

ANGUS COUNCIL

INFRASTRUCTURE SERVICES COMMITTEE

21 APRIL 2009

ROADS DIVISION STANDING LIST OF CONTRACTORS

REPORT BY THE DIRECTOR OF INFRASTRUCTURE SERVICES

ABSTRACT

This report updates the committee on the review of the procurement methods for construction, civil engineering and roads maintenance works procured by the Roads Division and recommends the creation of Roads Division Standing Lists of Contractors. It is further proposed that projects not related to those lists shall be advertised on an individual basis.

1 RECOMMENDATION

1.1 It is recommended that the Committee:

- i) agrees that a Roads Division Standing List of Contractors be prepared for the following categories of work up to a maximum contract value of £500,000
 - A1 – General Civil Engineering
 - A2 – Structures (Masonry Repairs)
 - A3 - Carriageway Works (Bituminous Materials)
 - A4 – Footway works (Bituminous Materials) which may include lighting works
 - A5 – Rural Cycleways and Paths
 - A6 – Lighting
- ii) agrees that the Head of Roads shall prepare those Standing Lists and bring a further report back to this committee for approval;
- iii) agrees that projects estimated above a capital value of £20,000 and not related to the Standing Lists shall be advertised on the internet portal for expressions of interest and select lists shall be prepared from those contractors expressing an interest in tendering for such specific project works;
- iv) approves a further extension to the Standing Lists currently employed by the Roads Division for the various categories of work up to a maximum contract value of £200,000 until the proposed new standing lists are prepared in accordance with the proposals in this report.

2 INTRODUCTION

2.1 The Council's Financial Regulations (section 16.7.1) allow each Committee to maintain standing lists of persons to be invited to tender for contracts for specified categories of work within maximum financial limits stated in the Financial Regulations. Invitations to tender for such contracts are then limited to those included on the list. Where no suitable standing list exists, or where estimated contract values are above the limit set in the Financial Regulations for the use of standing lists, tenderers are selected from those responding to public advertisement.

- 2.2 Section 16.7.1 of the Council's Financial Regulations requires that all standing lists shall be compiled every three years following public advertisement and shall be reviewed and updated at least every six months. Each contractor to be considered for inclusion on the standing list will be subject to such financial assessment as is considered appropriate by the Head of Finance.
- 2.3 The initial Standing Lists of Contractors were approved by the Infrastructure Services Committee of 25 November 2004 (Report No 1426/04), with a number of new contractors, being added to the standing lists. Following approval of the Infrastructure Services Standing Lists, revised Financial Regulations were most recently approved by Angus Council (Report No 1079/08 refers), which increased the maximum contract values for Standing Lists of Tenders relating to Civil Engineering Works and Construction Works to £500,000.
- 2.4 The Infrastructure Services Committee of 27 November 2007 (Report No 1130/07) approved an extension to the Roads Division's Standing Lists of Contractors for various categories of work up to a maximum tender value of £200,000 until May 2009. This was to provide for the opportunity of developing and implementing a more effective and less resource-intensive method for compiling and administering standing lists in the context of sharing services and the work of the Tayside Procurement Consortium (TPC).
- 2.5 This report details the outcome of that review and recommends an alternative procedure for procurement of construction, civil engineering and road maintenance contracts up to the maximum contract value allowed by the Financial Regulations.

3 DETAILS

- 3.1.1 Report No 1130/07 identified three options for further consideration and these are compared below.

Option 1

- 3.2 The first option considered is to use Constructionline lists only.
- 3.2.1 Constructionline is an organisation that receives contractor financial data, assesses their financial standing and recommends appropriate contract value limits. The current Financial Regulations (16.7.1) allow the use of Constructionline to access contractor information and determine their financial suitability.
- 3.2.2 The Constructionline website currently includes only a copy of the contractor's Health and Safety Policy and provides no further scrutiny of contractors' health and safety background.
- 3.2.3 The Contractor's Health and Safety Assessment (CHAS) organisation acts in a similar way to Constructionline in that it receives contractor health and safety data and then assesses them for tender prequalification purposes. Both organisations have a commitment to integrate their information in the future to allow examination of both data sets on one site.
- 3.2.4 Constructionline includes a reference scoring system for each contractor in each work category. This is not well populated at the moment but could be useful in the future.

- 3.2.5 Constructionline lists associated with the more commonly used works categories are very large and to be of practical use need to be filtered. Various methods of filtering (by location of office, size of contractor, etc) were investigated and compared with our current lists. Most methods eliminated contractors currently employed by Angus Council. It is therefore recommended that Constructionline is not relied upon wholly for the required lists to be used by the Roads Division.

Option 2

- 3.3 The second option considered was a shared option with Dundee City Council (DCC).
- 3.3.1 Dundee City Council currently operates a very extensive list of works categories for civil engineering using a database of contractors which could be modified to suit Angus Council requirements. However, it appears that they have similar operational difficulties in managing the database as with the current Angus Council Roads Division Standing Lists.
- 3.3.2 The majority of the standing lists operated by Dundee City Council would also be infrequently used by Angus Council.
- 3.3.3 Although combining resources (with DCC staff) would decrease the workload the savings are not considered significant at this stage and there are some practical difficulties in operational terms. It is therefore not recommended that this option is adopted for the Roads Division's required lists.

Option 3

- 3.4 The third option considered was to widen a shared option with other members of the Tayside Procurement Consortium.
- 3.4.1 The TPC is not focusing on procurement of one-off expensive items like civil engineering contracts at this stage in their development. It was, therefore, considered too early to evaluate this option, although this may become a more attractive option in time.
- 3.4.2 TPC is, however, intending to make use of the Public Contract Scotland Advertising Portal for works contracts having an estimated capital value above £20,000 in accordance with Report No 1051/08 approved by the Corporate Services Committee at its meeting on 23 October 2008. This is an internet based method of advertising for prospective tenderers. While the on-going development work of the TPC is noted as stated further in paragraph 3.8 of this report, it is intended that the Roads Division would utilise the advertising portal in the interim as set out above.

Way Forward

- 3.5 After reviewing the frequency of use of the current standing lists and the types of works likely to be carried out during the next four years through the Roads division, it is considered that the most efficient use of resources would be to use a combination of methods for procurement of works schemes.

3.6 It is recommended that the following six standing list categories should be maintained as it is expected that they would be used relatively frequently.

- A1 – General Civil Engineering
- A2 – Structures (Masonry Repairs)
- A3 - Carriageway Works (Bituminous Materials)
- A4 – Footway works (Bituminous Materials) which may include lighting works
- A5 – Rural Cycleways and Paths
- A6 – Lighting

All projects not related to the above lists would be advertised through the internet portal for expressions of interest and a select list prepared in the normal manner on a project specific basis in line with the council's Financial Regulations.

3.7 It is anticipated that it will take approximately six months to advertise for interest, scrutinise submission received from candidates and compile the proposed lists, following which a further report will be brought back to this committee. In the interim, the Committee is asked to approve a further extension to the existing Standing Lists for the various categories of work up to the maximum financial value of £200,000 to allow the work on the new Standing Lists to be concluded, at which time the increased maximum contract value will be brought into line with those stated in the current Financial Regulations.

3.8 It is also anticipated that the best buying practice in terms of use of Constructionline and Standing Lists will be reviewed across the TPC partners during 2009/10. If the results of that review indicate likely benefit from adjusting the arrangements set out in this Report, then a further report will be brought back to this Committee.

4 FINANCIAL IMPLICATIONS

4.1 The financial implications associated with the recommendations contained in this report relate in the main to the staff time involved in preparing the standing lists. This cost will be contained within the Roads Division Revenue Budget.

5 HUMAN RIGHTS IMPLICATIONS

5.1 There are no human rights implications arising from the proposals in this report.

6 EQUALITIES IMPLICATIONS

6.1 The issues dealt with in this Report have been the subject of consideration from an equalities perspective (as required by legislation). An equalities impact assessment is not required.

7 CONSULTATION

7.1 The Chief Executive, Director of Corporate Services, Head of Finance and Head of Law and Administration were consulted in the preparation of this report.

8 CONCLUSION

- 8.1 To provide an efficient method of procurement of construction, civil engineering and road maintenance contracts it is recommended that the Head of Roads creates and maintains Standing Lists for the six most used categories of work and that projects not related to the above lists would be advertised through the internet portal for expressions of interest and a select list prepared on a project specific basis in accordance with the council's Financial Regulations.

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NOTE:

No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

Roads/SP/PP
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