Unit 12: Tender & Procurement

Level: 4

Credits: 15

Ofqual Code: M/618/8091

Introduction

For a client, the process of procurement – obtaining the services of a main contractor to construct their project – is often complex. The selection of a contractor that will meet the client's expectations is essential so that time, quality and cost constraints are met, with no delays, overruns or budgets exceeded. Tendering is the process of obtaining a price for the designed and specified works. The importance of contractor selection to the successful completion of a client's project cannot be overstated.

This unit aims to give students the knowledge they need to be able to select a procurement route and an appropriate tendering method in the awarding of a project to a main contractor. Students will learn how to prepare a tender package in procuring a contractor for a client's work. Many different procurement methods are available to achieve this: from open to closed systems.

Topics included in this unit are: tendering constraints and information; the documentation needed to send out a tender; the factors that affect procurement; the procurement methods that can be used to select a contractor.

On successful completion of this unit, students will be able to prepare tender documents for a client's project, at the design stage, using a suitable procurement method. Students will also have the fundamental knowledge and skills needed to progress to a higher level of study.

Learning Outcomes

By the end of this unit, students will be able to:

LO1 Define what constitutes a tender and the information required for this process

LO2 Explain the procedures and contractual arrangements for tendering

LO3 Analyse the factors that affect the selection of construction procurement methods

LO4 Prepare tender documentation for a given project.

Essential Content

LO1 **Define what constitutes a tender and the information required for this process**

Information required to produce a tender

Decision to tender

Preliminary information received

Type of client or stakeholder (e.g., private or commercial clients)

Stage of the design drawings

Provisional timescale

Pre-contract health and safety plans

Tender resource allocations

Electronic or hardcopy tender process

Type of work

Capacity to tender

Constraints on tendering

Time allocated to the compilation of tender documentation

Selection of list of tenderers

Allocated tendering time

Return date and time

Resource implications in terms of hardcopy

Poor tender presentation (e.g., insufficient information sent out to contractors)

Revisions to design

Tender documentation

Covering invitation letter

Form of tender

Employers' requirements

Nominated and named contractors

Tender submission breakdown

List of drawings

Drawings/data (e.g., design drawings, tender drawings, building information model data)

Specifications

Bill of quantities

Preliminaries

Pre-construction information

Contract information (e.g., form of contract to be used on the project, contract conditions and terms)

Tender documents (e.g., tender pricing document, tender return instructions, tender return envelope)

References to any code of practice for tendering procedures

LO2 **Explain the procedures and contractual arrangements for tendering**

Tendering stages

Decision to tender

Tender preparation strategy

Tendering arrangements

Pre-qualification questionnaire

Compiling lists of prospective tenderers

Selection criteria (e.g., experience, references, professional association status, ISO registration, recommendations, clients, preferences, interview, presentation, financial accounts, health and safety record, rotation on a select list, listing against financial capacity, previous performance feedback)

Types of tender

Open

Selective

Negotiated

Serial

Framework tendering

Single-stage and two-stage

Advantages and disadvantages

Criteria for the selection of type of contract

Types of contract/procurement (e.g., traditional, design and build, construction management, measured term)

Standard forms of contract (e.g., Joint Contracts Tribunal (JCT), New Engineering Contract (NEC), FIDIC, International Construction Contracts) Level of information provided at tendering stage

Criteria for the selection of tendering method

Type of contract

Size of project

Financial costs

LO3 **Analyse the factors that affect the selection of construction procurement methods**

Forms of procurement

Traditional (e.g., design-bid-build, bid-build, employer-designed)

Design and build (e.g., single-stage, two-stage)

Management

Private Finance Initiative (e.g., Build-own-operate-transfer (BOOT), Design-build-finance-maintain (DBFM), Design-build-finance-transfer (DBFT))

Engineering procurement and construction (EPC)

Engineering procurement and construction management (EPCM)

Framework agreements

Others

Issues associated with procurement of projects

Current issues (associated with procurement and contractual arrangements)

Government policy and strategy

Professional body requirements

Contract organisations (e.g., JCT, NEC, FIDIC)

Differences between public and private procurement

Industry developments and trends (e.g., building information modelling, digital asset management)

International trade agreements

Factors affecting procurement routes

Time constraints

Financial constraints (budget, costs and financial planning)

Quality

Client characteristics (e.g., government, institutional, private sector)

Project characteristics

Level of risk associated (e.g., apportionment of risk between client and contractor)

Environmental/sustainability

Stage of the design (e.g., fully designed, partially designed)

Complexity of project

Regulatory/legislation compliance

LO4 **Prepare tender documentation for a given project**

Project parameters

Client's budget

Client's agreed procurement strategy

Project management strategy

Available procurement time in relation to design stage

Construction information availability schedule

Level of specified quality

Policy/political constraints

Value for money

Level of client knowledge.

Contract type in relation to method of procurement

Tender documentation

Letter of invitation

Form of tender

Preliminaries (e.g., pre-construction information, site waste management plan)

Form of contract

Tender pricing document

Employer's information requirements for BIM

Drawings

Specifications

Tender return slip

Learning Outcomes and Assessment Criteria

Pass	Merit	Distinction
LO1 Define what constitutes a tender and the information required for this process		
P1 Explain the information required to be produced prior to tendering. **P2** Illustrate the documentation required to formulate a tender for a major project.	**M1** Compare the use of specifications and bills of quantities as tendering methods used for a privately funded project.	**D1** Analyse the potential benefits of Building Information Modelling (BIM) in the tender process.
LO2 Explain the procedures and contractual arrangements for tendering		
P3 Explain the stages of a tender process and the criteria used in selecting tenders. **P4** Discuss the advantages and disadvantages of different types of tender for a given project.	**M2** Compare the different types of tendering available for a design and build project.	**D2** Justify the selection of a contract type for a given form of tender.
LO3 Analyse the factors that affect the selection of construction procurement methods		
P5 Explore the professional, legal and industry issues that influence procurement. **P6** Explain the project factors that inform the selection of a procurement route.	**M3** Analyse the different influences on procurement between public and private projects.	**D3** Evaluate the relationship between procurement route, contract type and tender process in limiting risk for client and contractor.
LO4 Prepare tender documentation for a given project		
P7 Compile project parameters, to inform tender documentation, for a given project. **P8** Produce tender documentation (based on drawings and specifications provided by others) for a given project.	**M4** Justify the approach to tender documentation in relation to the client's agreed procurement strategy.	

Recommended Resources

Print resources

BROOK, M. (2016), *Estimating and Tendering for Construction Work*, Routledge

FINCH, R. (2011), *NBS Guide to Tendering*, Nbs Publications

HUGHES, W., HILLEBRANDT, P., GREENWOOD, D., KWAWU, W., KWAWU, W. (2006), *Procurement in the Construction Industry*, Routledge

MITCHELL, B., TREBES, B. (2005), *Introduction to the Engineering and Construction Contract*, Thomas Telford

MORLEDGE, R., SMITH, A., APPIAH, S. (2021), *Building Procurement*, John Wiley & Sons

Links

This unit links to the following related units:

- Unit 4: The Construction Environment
- Unit 8: Mathematics for Construction
- Unit 11: Financial Management & Business Practices in Construction
- Unit 23: Construction Economics & Sustainability
- Unit 25: Quantity Surveying Practice
- Unit 29: Contracts & Management
- Unit 36: Value Engineering & Cost Control
- Unit 38: Advanced Quantities for Complex Building Projects
- Unit 40: Surveying for Conservation, Renovation & Refurbishment
- Unit 43: Advanced Surveying & Measurement
- Unit 54: Advanced Quantity Surveying Practice.