

Constructionline Notation calculation explained

Constructionline give all suppliers a recommended contract value and this calculation is called a notation.

Our unique notation formula has been developed over a period of years by key buyers, industry leaders and government bodies. The formula looks at a supplier's financial ability and established track record for successfully delivering contracts in each category to a certain value.

The notation is calculated as the lowest of three calculations that bring together the last reported annual turnover, net assets and the average value of references obtained. It is based on the original criteria agreed with buyer and supplier working groups.

EXAMPLE

Finance factor

Turnover	1,000,000		
divided by 3		333,333	
Net assets	150,000		
multiplied by 5		<u>750,000</u>	
Average of sum of above		1,083,333	= 541,667

Reference factor

Substantiated proof of service or product	200,000		
multiplied by reference factor		2	= 400,000

Finance and reference factors averaged

941,669 = 470,833

The finance and reference factor average is then compared to:

Reference factor cap

Highest average reference	400,000		
increased by 25%	<u>100,000</u>		= 500,000

Turnover cap

Turnover per accounts	1,000,000		
reduced by 25%	<u>250,000</u>		= 750,000

Lowest of these three figures

* In recognition of the variation in the frequency of work and likely contract values, a reference factor will be allocated to each category which enables different specialisms to be compared on a like for like basis. The highest multiple is 3 and will change according to product and service. For example, Building structures will be multiplied by 1.5 and Demolition by 2.0.

References

Each supplier has to supply a minimum of two satisfactory references for each sector/discipline of work. These references must be for work completed within the last three years and need to include a value for the work completed. If the reference contains more than one element the references need to have the financial values broken down.