for efficiency savings by reducing waste and duplication. This may lead to an increase in

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usage of PQQ registers, like *Constructionline*, that aggregate data and which can reduce duplication. Whilst *Constructionline* does not actively assess health and safety standards it will recognise SSIP assessments as meeting its health and safety requirements.

We know that significant pre-qualification problems still exist in our industry, but SEC group, supported by its member trade associations, has shown active leadership and together, we have already achieved some very significant results.

ACTION. Both of these initiatives have the full support of Government. The SEC Group is fully committed to their progress and implementation. It is now time for all sectors of the industry to give their full backing, and to keep us advised on the situation 'on the ground' so that we can keep up the pressure to resolve this extremely challenging issue.

SEC GROUP SURVEY ON PRE-QUALIFICATION.

The most extensive Specialist Engineering Contractors' (SEC) Group survey to date of the cost of pre-qualification in the construction industry has revealed that waste associated with this process amounts to almost £40 million a year – and this is just for the specialist engineering sector. This huge waste of effort and resource is the result of firms being required to join multiple pre-qualification schemes in order to be eligible to bid for work. Larger firms may have to belong to as many as 20 schemes run mainly by commercial operators. There is no evidence of any added value to clients of all this activity.

606 firms responded to the survey carried out by the SEC Group. The responses were analysed by independent consultants Metra Martech.

On average each firm belonging to SEC Group's member bodies spent 9 days a year on paperwork relating to the different schemes. This comes to a total of 60,000 days a year for SEC Group firms.



In announcing the results of the survey the Chairman of SEC Group, **Trevor Hursthouse**, commented: *"The overriding message to come out of this survey is that the process of pre-qualification must be rationalised. The waste associated with the duplication of effort is unacceptable. If we can eradicate this waste it will help to promote a more sustainable industry whilst in the longer-run the industry's clients can benefit from having annual savings of £40million. The public sector is a major culprit. While we are pleased that the Government acknowledges that prequalification is a huge problem we need firm Government action to resolve it. To that end, we support the work being carried out by the Department of Business, Innovation and Skills – with the support of the Office of Government Commerce – to produce a common standard for pre-qualification. But to make real progress with this issue OGC needs to actively support and implement this standard throughout the public sector and right through the supply chain".*

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