

Agenda item:

[No.]

Cabinet Procurement Committee

On 16/09/10

Report Title. Report on the implementation of Constructionline

Report of **Director of Corporate Resources**

Signed :

Contact Officer : David Mulford, 020 8489 1037

Wards(s) affected: **All**

Report for: **Key Decision**

1. Purpose of the report (That is, the decision required)

- 1.1. To seek Cabinet Procurement Committee approval of the proposal to implement pre-qualified lists of specialist works contractors to be managed by Constructionline and the Council's Construction Procurement Group.

2. Introduction by Cabinet Member (if necessary)

- 2.1. I concur and support the recommendations.

3. State link(s) with Council Plan Priorities and actions and /or other Strategies:

- 3.1. The Council's Category Management strategy has identified a number of specialist construction categories where an opportunity exists to provide value for money through the adoption of pre-qualified lists of contractors to achieve economies of scale and enable quicker project initiation

4. Recommendations

4.1. That the proposed implementation of pre-qualified lists for specialist works contractors be approved.

5. Reason for recommendation(s)

5.1. Specialist construction works contractors are procured for works that cannot easily be carried out directly by a general build construction contractor.

5.2. The Council's Category Management strategy has identified a number of specialist construction categories that could benefit through the implementation of various procurement mechanisms (i.e. contracts/framework agreements/pre-qualified lists). The implementation of such mechanisms would provide value for money through economies of scale and would also to maintain the standards set out by the Council for its suppliers.

6. Other options considered

6.1. The large number of contractors that are required for specialist works across the Council means the tender process that would be needed to procure contracts/framework agreements for the specialist works categories would be resource and time intensive. The option to use pre-qualified lists was therefore piloted on a limited basis, with Constructionline assisting the process of pre-qualification, as well as managing the lists following their selection. This also reduced time that would otherwise be spent by CPG in managing the lists, allowing CPG officers to spend more time assisting Council clients on procurement matters and managing contracts

6.2. Other agencies that could provide pre-qualification evaluation services for contractors were also examined, but such organizations charge for the use of their service and also do not provide the same level of detail in their evaluation process; therefore Constructionline is the chosen option over these alternatives.

7. Summary

7.1. The Council currently uses pre-qualified lists that are set-up and managed by the Construction Procurement Group to procure specialist contractors.

7.2. These existing pre-qualified lists have now become outdated through changes in status of the pre-qualified firms, e.g. financial status, CHAS (health and safety) accreditation, etc.

7.3. Constructionline is the UK's register of local and national pre-qualified construction services. Owned by the BIS Department and managed by Capita, it offers commercial gains to public and private sector procurers and the construction industry as a whole, by improving efficiency, streamlining

procedures, and supplying clients with centrally maintained data about firms that is used at the start of the procurement process. A number of London boroughs and public sector authorities use Constructionline for the provision of construction services (see Appendix A, point 1).

7.4. Following the successful trial, it is proposed that Constructionline is used by the Council to generate tender lists for projects requiring specialist contractors from the contractors on their database such as mechanical and electrical works. A number of specialist categories that are frequently used by the Council have been identified for which discrete pre-qualified lists of between 3 and 10 companies will be selected for use by Haringey (see Appendix A, point 2).

7.5. These lists will be advertised by Constructionline in trade press and evaluated by Haringey and Constructionline to create a short list of contractors. Once the lists have been finalised they will be managed by Constructionline. This will involve monitoring core information on the companies by keeping up-to-date records for accounts, insurance, health & safety and all relevant policy and procedure documents requested as part of the pre-qualification process. Constructionline will pay for the adverts in trade press that will advertise the pre-qualification process. These adverts would typically cost approximately £3,000. This is therefore a saving seen through the use of Constructionline.

7.6. In order to be included on the pre-qualified lists contractors will need to be members of Constructionline. In order to become a Constructionline member, contractors are required to pay a membership fee. Therefore any contractors that apply to the pre-qualified lists who are not existing members of Constructionline will be required to pay a membership fee. However, these fees are not Haringey specific but enable contractors to access tender opportunities across the full UK spectrum of public and private sector buying organizations (see Appendix B, part 1).

7.7. It is intended that these lists will be set for four years. CPG will then manage the selection process for each tender carrying out checks as current i.e. financial and insurances via the Constructionline online database. Subsequent contracts will be awarded by way of a mini-tender using the pre-qualified contractor lists.

7.8. The pre-qualified lists will be used for projects of value below the EU threshold for works (£3,927,260). Where the value of work to be carried out is greater than this value an EU tender process must be followed. In practice it is unlikely that specialist works contractors would be required for works over the EU threshold.

8. Chief Financial Officer Comments

8.1. The Chief Financial Officer has been consulted over the contents of this report and notes that Procurement officers have confirmed that there is no cost to Haringey for using Constructionline. Furthermore it is a vehicle already used by a number of other London Boroughs and should enable the delivery of efficiencies

in procurement activity.

9. Head of Legal Services Comments

- 9.1. The pre-qualified lists would be used for projects below the EU threshold for works. Therefore it would not be necessary to comply with the Public Contract Regulations 2006.
- 9.2. Tenders conducted using the pre-qualified lists would need to comply with the Council's Contract Standing Orders.
- 9.3. As the total value of contracts to be awarded from the pre-qualified lists is likely to exceed £250,000 the recommendation in paragraph 4 of the report may only be approved by Members pursuant to CSO 11.03.
- 9.4. This is a key decision and the Construction Procurement Group has confirmed that it has been included in the Forward Plan.
- 9.5. Please see additional legal comments in Appendix B, part 2.

10. Head of Procurement Comments – [Required for Procurement Committee]

- 10.1. The establishment of the recommended pre-qualified lists in conjunction with Constructionline has been generated from the continual review of the category Construction and Facilities Management within the Councils category management strategy.
- 10.2. These specialist lists will create efficiency savings in the selection process, by them being managed by Constructionline thus enabling Council procurement officers' time to be better utilised directly on projects regarding procurement and contractual matters. The cost of the tender notices will be absorbed by Constructionline.
- 10.3. These specialist lists are only for works below the EU threshold and therefore the full EU procurement regime does not apply.
- 10.4. Please see additional procurement comments in Appendix B, part 3.

11. Equalities & Community Cohesion Comments

- 11.1. The use of Constructionline to provide contractors for specialist construction works will be available across all directorates and all Haringey wards.
- 11.2. Companies' equalities policies will be evaluated as part of the pre-qualification process to be carried out by the Council, and the ongoing management of the lists by Constructionline.

12. Consultation

12.1. The Construction Procurement Group has consulted with officers in the Construction and Facilities Management core group from across Council directorates as part of the Council's Category Management scheme. Key clients have also been consulted with to agree the specialist categories for which discrete lists are to be generated.

13. Service Financial Comments

13.1. The construction costs of projects for which constructors are provided by Constructionline may be funded externally, or through the relevant directorate's revenue or capital budgets.

13.2. The use of Constructionline to the Council is free.

14. Use of appendices /Tables and photographs

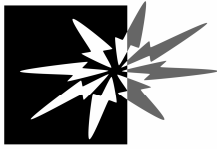
14.1. Appendix A – additional information

14.2. Appendix B – exempt information

15. Local Government (Access to Information) Act 1985

15.1. Appendix B of this report contains exempt information and is **not for publication**. The exempt information is under the following category (identified in the amended Schedule 12A of the Local Government Act 1972):

- *Information relating to the financial or business affairs of any particular person (including the authority holding that information) (Ground 3).*



Haringey Council

Appendix A – Additional information

1. London boroughs and authorities using Constructionline:

- London Borough Of Barking & Dagenham
- London Borough Of Barking & Dagenham (Regeneration Department)
- London Borough Of Barnet, Central Purchasing Unit
- London Borough Of Bexley
- London Borough Of Brent
- London Borough Of Camden
- London Borough Of Croydon (Programmed Works)
- London Borough Of Croydon, Property Services
- London Borough Of Ealing (Strategic Procurement)
- London Borough Of Greenwich
- London Borough Of Hackney, Corporate Procurement Services
- London Borough of Hammersmith & Fulham, Building Technical Services
- London Borough Of Havering, Asb Unit
- London Borough Of Hillingdon
- London Borough Of Hillingdon, Private Sector Housing
- London Borough Of Hounslow, Procurement
- London Borough Of Lewisham, Procurement Team
- London Borough Of Merton (Audit Section)
- London Borough Of Merton (Mitcham District Housing Office)
- London Borough Of Merton (Wimbledon District Housing Office)
- London Borough Of Merton, Environmental Services Department
- London Borough Of Merton, Morden District Housing Office
- London Borough Of Merton, Serco Property & Design
- London Borough Of Sutton (Construction & Property Services)
- London Borough Of Tower Hamlets, Central Procurement
- London Borough Of Waltham Forest, Enviromental Services
- London Borough Of Wandsworth (Childrens Services Department)
- London Borough Of Wandsworth (Leisure & Amenity Services Department)
- London Borough Of Wandsworth (Opms)
- London Borough Of Wandsworth (Policy Unit)
- London Fire And Emergency Planning Authority
- London Procurement Programme
- London School Of Economics & Political Science
- London Thames Gateway Development Corporation

2. Specialist construction categories for which pre-qualified lists will be generated:

- Catering Equipment Installation – up to £74,999
- Catering Equipment Installation – £75,000 and above
- Catering Equipment Maintenance
- Civil Engineering – up to £250,000
- Concrete Repairs & Masonry Repairs – up to £500,000
- Demolition – up to £1,500,000
- Door Entry Installation Works – up to £499,999

- Door Entry Installation Works – £500,000 to £1,000,000
- Electrical Works – up to £74,999
- Electrical Works – £75,000 and above
- Fencing – up to £250,000
- Flooring – up to £24,999
- Flooring – £25,000 and above
- Landscaping – up to £74,999
- Landscaping – £75,000 and above
- Lift Installation – up to £124,999
- Lift Installation – £125,000 and above
- Mechanical Services – up to £74,999
- Mechanical Services – £75,000 and above
- Steel & Metalwork – up to £100,000
- Swimming Pool Equipment