

FOI /18/00674 – Additional Information

Background Note

Scotland Transerv are contracted by Transport Scotland to manage and maintain trunk roads in the South West Unit. This contract, which was competitively tendered in accordance with relevant procurement regulations and procedures, commenced on 01 April 2013.

The Operating Company Contract contains scheme threshold values that guide the method for delivering work in the unit. The following paragraphs from schedule 1 of the contract detail the options available to Scotland Transerv.

7.2.3 For Schemes with an Estimated Bid Value of less than £350,000, following an Order from the Scottish Ministers, the Operating Company may undertake the ordered Operations without competitive tendering. Operations undertaken without competitive tendering will be valued according to the principles in Clause 10.1 (i.e. schemes are valued using rates and prices submitted by Scotland Transerv as part of their successful tender for the South West Unit Contract).

7.2.4 For Schemes with an Estimated Bid Value of more than £350,000 and less than £5,000,000, the Scottish Ministers may proceed with one of the following procurement options:

(i) issue an Order or Orders to the Operating Company to undertake the works, which will be valued according to the principles in Clause 10.1, or

(ii) issue an Order to the Operating Company to provide Professional Services and/or undertake all work necessary for procurement of the works by the Scottish Ministers under a Works Contract, or

(iii) issue an Order to the Operating Company to provide all assistance to third parties to enable the Scottish Ministers to procure the Scheme using third parties.

Where a Scheme is to be procured by a Works Contract under Clause 7.2.4 (ii), the Operating Company, in addition to its other obligations under the Contract, shall if so ordered:

(iv) assist the Director to undertake a pre-qualification process,

(v) prepare all necessary tender documentation, and

(vi) undertake the role of Engineer or equivalent role(s), according to the form of contract used, during the construction stage.

Q1 – Please provide details on all Scotland Transerv spending on LED lighting and tenders they have put out and the number of tenders received in.

Transport Scotland are undertaking a country wide upgrade of our road lighting assets to incorporate LED lighting. Scotland Transerv have been supporting this initiative through a programme of direct lantern replacement and whilst undertaking more substantial capital maintenance works:

a) LED Lighting Upgrades / High Mast Lighting Project Costs – See Annex A for details.

c) Erskine Bridge Lighting and Electrical Works Contract – See Annex B for details.

Q2 – High Mast Lighting M8 – tenders received by Scotland Transerv and costs on LED lighting on recent award in 2017.

See Q1 answer.

Q3 – How are Transport Scotland ensuring that Transerv are carrying out open tender process and not specifying a product that is costing the tax payer more.

See Background Note.

Work undertaken by Scotland Transerv is delivered in accordance with the requirements of Transport Scotland's Operating Company Contract. Work is delivered either as as-of-right work schemes, using competitively tendered rates and prices or works contracts using discrete competitive procurement exercises. This flexible approach is considered to be economic and efficient.

Transport Scotland staff oversee the work programmes proposed by Scotland Transerv and approve the delivery approach taken through the approval of scheme bids. Transport Scotland are supported in this role by the independent Performance Audit Group who provide regular briefing and audit reports on Scotland Transerv's operational and financial performance. In addition to the demanding regime of external auditing via Performance Audit Group, aimed at ensuring that the contract for maintenance is being followed and is sufficiently robust, Scotland Transerv also have their own accredited Quality Management Systems.

Q4 – We have been able to show best value on LED lighting to Transerv but they are refusing to talk to or use our products on site, how can they be allowed by Transport Scotland to operate this way?

Original answer considered sufficient.

Q5 – I would like to know how much Transerv are/have spent on LED lighting since the LED upgrades, why they are specifically giving tenders to either CU Phosco or Phillips and why there is no open tender policy with them.

See Background Note and Q1/Q3 answers. In addition Transport Scotland cannot comment on Scotland Transerv's choice of sub-contractors.

Q6 – Time scale on when they have been operating the South West Network

Original answer considered sufficient.

Q7 – I would also like to know how Scotland Transport monitors how Transerv are spending Public Money and how they monitor whether or not they are getting best value.

See Background Note and Q3 answer.

In addition The Operating Company contracts contain various provisions that we can use to address any areas of poor performance by the Operating Company (OC) or a failure to comply with their obligations including Payment Adjustment Factors linked to performance; Notices of Non-conformance requiring immediate action and Remedial Notices to remedy a breach of obligations.

The Trunk Road Operating Company Contracts are widely regarded as providing both value for money and good levels of service. Our approach to road maintenance has been subject to independent review. The last Audit Scotland report can be found at <http://www.audit-scotland.gov.uk/report/maintaining-scotlands-roads-a-follow-up-report-0>

Q8 - New Installations – Public Tax Payers Money – Costs spent in buying LEDs in new upgrades by Scotland Transerv.

See Q1 answer.

Q9 – Why are Scotland Transerv specifically specifying and buying from 2 manufacturers when others can offer better value and costs on Highmast lighting.

Transport Scotland cannot comment on Scotland Transerv's choice of sub-contractors.

Q10 – Recent Highmast tender – how many tenders were submitted and how many were assessed by Scotland Transerv – we submitted prices to Lightways and believe we were not even considered – how can this be best value for the tax payer.

See Background Note and Q1/Q3 answers. See Background Note and Q1/Q3 answers.

Q11 – The lighting engineers in Scotland Transerv seem to favour and use only 2 manufacturers for upgrades at a higher cost off Public Money – how to Scotaldn Transport monior spend and ensure that the Trunk Road Operators in general are getting best value on the Network.

See Q3 answer. In addition the Performance Audit Group monitors 40 separate areas of performance within the contracts to provide assurance over service delivery – performance of around 90% of which were found to be excellent, good or fair in the last annual report published in December 2017.

A range of regular meetings are held between Transport Scotland, the Operating Companies and Performance Audit Group relative to contract delivery. These have included monthly Progress Meetings (reviewing contract delivery, budget management and performance indicators metrics) and

monthly Programme Meetings (reviewing and agreeing programmes of works). Separate ad hoc meetings and site visits are set up as required. Any performance issues are then identified and can be addressed, managed and monitored through the contract provisions.

The trunk road Operating Company Contracts are widely regarded as providing both value for money and good levels of service. The latest Audit Scotland report on Scottish road maintenance delivery recognised the efficiency savings that have been delivered through our competitive procurement process. For the five years to 2016/17, there have been cumulative efficiency savings of £52.5 million, enabling more work to be undertaken on the network within existing budgets.