

Tender process for construction projects

The private construction sector seems to be easier for SMEs contractors, who are the major contributors to local economies, but in recent years, benefits offered by smaller building businesses are more appreciated also in public sector projects.

The tender process for a public contract may seem complex and time demanding, with no guarantees but there are various smaller works opportunities worth a trial.

Invitation to tender, response and negotiation

Nowadays, collaborative working and online platforms are the main means of the tendering process. Tender is the submission of an offer by the potential supplier in response to an invitation to tender. The objective of the tender is to find the most appropriate bidder. There are various forms of applications available, for instance:

- Open tendering- a replay to the contract tender advert
- Selective tendering- tenders by invitations only
- Public procurement

Public procurement procedures vary and the contract notice specify which will be used:

1. Open procedure- used by local councils. Tender documents have to be returned by the due date, and assessment is based on the specified criteria.
2. Restricted procedure- in the first stage potential suppliers are requested to fill in the questionnaire, in the second phase the response for the invitation to tender is submitted by the contractor.
3. Competitive dialogue procedure- after the selection process, the buyer may negotiate with potential suppliers and invite some of them to offer a quote.
4. Negotiated procedure- the buyer negotiates with the potential suppliers.

The first evaluation point in the tender process is the assessment of pre-qualifications questionnaires (PQQs) that often follows the invitation to tender. It allows to shortlist the most appropriate contractors for the specific tender and avoid the time-consuming tender preparation by potentially unsuitable contractors. PQQs set out questions to establish contractor's experience, financial position, resources, etc. Often the scoring system is applied to choose the most appropriate companies only.

The evaluation of the following is often considered:

- History – references, financial accounts, tax returns
- Current position- contracts, debt position, labour, subcontractors
- Legal position- claims in progress, insurances, ownership of properties
- Capability- BIM, qualifications, labour competency, examination of past projects
- Health and Safety policy
- Equal opportunities policy
- Others

PAS 91 questionnaire is set to be mandatory for the government projects from 2016, and it includes the checklist to enable the assessment of BIM competency. PAS 91 is available on online platforms and may be used



as the real-time company review available for all potential buyers. PAS 91 consists of core modules like supplier identity, financial information, business standing and health and safety. There are optional modules which include BIM, equal opportunity and diversity, environmental and quality management. In consistency with government commitments known as "Small Business: GREAT Ambition" both the PQQs and PAS 91 are not required for low-value public contracts to help SMEs scale up.

Invitations to tender might be issued for a full contract or selected works only, for instance:

- Demolition works or enabling works
- The main contractor works
- Other works
- Materials or equipment supply

An invitation to tender often consists of:

- The invitation to tender letter
- The form of tender
- Preliminaries
- The form of contract
- Pricing document
- Design drawings and specification
- BIM requirements

The response to the invitation to tender should include the price for the quoted project along with all other requirements specified in the tender documentation. There is often the possibility of interview or questions to the buyer or project administrator to clarify any issues related to tender. After tender submission deadline the assessment to identify the most suitable supplier is taking place.

Evaluation criteria may vary but in overall the approach is to choose the provider that offers the best value for money and meets buyer's needs. Into consideration is taken the quoted price, experience, references, understanding of requirements and compliance with tender specification, proposed solutions, etc. Tenders are given a score according to information provided in an

invitation to tender documents to allow buyer identifies the most relevant quote. In summary, any SMEs taking part in a competitive bidding process need to meet some criteria to be successful- competitive pricing, financial stability, past projects references, the proper method of statement for contract delivery, equivalent insurances, labour qualification and experience, health and safety policies, sustainability policy, etc.

Negotiation is another step of the tender process usually run by the contract administrator who clarifies or negotiate the price, offered solutions, products choices, etc. During this stage conditions of the contract and works schedule can be discussed. Agreements are signed by both parties what form part of the contract documents.

How to find the public tenders opportunities?

All new public tender opportunities are advertised on the local council pages or through procurement portals. The most common is the Government Contracts Finder. Contract notices are also published in newspapers and trade magazines or on portal Constructionline.

IBB Builder presents the chosen open public tender opportunity offered by London Borough of Barking and Dagenham.

The source of information is the Government Contracts Finder. The Council is looking to appoint a number of contractors to a Low Value Construction Projects Framework Agreement. Contractors are welcomed to provide quotations for two lots. Lot 1 will be for Works Contracts with a value of £50,000 to £250,000 and Lot 2 will be for Works Contracts with a value of £250,001 to £500,000. It should be emphasised that no contract value awarded through the framework will exceed £500,000. Interested parties should be aware that the Council is not looking to appoint individual trades contractors. The Framework Agreement would suit general building contractors and similar.

TENDER

Location of contract:
London

Value of contract:
£20,000,000

Contract duration:
4 years

Contract start date:
3rd May 2016

Contract end date:
4th May 2020

Works Description:
General building works

Application Deadline:
4th March 2016 by 5pm

As a part of qualification process contractors will be obliged to provide information about:

- Economic and financial capacity - financial accounts
- Technical capacity- references list, professional qualifications, references from various bodies
- Information about reserved contracts

This contract opportunity is considered to be suitable for small or medium enterprises (SMEs).

IBB Builder recommends IBB ESTIMATOR application or its online version to prepare the professional quote, adaptable for tender documents.

To express an interest

If you wish to apply for this contract, please follow steps below:

Apply directly to the buyer:

Contact name: Mr Stephen Howells
Address: Town Hall, 1 Town Square, Barking, IG11 7LU, UK
Telephone: +442082272757
Email: stephen.howells@lbbd.gov.uk
Deadline: 4th March 2016
Contract Reference: LVCP-2016-0002

Full notice available at <https://www.delta-sourcing.com/tenders/UK-UK-Barking-Construction-work./G465G628T7>

(source: The Government Contracts Finder)