

EAST RENFREWSHIRE COUNCIL25 June 2020Report by Chief ExecutiveAMENDMENT TO CONTRACT STANDING ORDERS TO SUPPORT COVID-19
CONSTRUCTION RECOVERY**PURPOSE OF REPORT**

1. The purpose of this report is to seek Council approval to temporarily amend Standing Orders Relating to Contracts to support the council's response to COVID-19 construction recovery by increasing the works Quick Quote threshold from £150,000 to £500,000.
2. This amendment will allow flexibility to accelerate delivery of projects that have been adversely affected by the COVID-19 outbreak. The use of Quick Quote up to the threshold of £500,000 would reduce both the time and resources required to get contracts into place and support economic recovery.

RECOMMENDATION

3. The Council is asked to approve the temporary increase of the Quick Quote threshold for works from £150,000 to £500,000 for one year and that this amendment to Contract Standing Orders be actioned with immediate effect.

BACKGROUND

4. Although Contract Standing Orders were reviewed in December 2018, it is considered necessary to make an amendment to the works Quick Quote threshold in order to reflect the impact of COVID-19 on the construction industry as detailed in the following Scottish Procurement Policy Notes introduced by the Scottish Government:

- SPPN 4/2020 Coronavirus (COVID-19): procurement regulations for public bodies
- SPPN 5/2020 Coronavirus (COVID-19): supplier relief
- CPN 1/2020 Coronavirus (COVID-19): impact on construction contracts
- CPN 3/2020: Coronavirus (COVID-19) - preparations for contracting authorities to restart the procurement and management of construction contracts
- CPN 4/2020: Coronavirus (COVID-19) - managing disputes and cashflow
- Construction Procurement Handbook

5. The construction industry has had a particularly difficult few years, with uncertainty around Brexit, high numbers of insolvencies, high-profile building safety concerns and more. The spread of COVID-19 is now another challenge the industry is facing.

6. Construction is key to both the economic prosperity of East Renfrewshire and Scotland as a whole. As such the Scottish Government and the Council are looking at various ways to support this sector which has seen all work come to a halt as a result of the virus.

REPORT

7. Contract Standing Orders currently require contracts for works of a total value above £20,000 but under £150,000 to be issued by means of the Quick Quote procedure. The timescales are recommended as a minimum of 10 days from issue to return of Quick Quote bids. Where the works value is over £150,000 a full tendering exercise is carried out with issue and return of documentation between 3-4 weeks.

8. The Scottish Government have advised that in order for the construction industry to have a successful future the sector requires support to recover from COVID-19 to ensure continuation of project pipelines and if possible accelerate delivery options by increasing works Quick Quote thresholds.

9. Following consideration of the Procurement Scotland Regulations 2016 it is proposed that the Council supports the construction sector by temporarily increasing the value in which a works Quick Quote can be conducted and that this is changed from £150,000 to £500,000. This amended value would allow projects to be procured in reduced timescales which will allow accelerated delivery of the supply chain and economic recovery in the sector. This will allow the Council to accelerate the recovery of our delivery plans to meet key Council priorities.

10. This amendment has taken into consideration best practice models promoted by the Scottish Government in its Construction Handbook and updated Scottish Procurement Policy Notes as listed within the background section of this report.

11. To ensure there are no negative impacts of this change, officers will be required to complete a contract strategy document where the Quick Quote value exceeds £150,000 which will be subject to the approval of the Chief Procurement Officer.

12. It is proposed this amendment is for a 12 month period at which point a report will be brought to Council to consider its impact and if it should remain in place or revert to the original works Quick Quote threshold of £150,000.

13. This amendment is supported by the Chief Officer Legal and Procurement.

FINANCE AND EFFICIENCY

14. No financial implications.

CONSULTATION

15. Consultation was undertaken with the Chief Officer Legal and Procurement.

IMPLICATIONS OF THE PROPOSALS

16. There will be no additional risk to the Council from increasing the works quick quote threshold which will accelerate the delivery process for works contracts.

CONCLUSIONS

17. The approval to temporarily amend Contract Standing Orders for a 12 month period will not only reflect Scottish Procurement Policy Notes issued by the Scottish Government to

support the construction industry but also supports stimulation and recovery of the local economy and recovery of Council priority delivery plans.

RECOMMENDATION

18. The Council is asked to approve the temporary increase of the Quick Quote threshold for works from £150,000 to £500,000 for one year and that this amendment to Contract Standing Orders be actioned with immediate effect.

REPORT AUTHOR

Chief Procurement Officer, Debbie Hill, Tel: 0141 577 8486,
email at Debbie.hill@eastrenfrewshire.gov.uk

Report date: 18 June 2020

BLANK PAGE