REPORT TO: **PLANNING & TRANSPORT COMMITTEE - 9 FEBRUARY 2009**

REPORT ON: **DRIVING IMPROVEMENTS FOR THE MANAGEMENT AND MAINTENANCE OF THE SCOTTISH TRUNK ROAD NETWORK - CONSULTATION RESPONSE**

REPORT BY: **DIRECTOR OF PLANNING AND TRANSPORTATION**

REPORT NO: **83-2009**

1   PURPOSE OF REPORT

1.1   The purpose of this report is to advise Committee of the above consultation paper and Dundee City Council's proposed response to Transport Scotland.

2   RECOMMENDATION

2.1   The Committee is asked to note and agree to the proposed response detailed in Appendix 1.

3   FINANCIAL IMPLICATIONS

3.1   None.

4   BACKGROUND

4.1   The current management and maintenance contracts operated by Transport Scotland for the Trunk Road network are due to expire between March 2011 and March 2014.

4.2   Transport Scotland wishes to encourage the continuing development of best practice in the delivery of the management and maintenance of the Trunk Road network and that these practices are incorporated in the next generation of Operating Company contracts. Transport Scotland is also mindful of the 2006 McClelland Report and is seeking greater collaboration between public bodies in the pursuit of efficiency savings to the public purse.

4.3   The Consultation paper sets out three main potential future delivery strategies.

Strategy 1 - Developed Operating Company Contracts

This strategy seeks to continue with the principles employed in the current trunk road term contracts whilst taking into account the experiences learned and also seeking to establish greater partnership working between the new Operating Companies and Local Roads Authorities.

Strategy 2 - Developed Operating Company Contracts (including Collaboration Framework Contracts)

This strategy would similarly to Strategy 1 seek to develop the Operating Company Contract but in addition it would also make upfront provision for participating Local Roads Authorities to procure services through it.

Strategy 3 - Maintain, Finance and Operate Contracts

Under this type of contract, the service provider would fully take over the management and maintenance of the trunk road network within a unit, maintain the network to a pre-determined standard and return the network at the end of the contract in a pre-determined condition. The service provider would have real ownership of the network for the duration of the contract and might receive payments purely in terms of continuing availability and traffic use, and incur liabilities in relation to levels of service, road safety and quality of contract compliance.

4.4   The Planning and Transportation Department's proposed response to the consultation on this subject is contained in Appendix 1. Consultation responses require to be returned by 20 February 2009.

5   POLICY IMPLICATIONS

5.1   This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major policy implications

6   CONSULTATIONS

6.1   The Chief Executive, Depute Chief Executive (Support Services), Depute Chief Executive (Finance), Head of Finance, Assistant Chief Executive and Managing Director of Tayside Contracts have been consulted and are in agreement with the contents of this report.

7   BACKGROUND PAPERS

7.1   Copies of the consultation documents are available on the internet at www.transportscotland.gov.uk/reports/consultation-papers-and-responses/driving-improvements.

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FW/BW/EH   30 January 2009

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APPENDIX 1 - DUNDEE CITY COUNCIL'S RESPONSE TO CONSULTATION ON DRIVING IMPROVEMENTS FOR THE MANAGEMENT AND MAINTENANCE OF THE SCOTTISH TRUNK ROAD NETWORK

Question 1   **Do you consider the current arrangement of four geographical units appropriate or are there any changes you would propose that would deliver better value?**

Response: A larger number of smaller units could possibly open up the service provision to more competition and therefore better value for money. However, the cost of submitting a bid could be a major factor that would determine the level of interest. Overall it is considered that the current arrangement of four geographical areas is appropriate.

Question 2   **Do you consider the duration of each term contract appropriate or would you propose any alternative duration?**

Response: Longer contract periods may stimulate a higher level in interest in bidding. The current 5 - 7 years appears to be about right although a fixed 7 year contract with no extension might be more attractive and allow the Operating Company to adopt a more long term strategy for the service delivery including the purchasing/leasing of fleet.

Question 3   **Should the upper limit for 'as of right' work be retained at £250,000? If not, what should it be changed to, and why?**

Response   Given that the majority of work packages are contained within the £250,000 limit, lowering the limit would provide more opportunity for other contractors including Local Authority DLOs to get involved in Trunk Road works. This could give opportunities for improved best value and partnership arrangements and bring the value of 'as of right' and tendered works more into balance. A reduction of 'as of right' work to £150,000 is suggested.

Question 4   **Do you foresee difficulties in implementing Strategy 1, and what would these be?**

Response   Yes. Albeit there are regular meetings in relation to road network issues and specific meetings held to discuss specific projects, there are no meetings of a strategic nature. Although working relationships are good when working together, it is considered that the Operating Companies are willing to engage Local Authorities on a sub-contract basis but are reluctant to enter into true partnering arrangements.

Question 5   **If Strategy 1 is pursued, is your organisation likely to tender (either independently or as part of a public and/or private consortium) for one or more of the fourth generation term contracts, and can you explain the reasons and advantages of this approach?**

Response   No

Question 6   **Do you foresee advantages or disadvantages in implementing Strategy 2?   Please explain what they would be and how any disadvantages might be mitigated?**

Response   For those Local Authorities who do not have their own Direct Labour Organisation (DLO) for roads maintenance works it could be advantageous to procure this work through such a contract. It could also be advantageous however to enable Local Authorities to procure specific discrete projects or packages of works/services through such contracts without the need to go through lengthy procurement processes at considerable expense (ie also allow for participation by Local Authorities only if and when desirable).

                   There is a possible legal implication involved with this option. If the amount of work procured by this method substantially impacts on the work currently carried out by Councils' DLO's then it would potentially bring into question their viability and TUPE would probably apply.

Question 7   **Do you foresee advantages or disadvantages in implementing Strategy 3 and what would they be?**

Response   This strategy may have potential benefits on new road construction but applying it to an existing asset of varying condition potentially carries substantial risk which would be priced into the tender.

Question 8   **How would you rank the three strategies?**
                   (1 = preferred and 3 = least preferred)

Response   Strategy 1 - 2   Strategy 2 - 1   Strategy 3 - 3

Question 9   **Are there any other service delivery strategies that you believe should be considered, and what advantages would they offer?**

Response   No comment.

Question 10   **Do you have any knowledge of existing benchmarking mechanisms which Transport Scotland should explore with other organisations? Please provide any relevant details.**

Response   The Association of Public Service Excellence (APSE), the Highway Works Benchmarking Club, the Scottish Construction Centre and the Society of Chief Transportation Officers of Scotland (SCOTS).

Question 11   **Do you consider the existing liaison arrangements between organisations for co-ordination of operations to be working well, and why?**

Response   The existing liaison arrangements are generally working well for the co-ordination of operations due to well structured meeting arrangements and the commitment of those organisations involved with the road network.

Question 12	**Do you have any knowledge of existing collective purchasing mechanisms which you consider Transport Scotland should explore with other organisations? Please provide any relevant details.**
Response	Scotland Excel. Once the national procurement frameworks and those being progressed by Scotland Excel are in place, Transport Scotland and/or the Operating Companies may be able to take advantage of the considerable purchasing power of the Local Authorities and related organisations to procure materials and services.
Question 13	**Do you have any knowledge of existing arrangements where services relevant to the management and maintenance of the road network are being delivered more cost effectively through economies of scale which you consider Transport Scotland should explore with other organisations? Please provide any relevant details.**
Response	No.
Question 14	**Are there any other existing collaborative/partnership arrangements you are aware of which you consider Transport Scotland should explore with other organisations? Please provide any relevant details.**
Response	No.
Question 15	**Are there any other possible future opportunities that Transport Scotland should explore (such as sharing of depots etc)? Please provide any relevant details.**
Response	Sharing of resources such as depots and fleet would involve the Local Authorities more in the service delivery. However this would need to be through contractural arrangements with successful Operating Companies which would involve a share of the Trunk Road workload.
Question 16	**Would your organisation be interested in participating in a face-to-face interview and/or workshop to supplement the outputs from this questionnaire? (Yes/No)**
Response	Yes