

Ref: OGPPO001-016-2016

29 August 2018

**Circular 10/2018: Construction Procurement Reform – Amendment to the threshold for the procurement of public works projects using the Short Public Works Contract (PW-CF6) – Circular 04/08 refers**

A Dhuine Uasail

1. I am directed by the Minister for Public Expenditure and Reform to inform you that certain sections of Dept. of Finance Circular 04/08 (Ref: S9/12/08) : *‘Construction Procurement Reform – additional measures to the revised arrangements for the procurement of public works projects and for the engagement and payment of construction consultants’* are amended by this Circular in respect of the threshold amount for which the Short Public Works Contract (PW-CF6) may be used to procure public works projects.
2. Circular 04/08 introduced the Short Public Works Contract in 2008, and permitted contracting authorities to procure public works up to an estimated value threshold of €500,000 (including VAT). The revised threshold value of €1,000,000 (excluding VAT) will take effect from **29 August 2018**.
3. The following sections of Circular 04/08 are hereby amended:

Reference in Circular 04/08	Amendment
Section 3 - First and Second Sentences	“€500,000” is replaced by “€1,000,000 excluding VAT”
Section 6 - First sentence and sub-paragraph b) (i)	“€500,000” is replaced by “€1,000,000 excluding VAT”

**Construction Procurement Reform Process**

4. Circular 01/16 dated 18 January 2016 introduced revised arrangements for the procurement of public works contracts. Amongst the revised arrangements introduced was the requirement for a pricing document in the form of a Bill of Quantities (BQ) prepared in accordance with a specified method of measurement when using PW-CF1, PW-CF3 and PW-CF5<sup>1</sup> (which is specified in the Form of Tender and Schedule applicable to the form of contract being used).

<sup>1</sup> PW-CF1 – Public Works Contract for Building Works designed by the Employer; PW-CF3 – Public Works Contract for Civil Engineering Works designed by the Employer and PW-CF5 – Public Works Contract for Minor Building and Civil Engineering Works designed by the Employer

5. In monitoring the implementation of these new arrangements it was noted that the cost associated with the production of a BQ to those specified methods of measurement for PW-CF5 may be disproportionate given the value of the project to be delivered. In response it has been decided to raise the threshold where PW-CF6 may be used from €500,000 (including VAT) to €1,000,000 (excluding VAT).
6. Contracting Authorities are reminded of the guidance contained in Section 2.4 of GN 1.5.3 on the use of a pricing document with PW-CF6.

#### **Monitoring**

7. All Contracting Authorities procuring public works are reminded, when creating a contract notice on the eTenders website, to indicate which of the Public Works Contracts that they propose to use. This is to enable the Office of Government Procurement to collect data relating to the use of the contracts.

#### **Further Information**

8. For further information/clarifications in relation to the revised threshold set out in this circular the Construction Policy Unit at the Office of Government Procurement should be contacted at the following email address: [construction@per.gov.ie](mailto:construction@per.gov.ie)

Mise le meas,

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