Proposal for PQQ Reform

Background

The Build UK Action Plan set an objective to *"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".*

At present, companies gain multiple accreditations and repeatedly provide the same PQQ information to multiple accreditation providers. The aim of Build UK's PQQ reform is that in future, firms will provide PQQ information once which can be accessed by all of their clients, and will only have to be accredited by a single accreditation provider on an annual basis. This will be overseen and managed by a central, cross-industry body. The reformed system will benefit the construction industry by removing current repetitive and bureaucratic PQQ processes; saving organisations time, cost and resources which will improve productivity and output.

This proposal builds on the best practice that already exists within the industry, with no intention to create a new accreditation scheme. It should feel both familiar and simpler for companies to complete.

As a result of substantial consultation with Build UK and CECA members and meetings with other stakeholders including clients and accreditation providers, we have developed the following proposal. The principles of the proposal 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.

Ambition

Introduction of a recognised industry pre-qualification process that provides assurance to clients and main contractors, working in different sectors, that the supply chain on their construction projects is competent. The system will benefit the entire industry by releasing valuable resources to improve productivity and output.
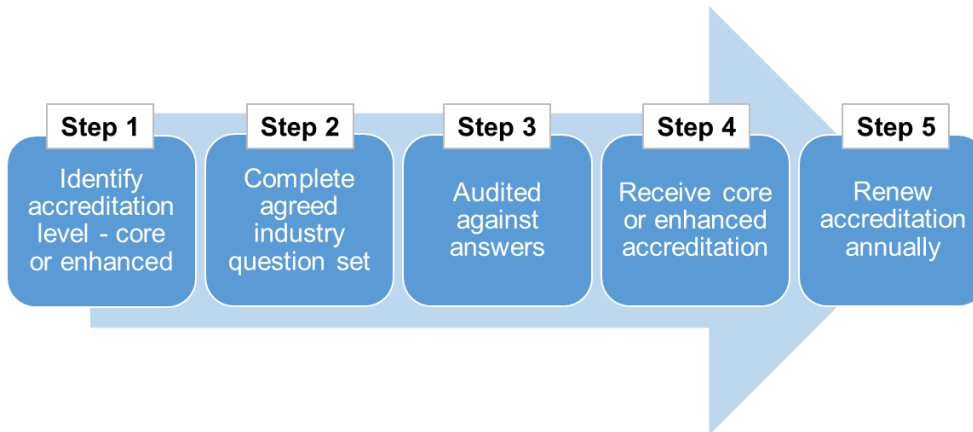
Principle

The proposal is for a PQQ process that enables companies to demonstrate that they meet an industry agreed standard on health & safety and business assurance. It is not intended to be a filtering process. Clients will be able to ask more specific questions on delivering a particular project later in the procurement process.

The proposed main features of the new system are:

- Two levels of accreditation – 'Core' and 'Enhanced' – depending on company turnover and risk of activities undertaken

- An 'Agreed Industry Question Set' with sector specific questions, and a 'Common Assessment Standard' across accreditation providers

- A central online source of information for sharing of electronic PQQ data across the industry
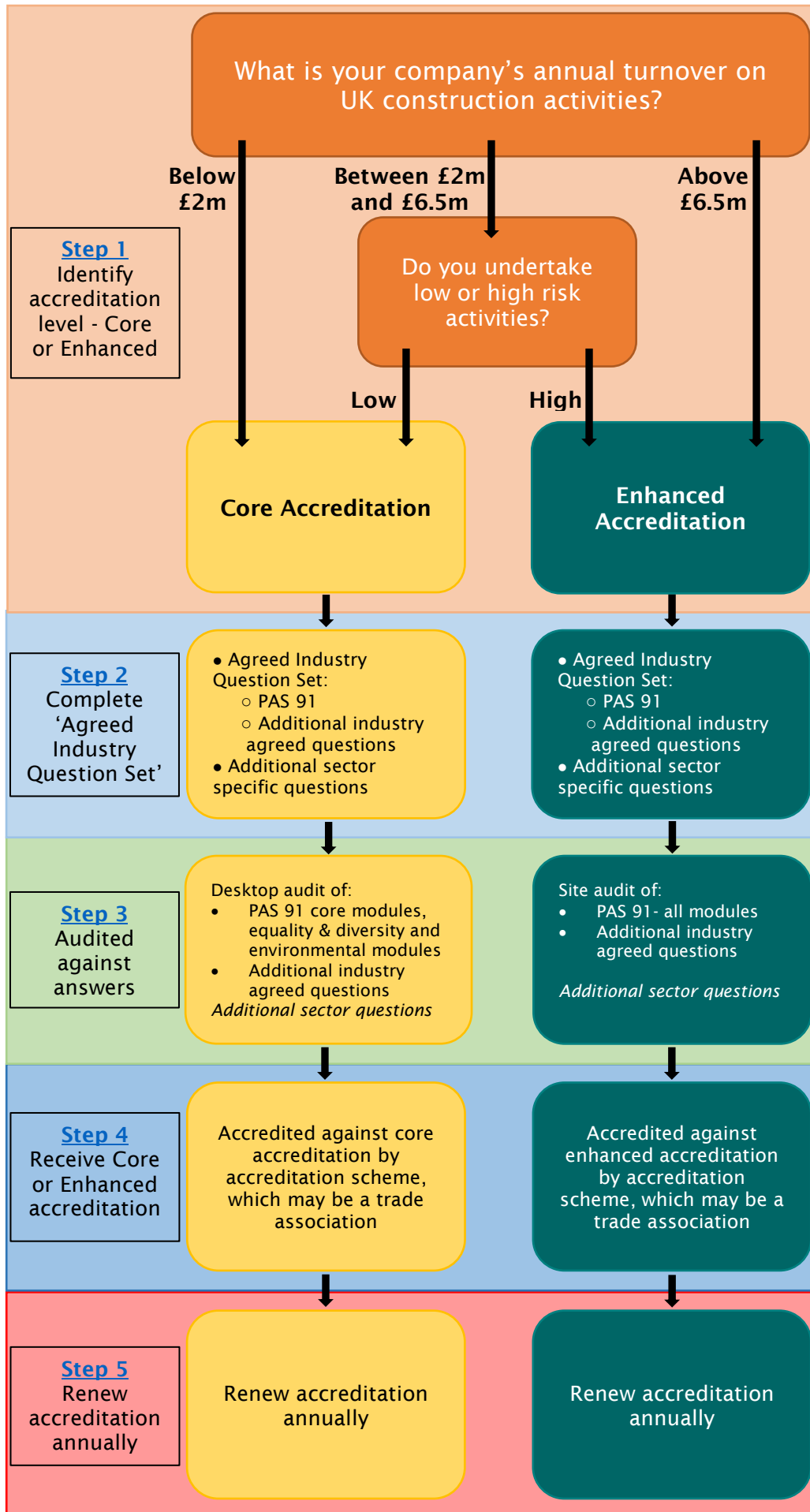
Companies would follow a simple 5 step process to gain PQQ accreditation:

Step 1	Step 2	Step 3	Step 4	Step 5
Identify accreditation level - core or enhanced	Complete agreed industry question set	Audited against answers	Receive core or enhanced accreditation	Renew accreditation annually

Additional information

Information on each of the elements of the PQQ process is provided on the following pages:

What is your company's annual turnover on UK construction activities?

Below £2m | Between £2m and £6.5m | Above £6.5m

Step 1
Identify accreditation level - Core or Enhanced

Do you undertake low or high risk activities?

Low | High

Core Accreditation

Enhanced Accreditation

Step 2
Complete 'Agreed Industry Question Set'

- Agreed Industry Question Set:
  - PAS 91
  - Additional industry agreed questions
- Additional sector specific questions

- Agreed Industry Question Set:
  - PAS 91
  - Additional industry agreed questions
- Additional sector specific questions

Step 3
Audited against answers

Desktop audit of:
- PAS 91 core modules, equality & diversity and environmental modules
- Additional industry agreed questions
Additional sector questions

Site audit of:
- PAS 91 - all modules
- Additional industry agreed questions

Additional sector questions

Step 4
Receive Core or Enhanced accreditation

Accredited against core accreditation by accreditation scheme, which may be a trade association

Accredited against enhanced accreditation by accreditation scheme, which may be a trade association

Step 5
Renew accreditation annually

Renew accreditation annually

Renew accreditation annually

Step One: Identify accreditation level – core or enhanced

Companies will first need to identify which level of accreditation they require. There will be two levels of accreditation – 'Core' and 'Enhanced'.

When deciding whether they need a Core or Enhanced level of accreditation, a company will need to take into account the following two factors:

- Their annual turnover in UK construction activities
- The level of risk involved in the trade they carry out

The process for deciding which accreditation level a company requires is based on current industry practices, and it is anticipated that the majority of companies will not experience any change in the level of audit and accreditation they would require.

In order to determine level of risk, Build UK & CECA assessed current practice within industry in terms of the types of accreditation different activities are generally required to undertake. In addition, the following methodology was also applied:

1) The number of EU & UK legislative and regulatory health & safety requirements that are particularly relevant to that activity; and
2) Whether the number of accidents associated with the specific activity is above the average HSE accident injury rate (AIR) for the industry as a whole.

Based upon the above, and consultation with member Trade Associations, a list of low and high risk activities can be found in Appendix 1.

The decision making process is as follows:
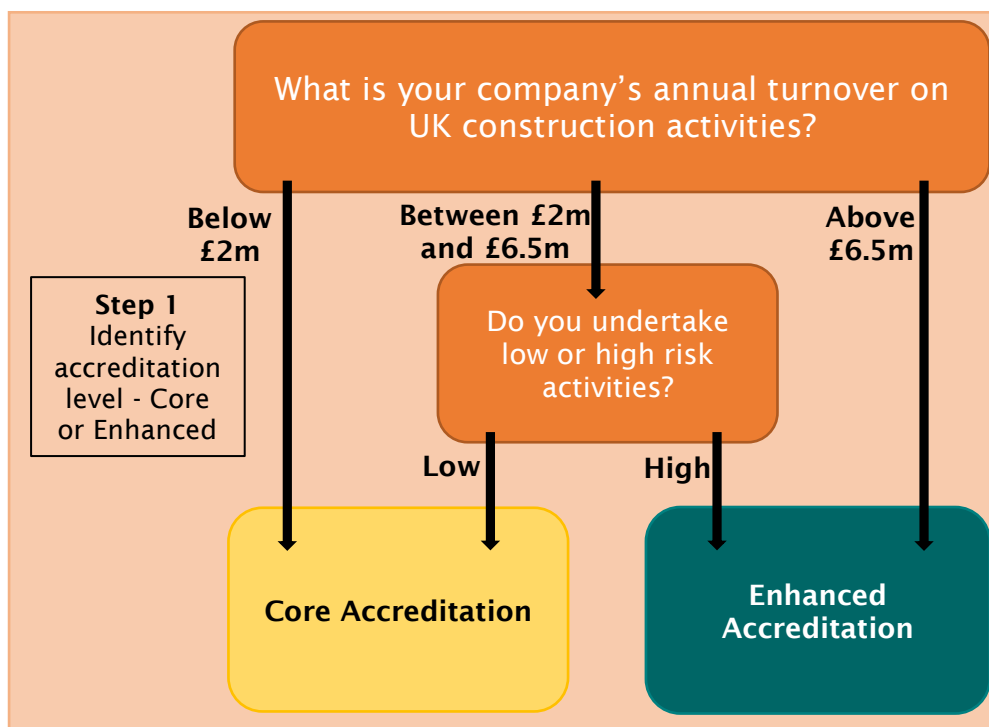
Once a company has determined what accreditation level it requires, it will complete the 'Agreed Industry Question Set' (see Step 2). Following this, their answers will be assessed against the Common Assessment Standard (see Step 3) by a recognised accreditation provider who can audit against this standard. Upon successful completion of an appropriate audit by an accreditation provider, companies receive their accreditation.

Step Two: 'Complete Agreed Industry Question Set'
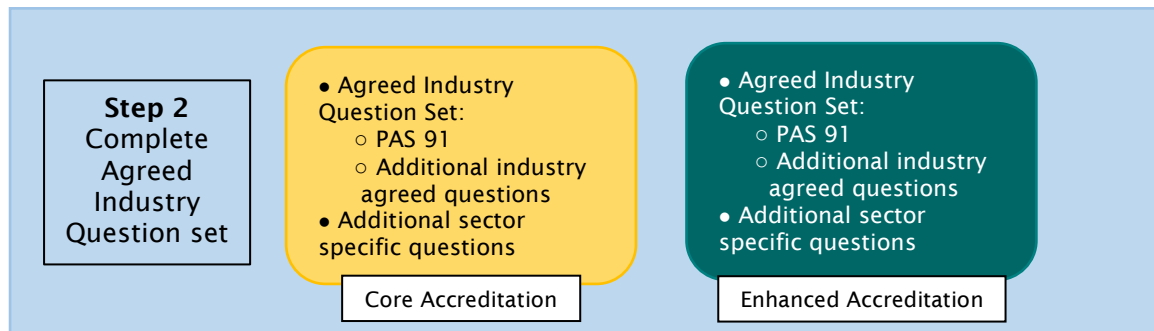
Companies will need to complete an agreed industry question set once a year in order to gain their core or enhanced level of accreditation. The **Agreed Industry Question Set** will consist of:

- **PAS 91** – which is widely used by contractors and central Government
- **Additional industry agreed questions** – questions which cover regulatory or legislative compliance and are outside PAS 91.

Build UK & CECA have reviewed questions commonly asked by industry in addition to the current PAS 91 question set and those proposed to be included in the PAS 91: 2013 – Amendment 1 2017 to determine the additional questions. The Build UK & CECA principles for additional industry agreed questions are as follows:

1) It is a legislative or regulatory requirement to ask the question for the purpose of PQQ or assurance; or
2) It is a question commonly asked by a clear majority of buyers in the industry to demonstrate business assurance; or
3) Due to a legislative, regulatory or technical change, the details of an existing PAS 91 question has been superseded and a revised current question or additional question is required.

The intention is that any additional or changed industry agreed questions should become part of PAS 91 at its next full update (as opposed to the 2017 revision). A transparent process for identifying potential new or amended questions, and for agreeing on new or amended questions, will be set up by the cross-industry body.

The list of additional industry agreed questions can be found in Appendix 2.

Notes on 'Agreed Industry Question Set':
- Companies should answer all the questions in the agreed industry question set as the majority of clients will ask for these at some stage of the PQQ process. However, the answers companies are audited against will depend on their level of accreditation.
- A company would not have to answer all questions positively. For example, if a company is too small to have a BIM policy and is not being audited against this question, they can write N/A and not be penalised.
- If a company holds a certificate or accreditation that provides them with an exemption on completing a PAS 91 module or series of questions (e.g. ISO 9001) then they will not have to complete those sections of the agreed industry question set.
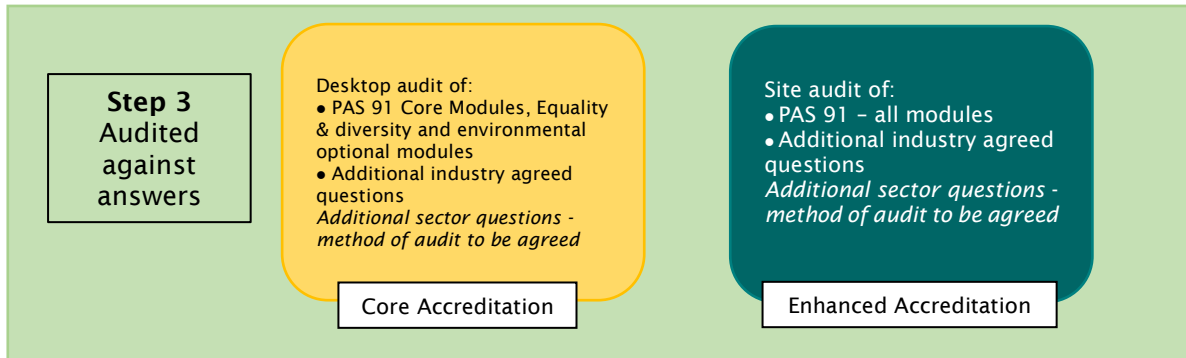

In addition, there will be the option to complete **sector specific questions** which companies will only have to complete if they want to work in a particular sector. These will cover any additional technical questions or other issues that clients in that sector ask. Build UK and CECA are confirming these sector specific questions and method of audit with the view to eliminating duplication.

The structure of the question set – known as the Fison Circle - is shown below:
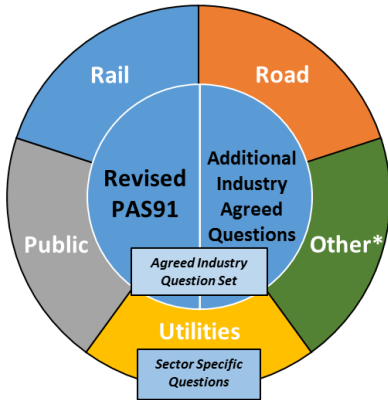
Other* to include other sectors within construction which require certain sector specific questions.

Step 3: Audited against answers

| Step 3 Audited against answers | Desktop audit of:
 • PAS 91 Core Modules, Equality & diversity and environmental optional modules
 • Additional industry agreed questions
 Additional sector questions - method of audit to be agreed

 Core Accreditation | Site audit of:
 • PAS 91 – all modules
 • Additional industry agreed questions
 Additional sector questions - method of audit to be agreed

 Enhanced Accreditation |

Once companies have identified their risk band and completed the Agreed Industry Question Set, the **Common Assessment Standard** will be used by an accreditation provider to audit the company's answers in order to gain accreditation.

Currently, there are multiple accreditations that a company can gain in order to demonstrate business assurance, often with their own assessment standard. This causes confusion across the supply chain as different clients often specify a particular accreditation that a company must have before they can tender for work; causing companies to acquire multiple accreditations to work for different clients.

Through the creation and adoption of a Common Assessment Standard, current duplication of assessment will be eliminated as companies would only require a single accreditation which would be assessed against a standard that the industry has agreed. This would reduce the time and cost burden of applying for, and being audited by, multiple accreditation providers as well as providing transparency and clarity to how a company has been assessed.

The type of audit companies must undergo will depend on whether they are aiming to achieve core or enhanced accreditation.

Accreditation level	Core accreditation		Enhanced accreditation	
Modules	PAS 91 (all core and optional modules)	Additional agreed questions	PAS 91 (all core and optional modules)	Additional agreed questions
Desktop Audit	√	√	N/A	N/A
Site Based Audit	√	√	√	√

In order to carry out PQQ accreditations, accreditation providers, which could be either third-party providers or trade associations, must be able to carry out desktop audits for the core accreditation or site based audits for the enhanced accreditation against the Common Assessment Standard.

The Common Assessment Standard will be achieved by aligning the assessment standards of the currently existing schemes, either run by third-party accreditation providers or trade associations, which are used in general construction or specific sectors, to the requirements of the industry and which will be recognised by industry. By doing this, this will reduce duplication and ensure the recognition of all those companies that meet the standard.

To enable existing and new accreditation schemes to meet these new standards, it is proposed to implement a transition period which will be determined in due course, following market testing.

Step 4: Receive Core or Enhanced accreditation

Following satisfactory completion of the audit process against the Common Assessment Standard, companies will receive accreditation against their identified risk band from a recognised accreditation provider.

Step 5: Renew accreditation annually
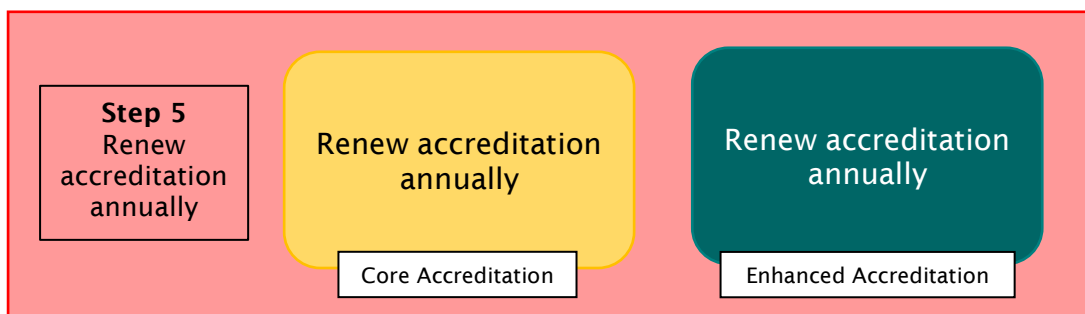
Finally, organisations will have to renew their accreditation on an annual basis in order to prove that they are still business assured.

The aim is to tie all five stages together using a central data source which would allow open-access data sharing of verified PQQ information. Organisations will be able to upload, share, update and export data from this source which will act as a hub for all verified data, along with confirmation of a company's accreditation. Through the adoption of this central data source, the industry would achieve cost and time savings through the removal of the existing requirement to complete multiple forms requesting the same information for different accreditations.

A proposal for the online data source is currently in development, which will be circulated by Build UK for comment and market testing in due course.

Appendix 1: Low and high risk activities

High Risk

Aerials	Hoists
Air conditioning and ductwork	Hydraulic bursting
Asbestos	Hydraulic systems
Balustrading	Incinerators
Ceiling fixing	Land fill
Chimneys	Lifts
Chutes	Lightning protection
Cladding	Mainlaying – gas/water
Concrete (sprayed)	Marine works
Concrete flooring	Metal sawing
Concrete frames	Operated plant (e.g. excavators, loaders, rollers)
Concrete repairs	Parapets
Contaminated land	Piling (including sheet)
Cranes	Retaining walls
Culverts	Riggers
Demolition	Roofing and cladding
Diamond drilling	Rope access
Diamond sawing	Sand blasting
Directional drilling (including moling)	Scaffolding
Drainage	Screeding
Dredging	Shoring
Dust control and extraction	Site accommodation (lifting)
Earthworks	Soil Nailing
Electrical services (high voltage – live)	Steel decking
Escalators	Steeplejacking
Excavation	Structural steelwork
Fall arrest systems	Suspended access equipment
Formwork	Timber structures
Gantries	Tree surgery
Geomembrane linings	Tunnelling
Geotechnical works – ground investigation drilling	Underpinning
Ground Anchors	Waste disposal
Ground treatment	Water jetting
Groundworks	Waterproofing
Grouting - ground	Welding
Hand rails	Windows/curtain walling
Hauliers (heavy construction materials)	

Low Risk

Acoustics	Landscaping
Archaeological	Locksmiths
Blinds	Masonry repairs
BMS systems and controls	Mastic pointing
Carpentry	Mastic sealant application
Catering equipment	Non-operated plant (e.g. generators, compressors)
Damp proofing	Paint stripping
Decking	Painting
Doors	Partitions
Dry lining	Pest control
Electrical services (other than high voltage – live)	Plastering
Enamelling	Powered gates
Fencing/barriers	Road maintenance
Fire alarm systems	Road marking
Fire protection (passive)	Road sweeping
Flooring	Security systems
Gates	Shutters
Geotechnical works – design and consultancy	Site accommodation (set up)
Glazing	Site clearing
Grouting – structural repair	Sprinkler systems
Heating	Street furniture
Horticulture	Surfacing/Aggregate/RMC
Insulation (cavity, internal, external, loft, roof)	Thermal insulation
Jointers	Tiling
Kerbs and edging	Toilet/bathroom fit-out
Land surveys	Traffic management

Appendix 2: Additional Industry Agreed Questions

The proposed additional industry agreed questions have been sorted by PAS 91 module and will be additional to completing that module.

Core Question Module C2: Financial information

1. Please state your date of incorporation
2. Do you have Contracts Works Insurance?

Core Question Module C3: Business and professional standing

3. Do you have a data protection policy and/or procedure which complies with the Data Protection Act 1998?
4. Do you have a bribery prevention policy and/or procedure which complies with the Bribery Act 2010?
5. Do you have a policy and/or procedure to ensure that your operatives are genuinely self-employed?
6. Do you have a policy and procedures to ensure that slavery or human trafficking do not occur in your company or supply chain (and which complies if necessary with the Modern Slavery Act 2015)?
7. Have you been prosecuted for a breach of the Immigration, Asylum and Nationality Act 2006 (amendment 2008) or Immigration Act 2016 within the last 5 years? If so, please provide further details.
8. Do you have a policy and/or procedure to verify that all workers you employ are entitled to work in the UK?

Core Question Module C4: Health and safety policy and capability

9. Do you have a Fitness for Work policy for any safety critical workers?
10. Do you have a drugs and alcohol policy?
11. Have you been prosecuted for a breach of health & safety legislation in the last 5 years? If so, please provide further details.

Optional Question Module O2: Environmental management policy and capability

12. Have you been prosecuted for a breach of any environmental laws within the last 5 years? If so, please provide further details.
13. Do you have a policy and/or procedure for waste management?
14. Are you registered to carry relevant site waste?
15. Are you legally permitted to store your site waste, when necessary?