

Report To: Environment and Regeneration Committee **Date:** 05/09/2013

Report By: Corporate Director Environment, Regeneration & Resources **Report No:** R298/13/AF/IM/GB

Contact Officer: Graeme Blackie **Contact No:** 4828

Subject: Use of Powers Delegated to the Chief Executive Trial Purchase of Roadstone

1.0 PURPOSE

- 1.1 To advise committee of the use of powers delegated to the Chief Executive to request permission to authorise action in terms of Standing Order 2.3.2 of the Council's Standing Orders Relating to Contracts to allow a trial of a quotation for the supply of Roadstone materials.

2.0 SUMMARY

- 2.1 Roadstone is currently purchased using a collaborative framework which was put in place in April 2012. Whilst the current framework is operating successfully, concerns have been raised that the Council may not always be achieving best value in terms of the price of supply of roadstone products for resurfacing schemes.
- 2.2 Some other Local Authorities currently purchase roadstone by issuing periodic quotes to the market for smaller quantities. Benchmarking our current purchase prices with these Local Authorities has led to the conclusion that best value may be available by issuing quotes for smaller quantities on a similar periodic basis.
- 2.3 There is no legal obligation to purchase from the current framework and, our current suppliers, Tarmac have been made aware of our intentions to quote for smaller tonnages.
- 2.4 Roadstone is ordered in bulk for individual road resurfacing schemes. The average values of these orders are above £50,000. Contract Standing Order 3.1.1 details that purchases above £25,000 for the supply of goods or materials must be subject of a tender. It is therefore requested that approval is given in terms of Standing Order 2.3.2 of the Council's Standing Orders Relating to Contracts to allow a trial of a quotation for the supply of Roadstone materials.
- 2.5 It is proposed that quotations be taken for Roadstone materials supply for two RAMP carriageway resurfacing schemes, neither of which shall have an individual cost associated with the supply exceeding £80k.

3.0 RECOMMENDATION

- 3.1 It is recommended that the Committee note the use of powers delegated to the Chief Executive to approve, in terms of Standing Order 2.3.2 of the Council's Standing Orders Relating to Contracts, a trial of a quotation for the supply of Roadstone materials.

4.0 BACKGROUND

- 4.1 Roadstone is currently purchased using a collaborative framework which was put in place in April 2012. Whilst the current framework is operating successfully, concerns have been raised that the Council may not always be achieving best value in terms of the price of supply of roadstone products for resurfacing schemes.
- 4.2 Roadstone is a quarried material which is then mixed with an oil based product. Quarries are situated sporadically throughout Scotland. Inverclyde does not have a quarry and this increases the cost of logistics which again is linked to the price of oil. As such the material costs are volatile and more suited to spot pricing in the market as long term price stability can be difficult to predict for suppliers.
- 4.3 Some other Local Authorities have tested this theory by purchasing roadstone by issuing quotes to the market for smaller quantities on a periodic basis. Benchmarking our current purchase prices with these Local Authorities has led to the conclusion that best value may be available by issuing quotes on a similar periodic basis. These Local Authorities include West Lothian, East Lothian and Edinburgh.
- 4.4 The current framework is in place for 4 years but there is no legal obligation to purchase from the current framework. The current supplier, Tarmac, have been made aware of our intentions to quote for smaller tonnages and will be included in the quotation process.
- 4.5 Roadstone is ordered in bulk for individual road resurfacing schemes. The average values of these orders are above £50,000. Contract Standing Order 3.1.1 details that purchases above £25,000 for the supply of goods or materials must be subject of a tender. It is therefore requested that approval is given in terms of Standing Order 2.3.2 of the Council's Standing Orders Relating to Contracts to allow a trial of a quotation for the supply of Roadstone materials.
- 4.6 It is proposed that quotations be taken for roadstone materials supply for two RAMP carriageway resurfacing schemes, neither of which shall have an individual cost associated with the supply exceeding £80,000.

5.0 FINANCIAL IMPLICATIONS

Budget Heading	Budget Year	Proposed Spend this Report	Other Comments
RAMP Capital Carriageways	2013/14	£80,000	Will be contained in approved RAMP budgets

6.0 USE OF EMERGENCY POWERS

- 6.1 The use of Emergency Powers was requested in order that the project could proceed without delay.
- 6.2 The use of emergency powers was authorised by the Chief Executive and by Councillors McCormick, Dorrian and MacLeod.

7.0 CONSULTATION

- 7.1 The Chief Financial Officer has been consulted on this matter and has agreed with the

action proposed.

7.2 The Procurement Manager has been consulted on this matter and has agreed with the action proposed.

7.3 The Head of Legal & Democratic Services has been consulted on this matter and has agreed with the action proposed.

8.0 LIST OF BACKGROUND PAPERS

8.1 None.