

**REPORT TO: PLANNING & TRANSPORTATION COMMITTEE –
25 SEPTEMBER 2000**

REPORT ON: NORTH EAST UNIT TRUNK ROAD CONTRACT

REPORT BY: DIRECTOR OF PLANNING AND TRANSPORTATION

REPORT NO: 597-2000

1 PURPOSE OF REPORT

- 1.1 To advise Committee of progress in tendering for the North East Unit of the new Trunk Road Maintenance Contracts and to seek authority to submit a tender with the other relevant local authorities and a private sector party.

2 RECOMMENDATIONS

- 2.1 It is recommended that the Committee agree to;
- a The formation of a joint venture (NEUlink) with the other local authorities within the North East Trunk Road Unit and with Mouchel Consultancy Limited, and to execute an appropriate Minute of Agreement to constitute the joint venture and regulate its operation.
 - b The submission of a tender by NEUlink for the North East Trunk Road Unit to the Scottish Executive.
 - c To authorise the Managing Director of Tayside Contracts to sign this tender on behalf of the local authorities partners.

3 FINANCIAL IMPLICATIONS

- 3.1 There are no direct costs associated with the report's recommendations.
- 3.2 Tayside Contracts have a key role in the supply of services to the local road network and their ability to continue in this role would be severely affected if the Trunk Road contract was lost. The level of future financial risk for the council is limited to under 2% of the overall joint venture, and this is considered to be acceptable in order to maintain the viability of Tayside Contracts.

4 LOCAL AGENDA 21 IMPLICATIONS

- 4.1 The maintenance of roads, including trunk road, is now based on the recycling of materials wherever possible in order to fulfil environmental objectives.

5 EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 There are no equal opportunities implications arising as a result of this report.

6 BACKGROUND

- 6.1 The Committee will recall that in January of this year they were advised of the Scottish Executive's proposals for the future management and maintenance of Scottish Trunk Roads, and that the Committee authorised the Director of Planning & Transportation to participate in the preparation of a joint tender with the private sector.
- 6.2 The Tay Premium Unit (TPU), of which this Council is a member, has been the Scottish Executive's agent for the maintenance and management of trunk roads in this area for the last four years. The Scottish Executive's intention is to expand the geographical area of this Unit to cover the North East of Scotland, and the TPU has submitted a bid for this unit in partnership with the relevant neighbouring local authorities and a private engineering company. This bid has been shortlisted by the Scottish Executive along with other private sector tenderers. Given the high level of interest in bidding for this work by the private sector, the TPU strongly believes that it will be necessary to submit a joint tender with a private sector partner in order to ensure a successful bid. In order to progress this, and following an assessment of potential partners, the TPU has agreed to work with Mouchel Consultancy Limited (a firm of consultant engineers) with a view to submitting a detailed bid for the North East Unit. The details of this proposed partnering arrangement and the tender are currently being finalised and a draft Minute of Agreement is being considered by the Council. Authority is sought to execute an appropriate finalised version of the Agreement.
- 6.3 After taking specialist legal advice, it has been agreed that the type of partnering arrangement best suited for all the parties is an unincorporated contractual joint venture and it has been agreed to name this venture 'NEUlink' (North East Unit Link). The share of this joint venture would be 50% Mouchel and 50% Local Authorities with the Local Authorities share being determined by an agreed formula probably based on trunk road carriageway length. (See Appendix One for a list of the local authorities involved and their respective shares).
- 6.4 The new trunk road contracts are different from the current contracts in that there are areas where risk is being transferred from the Scottish Executive to the new operating companies. The two areas where this transfer is greatest is in winter maintenance and accident damage recovery. One of the benefits of Mouchel having a 50% share in the joint venture is that they will carry 50% of the risk transfer, thereby reducing any exposure of the Local Authorities.
- 6.5 In order to submit the detailed tender documentation by the closing date of 16 October 2000, it will be necessary to streamline the process of validating the tender by the Local Authorities and their private sector partner. It is, therefore, proposed that the Managing Director of Tayside Contracts be authorised to sign the tender documentation on behalf of NEUlink.

7 CONSULTATIONS

- 7.1 The Chief Executive, Director of Finance and Director of Support Services have been consulted and are in agreement with the contents of this report.

8 BACKGROUND PAPERS

- 8.1 Agenda note on 'Trunk Road Maintenance – Future Management Contracts' approved by Planning & Transportation Committee on 24 January 2000.

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Director of Planning & Transportation

18 September 2000

MPG/MS

Dundee City Council
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Dundee

APPENDIX 1

NORTH EAST TRUNK ROAD UNIT CARRIAGEWAY LENGTH BY COUNCIL AREA

	LENGTH	PERCENTAGE
ABERDEEN CITY	45KM	4.5
ABERDEENSHIRE	250KM	25.2
MORAY	98KM	9.9
HIGHLAND (Part)	70KM	7.1
ANGUS	92KM	9.3
DUNDEE CITY	37KM	3.7
PERTH & KINROSS (Part)	226KM	22.8
FIFE	160KM	16.1
STIRLING (Part)	14KM	1.4
	992KM	100