

EAST AYRSHIRE COUNCIL

CABINET MEETING – 21 APRIL, 2010

REPLACEMENT OF THE APPROVED ALL-AYRSHIRE LIST OF CONTRACTORS

Report by Executive Director of Finance and Corporate Support

1 PURPOSE OF REPORT

- 1.1 The purpose of the report is to seek approval for the replacement of the All-Ayrshire Approved List of Contractors with a new process to take effect from 1 October 2010.

2 BACKGROUND

- 2.1 The All Ayrshire Approved List of Contractors has been in existence since 1998 and is used by North, East and South Ayrshire Councils. Each Authority use the list to select contractors to tender for works contracts below the EU Procurement Threshold.
- 2.2 To gain entry onto the list, contractors are vetted in three areas, Financial Standing, Health and Safety and Technical References. In East Ayrshire Council the vetting is carried out in-house by staff within Financial Services and Asset Improvement Services and the list is maintained by corporate procurement.
- 2.3 There are currently over 600 contractors on the Approved List. Since April 2009 East Ayrshire Council has entered into contracts with 31 of these contractors.

3 CURRENT POSITION

- 3.1 New procurement legislation, in particular the Public Contract (Scotland) Regulations 2006 and Remedies Regulations 2009 has created issues with operating approved lists. Given the significant increase in procurement litigation, the Council must mitigate any potential risks placed upon it by the operation of such an approved list.
- 3.2 It is also prudent to consider alternative methods of contractor vetting which will transfer risk away from the Council and generate efficiencies in staff time.
- 3.3 There is a requirement for Authorities to adequately advertise contract opportunities and the Scottish Government has developed a web-based National Advertising Portal to support this requirement.

4 PROPOSAL

- 4.1 It is proposed we cease to use the approved list with effect from 30 September 2010.

- 4.2 All tender opportunities will be advertised on www.publiccontractscotland.gov.uk, the Scottish Government's national tender advertising portal. Contractors can access this portal free of charge and currently over 45,000 contractors have registered with the portal. Registration to the portal ensures contractors receive automatic e-mail alerts of tender opportunities where in their chosen sphere of interest.
- 4.3 It is proposed that Financial Vetting be outsourced to Equifax, through the Office of Government Commerce (OGC) Buying Solutions contract. In our case this will replace the Experian Service currently used to financially vet contractors.
- 4.4 Health and Safety vetting will be carried out through The Contractors Health and Safety Scheme (CHAS) and Safety Schemes in Procurement (SSIP). These schemes are administered by the London Borough of Merton and are well recognised throughout the UK Public Sector. Currently approximately one third of the contractors on the approved list have CHAS/SSIP accreditation. There is only a nominal charge to companies for being vetted under this scheme.
- 4.5 The national Pre Qualification Questionnaire will be used in order to standardise responses from contractors and scoring mechanisms.
- 4.6 Technical references will still require to be carried out by staff within Asset Improvement Services (AIS). To generate efficiencies it is proposed that a database be set up between North, East and South Ayrshire Councils to share references and reduce the need for multiple reference checks. The database will also hold CHAS accreditations and the results of the financial vetting.
- 4.7 It is proposed to have a transition period between now and 30 September 2010. This will allow the Council time to publicise details of the new process to potential contractors and to write to contractors currently on the approved list to notify them of the change (draft letter attached as Appendix A).
- 4.8 The transition period will also allow contractors time to apply for Health and Safety accreditation to CHAS/SSIP.

5 FINANCIAL IMPLICATIONS

- 5.1 The administrative resources of Procurement, Finance and Asset Improvement Services will be freed up which should allow the resources to be redeployed in utilising the National Advertising Portal for all works projects over £30,000.
- 5.2 There are no financial implications from the appointment of Equifax as this is a replacement for Experian.

6 LEGAL IMPLICATIONS

- 6.1 East Ayrshire Council is bound by the Public Contracts (Scotland) Regulations 2006, Remedies Directive 2009 and the European Union procurement regulations and all of the recommendations are fully compliant with the regulations.

7 OTHER IMPLICATIONS

- 7.1 There are no human resource implications, with the Notices to be placed by AIS / Roads officers or by Corporate Procurement.
- 7.2 There are no equality implications.
- 7.3 There are no environmental implications.
- 7.4 The proposed switch to CHAS/SSIP accreditation for contractors will, in an East Ayrshire context, deliver one of the required actions in the current Health and Safety Improvement Plan following the Ralston review in 2009.

8 CONSULTATIONS

- 8.1 Consultation has taken place with the Head of Housing, Head of Roads and Transportation, Asset Manager, Health and Safety Manager and staff from Asset Improvement Services. Consultation has also taken place with North and South Ayrshire Councils and a working group has been in operation throughout the review process.

9 CONCLUSION

- 9.1 The new process will reduce the risk of challenge to the Council, provide transparency in the procurement process and streamline the procurement vetting process for both the Council and potential contractors.

10 RECOMMENDATION

- 10.1 It is recommended that Cabinet approve the proposal to replace the All-Ayrshire Approved List of Contractors, and
- 10.2 To otherwise note the content of this report.

Alex McPhee
Executive Director of Finance and Corporate Support
13 April 2010

Background Papers – None

For further information on this report, please contact Alex Reid, Procurement Team Leader, Legal Procurement & Regulatory Services (Tel. No. 01563 576186).

Implementation Officers: Alex Reid.

APPENDIX A

Department of Finance & Corporate Support
Executive Director: **Alexander McPhee**

Head of Legal, Procurement and Regulatory Services
Solicitor to the Council: **David Mitchell**

If telephoning please ask for Graham Michie 01563 576572
or fax 01563 576179
or email alex.reid@east-ayrshire.gov.uk

April 2010

Dear Sir

All Ayrshire Approved List of Contractors

I would advise that with effect from 30th September 2010, the All Ayrshire Approved List of Contractors will cease being used by the Three Authorities. However, until 30th September 2010 the Approved List will continue to be utilised as normal.

This is due to new procurement legislation, in particular the Public Contracts (Scotland) Regulations 2006 and in particular the requirement that authorities adequately advertise tender opportunities.

In the intervening period, the Three Authorities will continue to use the list and also accept new applications.

Future contracts will be placed in the National Advertising Portal www.publiccontractscotland.gov.uk where the majority of Public Sector Notices are accessible. I would therefore urge you to register your specific interest on the site, where you may also choose to receive alerts for your sphere of business.

You must also be aware that from 1st October 2010 the three councils will only consider inviting tenders from companies/organisations who are registered and accredited by The Contractors Health and Safety Assessment Scheme (CHAS) and as such I would urge you to seek registration and accreditation should you wish to continue to seek business opportunities with any of the three Ayrshire Councils. The CHAS website is @ www.chas.gov.uk/.

Where thresholds require, we will also place our EU Notices on TED www.ted.europa.eu/. On occasions, each authority may also advertise in the press, National (Glasgow Herald)/Local (Ayrshire), as appropriate.

For smaller value requirements (£500 - £30,000) the Councils intend to utilise the Quick Quote system that is also located at www.publiccontractscotland.gov.uk

I thank you for your participation in this list and look forward to continued business opportunities through the National Advertising Portal post September 2010.

Yours faithfully

David Mitchell