

## C4a – Subcontractor Suitability

The applicant should describe the relationship between themselves as the prime contractor and the subcontracted resources within the example stated in the introduction. Applicants should provide details of the scope and arrangements/processes for:

- **Assessing the need for subcontractors**
- **Assessing the suitability of the contractor**

"Excellent scores shall be awarded where:

- The applicant demonstrated robust processes for identifying the need to subcontract part of the project
- The applicant can demonstrate robust processes are in place to assess the suitability of the contractor
- The applicant can demonstrate robust processes to assess the competence of the subcontractor (i.e. health & safety, environment and quality)
- The applicant can demonstrate how the subcontractor is managed and what processes are followed to ensure compliance to the prime contractor"

On our Thames Water Smart Metering contract, our approach to logistics was to build a DLO focused delivery model, supported by subcontract labour and expertise, where necessary, to help us manage client/customer needs, work volume peaks and troughs and specialist work where needed. The ratio between direct labour and subcontract resources differs between the various work types; Optant metering dig, CSL and bulk dig activities are direct labour; progressive (compulsory) dig work is mostly subcontracted to support programme needs; plumbing is around 60% subcontract; and surveying and other support is approximately 75% direct labour.

We draw on our extensive supply chain network – with no dependency on single source arrangements. Currently, we have access to 1,617 approved material/product suppliers and 905 subcontractor organisations, together with 300 material/subcontractors. The strength and breadth of MWS, the wider M Group Services organisation and our extensive supply chain means we can call on temporary and longer-term support to increase contract resources during periods of peak demand or in response to unforeseen shortages. All contract resources (workforce capabilities, plant / equipment, subcontractors, suppliers) are recorded and stored, enabling us to swiftly assess availability, location, capability and request re-assignment, when needed.

We determine the necessity for subcontractors through a meticulous analysis of project scope, complexity, and demand fluctuations. The Thames Water Smart Metering project required a diverse skill set to handle various tasks, such as plumbing and surveying, where subcontractor involvement was deemed necessary due to the specialist nature of the work or to manage peaks in workload. The assessment process includes; **(a)** evaluating project deliverables and timelines, **(b)** forecasting resource requirements based on work volume and type, and **(c)** identifying gaps in in-house capabilities and capacity.

Our group-level five-stage subcontractor evaluation and approval management process carried out by our central Supply Chain Control (SCC) team ensures all our suppliers and subcontractors meet our exacting requirements; and helps fulfil our H&S obligations under CDM Reg. 13. However, most subcontractors proposed to the SCC for approval are pre-selected by our Contract Managers using a range of criteria including competence, specialist skills, experience, rates, proven delivery and client recommendations etc. Our Contract Managers work hard to develop long-standing relationships with our suppliers, preferring to work with those they know and who have previously delivered on similar contracts – knowing they are sustainable and that they have the resources, approach and proven commitment to deliver a successful outcome.

**Stage 1 Pre-evaluation Questionnaire:** Ensures the subcontractor is appropriately certified and enables us to check convictions and/or infringements, e.g. DBS Checks, if appropriate.

**Stage 2 Evaluation Questionnaire:** Our Subcontractor Evaluation Questionnaire requires subcontractors to explain their approach to a list of key topics including:

- SHEQ policies, procedures, and performance.
- Relevant technical capability.
- Staff competency, experience, qualifications and training records.
- Plant/equipment maintenance regimes and standards.
- Slavery and human trafficking responses.
- Insurance provisions.
- Financial statements to confirm sustainability.

**Stage 3 H&S Authorisation:** The contract Senior/Commercial Manager and SHEQ Manager complete a H&S authorisation proforma using information submitted in the evaluation questionnaires. This acts as a final safety net to capture any infringements or queries that need to be investigated.

**Stage 4 Subcontractor Contract:** All subcontractors are required to sign a contract-specific subcontractor agreement, which sets out the various terms and conditions governing the works. Subcontracts incorporate aligned terms and conditions and contain agreed performance standards (e.g., KPI/SLA objectives and targets).

**Stage 5 Ongoing Reviews:** Subcontractors are regularly reviewed for assurance purposes by our SCC function and, at contract level, by the commercial team who procure their services based on operational need. We regularly review their performance against contract specific KPIs/SLAs and involve them in performance HUBS, continuous improvement initiatives and problem/cause analysis.