



OFFICIAL REPORT
AITHISG OIFIGEIL

Public Audit and Post-legislative Scrutiny Committee

Thursday 19 January 2017

Session 5



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Pàrlamaid na h-Alba

Thursday 19 January 2017

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PUBLIC AUDIT AND POST-LEGISLATIVE SCRUTINY COMMITTEE
2nd Meeting 2017, Session 5

CONVENER

*Jenny Marra (North East Scotland) (Lab)

DEPUTY CONVENER

*Liam Kerr (North East Scotland) (Con)

COMMITTEE MEMBERS

*Colin Beattie (Midlothian North and Musselburgh) (SNP)

*Monica Lennon (Central Scotland) (Lab)

*Alex Neil (Airdrie and Shotts) (SNP)

*Gail Ross (Caithness, Sutherland and Ross) (SNP)

*Ross Thomson (North East Scotland) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Roy Brannen (Transport Scotland)

Liz Ditchburn (Scottish Government)

Hugh Gillies (Transport Scotland)

Donald Morrison (Transport Scotland)

CLERK TO THE COMMITTEE

Terry Shevlin

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Public Audit and Post-legislative Scrutiny Committee

Thursday 19 January 2017

[The Convener opened the meeting at 09:30]

Decision on Taking Business in Private

The Convener (Jenny Marra): Good morning and welcome to the second meeting in 2017 of the Public Audit and Post-legislative Scrutiny Committee. I ask everyone to switch off their electronic devices, or switch them to silent mode, so that they do not affect the committee's work.

Agenda item 1 is to decide whether to take business in private. Do members agree to take item 3 in private?

Members *indicated agreement.*

“Maintaining Scotland’s roads: A follow-up report”

09:31

The Convener: Agenda item 2 is oral evidence on “Maintaining Scotland’s roads: A follow-up report”, a joint Accounts Commission and Auditor General for Scotland report prepared by Audit Scotland. I welcome Liz Ditchburn, director general economy with the Scottish Government; Roy Brannen, chief executive of Transport Scotland; Hugh Gillies, director of trunk roads and bus operations with Transport Scotland; and Donald Morrison, head of asset management and procurement with Transport Scotland. Unfortunately, Colin Mair has not been able to make it to the meeting, due to transport complications that were not of his making.

In advance of the meeting, we highlighted five areas arising from the audit that we would like to discuss in more detail. I invite Liz Ditchburn to make an opening statement before I open up the meeting to questions from members.

Liz Ditchburn (Scottish Government): Thank you for the opportunity to give evidence. My remarks focus on the trunk road network, for which the Scottish Government, through Transport Scotland, is directly responsible. Our trunk road network is used daily for hundreds of thousands of journeys and is vital to our economic prosperity. It represents only 6 per cent of the road network, but it carries more than 35 per cent of all traffic and more than 60 per cent of heavy goods vehicle traffic. It has a gross asset value of £20.8 billion. If something goes wrong with the network, that can impact on large numbers of people very quickly—as we have seen this morning—and have serious economic consequences.

The Audit Scotland report highlights the importance of decision makers being able to make informed choices about the balance of investment between new infrastructure and the existing network. The report also highlights the importance of managing our maintenance activity effectively to get value for the public purse. I believe that the successive audit reports on the issue—the one that we are discussing today is part of a series—help to show how Transport Scotland has developed a mature asset management approach, which is embodied in the road asset management plan, and a strong model of asset oversight, including through the independent performance audit group.

Transport Scotland has developed long-term financial models that allow us to understand the budget that is required to achieve various condition targets and the impact of different levels

of investment on condition. Since the committee took evidence from Audit Scotland on the issue, the latest annual report of the performance audit group, which has the 2015-16 data on the performance of the operating companies, has been published. I think that the committee has access to that.

The past few years have seen a clear strategy of significant investment in our transport infrastructure to create a platform for economic growth and as an economic stimulus in its own right. Alongside those major projects, Transport Scotland has rigorously managed our available maintenance spend to get the most from it, through effective procurement, performance management and targeting. When decision makers come to look at the next phase of our transport infrastructure strategy, Transport Scotland has the data and analysis to model and assess different options and to inform what, in a constrained financial setting, might well be difficult choices.

In the short term, information about the maintenance needs of the network resulted in an additional £15 million for trunk road maintenance in 2016-17, as part of the £100 million capital package that was announced in September. The draft budget for 2017-18, which is going through the parliamentary process, proposes an increase in the total amount that will be spent on management, maintenance and operation of the trunk road network from £305 million this year to £368 million in 2017-18.

Although our response to the allegations that were made against BEAR Scotland, which is one of our operating companies, was not within the scope of the original Audit Scotland report, I know that the committee is interested in and keen to understand more about that. We take allegations of that nature extremely seriously. We commissioned a full investigation and have acted on its findings. In assessing future risk, I draw assurance from Audit Scotland's view in its letter to the committee that the performance audit group

"provides the basis of a robust system of internal control over the operating companies"

and that

"Transport Scotland acted appropriately when it received the allegations".

If the committee would find it helpful, we can give much more detail about the further work done by BEAR and Transport Scotland as a result of that case.

I am happy to talk about all the questions that the committee has raised. I am confident in my colleagues, who between them have many years of expertise and experience in the area. I am looking forward to a really good evidence session.

The Convener: Thank you very much. Colin Beattie will open up the questions.

Colin Beattie (Midlothian North and Musselburgh) (SNP): Good morning. What strikes me from the report is the complexity of the landscape that is in front of us. There are 33 roads authorities. It is a pity that Colin Mair is not here, because I want to ask some questions on an issue raised in the submission from the roads collaboration programme board, which talks about the apparent

"complexity of political decision-making".

Paragraph 47 of the Audit Scotland report says:

"only a third of councils are presenting options to elected members on the road condition that can be expected from different levels of spending",

despite the fact that that seems to be a pretty obvious thing to put in front of members. How efficient are local councils and the present system of delivering for our road system?

Liz Ditchburn: I will reply briefly and then my colleagues can talk about it in much more detail. The report shows clearly the elements that should be in place for good asset management. That means understanding the condition and value of the asset and being able to make informed decisions about costs and how expenditure should be used.

Audit Scotland recognises that, with respect to trunk roads, Transport Scotland has gone a long way on the journey of putting in place that really mature process. The report also says clearly that councils are currently in very variable states of capability and are at different places along that journey. The report shows clearly that there is variability and that the overall system in its totality is not working as anybody would want it to do. There will be important opportunities through the next generation of contracts, which we will come to in due course and which will create options for different models.

I ask Roy Brannen or Hugh Gillies to speak about that in more detail.

Roy Brannen (Transport Scotland): It is a difficult picture, and the specific question about efficiency in local authorities is probably not one for us to answer. However, I will go back a bit to 2011, when we set up the national roads maintenance review, which involved all 33 roads authorities and which I chaired. The outcome of that was 30 options, with option 30 being to look at collaboration and shared services. Suffice it to say that Audit Scotland has recognised that there is still a way to go until true efficiencies come through in how we undertake trunk road maintenance and local authority maintenance across the piece.

However, there are good examples of collaboration with our trunk road contracts. Yesterday, I was with Argyll and Bute Council, which has a collaborative approach to trunk road maintenance on the Kennacraig to Campbeltown section, as does Scotland TranServ with Dumfries and Galloway Council. There are pockets of good activity—the Ayrshires are another good example—but more needs to be done. It is really the task of the strategic action group on roads maintenance, which is chaired by the transport minister and Stephen Hagan, to determine exactly how we get pace into the collaboration.

That might not answer your question on efficiency directly. Everybody recognises that there is more to be done.

Hugh Gillies (Transport Scotland): Obviously, we have 33 roads authorities in Scotland, and there is a question about whether that is the best model. As Roy Brannen said, it is not for us to comment directly on how local government has gone about roads administration in recent times, given the fiscal challenge that it has faced, as we have done. However, to look at the issue another way, if we consider whether, starting with a blank bit of paper, we would come up with 33 roads authorities for Scotland, I think that the answer would be no.

Colin Beattie: Do you believe that there should be one national authority for all roads?

Hugh Gillies: That has been put out there as something to think about but, through the strategic action group, we need to go through a process of mature reflection to look at models that could come forward. A single national authority for all roads is one model that could be considered, but other models such as regional ones have been looked at. A conversation needs to be had about which models are fit for purpose for the various parts of Scotland. It is not a case of having a one-size-fits-all solution.

Roy Brannen: That is entirely right. It cannot be a one-size-fits-all model. A good example of that came up in the discussion that I had with Argyll and Bute Council yesterday. It indicated that, if we ended up with trunk road expertise, local authority expertise and professional expertise being taken out of Argyll and Bute, which has an ageing population and is trying to retain population in the area, it would find it difficult to follow that model. It must be recognised that different approaches are required across the piece.

The SAG has set up a task force to look at how we can work closely together with our local authority colleagues on the procurement of the fifth generation of the operating company contracts. That is one avenue, but there are others

that I am sure that Colin Mair would have wished to explore if he had been here.

Colin Beattie: Liz Ditchburn mentioned new contracts. New contracts are not going to solve the problems. They might improve efficiency, oversight and so on, but they will not resolve all the issues.

Liz Ditchburn: I was referring to the point that Roy Brannen made. At the point at which we move from one set of contracts to whatever follows it, we have an opportunity to explore and put in place different models. When would the next generation of contracts need to start, Roy?

Roy Brannen: They will come into being in 2020, but we start work on the process now.

Liz Ditchburn: Working back from that, we have opportunities now and over the course of this year to consider in the collaborative forums that have been set up the best way of structuring the whole system and the implications for the contracts that we would need to let. As we move from one generation of contract to another, we have an open window to rethink things and engage in the process of mature reflection that Hugh Gillies described. That would involve thinking about the options that exist and how they would fit in the various areas in Scotland and the different challenges that are faced in that context. That is an option.

Donald Morrison (Transport Scotland): There are two things working in tandem here. If Colin Mair had been here, he would have explained the roads collaboration programme in more detail. In his submission, he mentioned the governance first project, which is looking at sharing on a regional basis across council boundaries and setting up governance arrangements to enable that to happen. That has been taken forward by the roads collaboration board. Preparation is also being made for the next round of trunk road contracts. Those two things can happen in tandem.

With the trunk road contracts coming to an end in 2020, we must be in a position to ensure continuity of service, so that procurement journey has to start almost now. Through the Society of Chief Officers of Transportation in Scotland, Transport Scotland and local authorities are exploring the opportunities for collaboration through the contract. At the same time, the governance first project is looking at regional arrangements. Those two things will continue in tandem. In developing contracts, we can be flexible about what the outcome is.

Colin Beattie: Reference has been made to shared services, but having looked at those in various contexts, including that of local government, the committee has found that they have not been a huge success. Why will shared

services work in the roads network, given that they are not working particularly well elsewhere?

Hugh Gillies: We talk to our colleagues in local authorities. As Roy Brannen has mentioned, there are examples of shared services involving Argyll and Bute Council and Dumfries and Galloway Council. We have pockets of shared services, which can work, on occasion, but I think that Colin Mair would say that it is a case of horses for courses. Shared services will not be the panacea—we understand that. They will work in some instances, but that will not always be the case.

Colin Beattie: What do you do in the cases in which that approach does not work?

Hugh Gillies: We have an opportunity to reflect on that. For a variety of reasons, councils are having difficulty in delivering their services. Some of that is about the fiscal situation and some of it is about the availability of professional persons. It was acknowledged in the national roads review that a challenge that we are heading towards in Scotland is just having enough transport and engineering professionals. That is part of the mature reflection that we need to have about how we map out the future of road administration in Scotland at national, regional and local levels.

09:45

Colin Beattie: There must be a timescale for coming to some conclusion on that. I realise that a local government review is taking place on this in the background but, in the shorter term, what sort of timescale are we looking at to try to achieve some consensus about how we handle our roads system?

Donald Morrison: I would say that we probably have a two-year window to look at the scope of shared services and where the governance first project might go. That will take us towards the tail end of 2018. At that point, if that work has not developed sufficiently, we will press the button on trunk road maintenance projects. Obviously, we will have to go out to the market and run a procurement. We will need a good 18 months to do that, if we are to deliver new trunk road maintenance contracts in time to ensure continuation of service. Before Transport Scotland presses the button on the procurement process, we probably have about two years to look at what opportunities there are for us and local authorities to collaborate through a 5G contract, but at the same time the governance first project has an opportunity to take forward a remit to look at shared services on a regional basis. The next two years is the critical period from an activity point of view.

Liz Ditchburn: The Audit Scotland report refers to an important milestone, which is that the strategic action group will publish an update on the recommendations and the work done to date before the end of December 2017. I think that, in that update, the strategic action group will want to be very clear about what the options might look like and what progress is being made.

The Convener: The roads collaboration programme was launched in 2013, but it does not sound as if a whole lot of progress has been made since then. Is that incorrect?

Donald Morrison: I think that there has been some progress. The governance first project has been set up and I think that I am right in saying—Colin Mair would have confirmed this—that all 32 local authorities are signed up to a regional group in some shape or form. Nobody is excluded from this, and some have agreed shadow joint committees and the like. I think that there has been progress in setting up a governance arrangement, but they might not have got over the line in actually putting those things forward and getting them through chief executives. That is the next stage. There has been progress on that.

The Convener: We are now in 2017; the programme was set up in 2013 and local authorities have just agreed to set up a process. That is not much progress in three years.

Donald Morrison: I totally agree, and it is exactly what Audit Scotland says in its report—progress has been slow. The challenge is obviously for local authorities and Transport Scotland to pick up the pace.

The Convener: Why has progress been slow?

Donald Morrison: It is difficult to say. There seems to have been an inertia in getting this going and getting people round the table to make progress. I think that those at officer level have been keen to make progress, have put together arrangements and have looked at projects on, for example, skills gaps and future resource pressures—a separate project is running on that. Officers have been keen and have made progress, but the issue has probably been getting approval at a higher level to push things along.

The Convener: Do you mean approval from chief executives?

Donald Morrison: That is my impression. As I have said, we would really need Colin Mair here to speak to those matters. I am just giving an outside view.

Roy Brannen: If Colin Mair were here—as the independent chair, if you like, of the roads collaboration board—he would probably give you a fuller response on his views about the pace of change. I would say that it is not for the lack of

effort from officers; there is a great deal of understanding of the condition of the asset and the skills that are required to deal with it. However, we are where we are with the pace of progress, and, again, Audit Scotland has recognised that. If one thing has come out of the report, it is a renewed impetus for the strategic action group and elected members to try to drive this on and to come back by the end of the year with a further plan for how we move towards a different model.

I would say in defence of Transport Scotland that the 4G contracts have a collaboration element built into them. We proactively ask our operating companies to try to look for opportunities to collaborate. There is a mechanism by which we can try to force the pace, and we have set up the task force to see whether we can actively get people involved in the development of the 5G contracts as we head towards 2020. The correct structure is in place with the strategic action group.

Ross Thomson (North East Scotland) (Con): First, I declare an interest as a serving councillor on Aberdeen City Council.

The Audit Scotland report highlights that the condition of trunk roads has declined from 90 per cent in acceptable condition in 2011-12 to 87 per cent in 2014-15. Over the same period, Transport Scotland's expenditure on trunk road maintenance fell from £168 million in 2011-12 to £162 million in 2014-15. Do you agree that there is a direct correlation between road condition and the level of spend?

Roy Brannen: The honest answer is yes. The level of investment that we put into our assets determines what happens to their condition. We now have a very good understanding of our assets throughout the trunk road network, with Donald Morrison and the team putting huge effort into trying to identify each part of the inventory. We have a huge number of assets, including 87,000 gullies and 12,500km of lines. We need to understand an asset first of all and then identify the best time to intervene with the funds that are available. Our position at the minute is that we are continuing with the level of funding that we have got and are maintaining a reasonable condition. We are bubbling along at the same 84 to 86 per cent level that we have been for the past few years; we are slowing down the deterioration, but there has certainly been no significant improvement.

Donald Morrison: That is correct. The focus of our asset management plan in our maintenance programmes is to get the best value out of the pounds that we are spending, and obviously we can talk about the performance of operating companies and how that is scrutinised according to the performance measures in the plan. The OCs have to do various things to prove value for

money for the maintenance programmes that they are putting forward, and that influences whether we get the best value for the pound. However, as Roy Brannen has said, the biggest factor influencing road condition is investment—which will probably come as no surprise.

Ross Thomson: I know that Colin Mair is not here, but I note that the submission from the roads collaboration programme board states:

"In recognition of concerns over local road condition in England, the UK Government Chancellor has chosen to invest in the local roads network in England. A similar allocation to Scotland's local roads would be timely."

The investment that is being referred to is the £168 million pothole repair fund for 148 English local authorities, the aim of which is to fill more than 3 million potholes.

In 2014, I wrote to John Swinney to ask whether the Scottish Government would consider the possibility of replicating a similar scheme. The response, which I received in August 2014, was no. Has the Scottish Government looked at exploring the potential for such a scheme? Given Audit Scotland's response with regard to deterioration, is it time to look at whether that approach could be applicable in Scotland?

Liz Ditchburn: I will ask Roy Brannen to talk explicitly about what we have and have not looked at at different times, but it is really important that I state the obvious, which is that these are the choices that Governments have to make and that there are no easy ones. If the Government's entire purpose were to ensure that roads were in the best condition possible and we were not trying to do anything else, things would be straightforward.

However, as you will know, we are always trying to balance different things. As I said at the beginning, there has been a clear strategy of major investment in new infrastructure and, alongside that, a really smart use of the maintenance budget to get the absolute maximum out of it. Although the overall level of investment is a major determinant of the condition of the roads, we can use that money well or less well, and we should not forget that how we use that money really matters in terms of what we get back from it.

What we have, then, is a pattern of major investment in new projects and, alongside that, increasingly effective use of the maintenance budget. Obviously, there will be decisions in future about whether we need to flip or change that pattern and whether we need to move critical parts of the network and infrastructure into a potentially significant asset renewal phase. Roy Brannen might want to say a bit more about that overall dynamic.

The nature of our roads might determine a different pattern from the pattern of expenditure in

England. Decisions that were right for England were taken by the United Kingdom Government, and we should not necessarily replicate them. We need to think about our asset, our network, what is right for Scotland and what the dynamic might be over a series of years.

Roy Brannen: We have not done any specific work on putting in place a particular fund for local authorities. The agreed approach is that the block grant is given to local authorities and it is up to them how they spend it.

Liz Ditchburn is right about our approach. As Alex Neil will be aware, the infrastructure investment plan set out the path for targeting new capital investment in our trunk road network and continuing to maintain the network. We are starting to see the tail end of that now. In the next year or so £2.6 billion-worth of investment will come to fruition, which is the equivalent of 126km of new carriageway. That will undoubtedly improve the asset condition. A section of the M8/M73/M74 will come on stream, as will the new M90 across the Queensferry crossing, and that, too, will make a difference.

It is right to have a balance of new infrastructure and asset renewal money, because they go hand in hand. However, as Liz Ditchburn has said, there will come a time when we need to adjust that ratio ever so slightly to ensure that our ageing asset is dealt with accordingly. A good example of that is the condition of our motorways. With the 2 per cent improvement on last year, we are in a decent place, but the fact is that our motorways are ageing. A lot of them, including the M90 and parts of the M74 and M8, were built in the early 1960s and the 1970s, and they will require investment in the short to medium term.

Donald Morrison: In the absence of a single pothole fund, the Scottish Government has chosen to make in-year, one-off ad hoc awards to pothole funds. I know that this predates your 2014 request, but after the severe winters of 2010 and 2011, which we will probably all remember, the Scottish Government gave in the spring of both years ring-fenced pothole money to local authorities and Transport Scotland. I think that it was £5 million the first year and £15 million the following year. Those admittedly one-off but fairly sizeable sums were specifically for potholes.

A more recent example is from last winter, when, after the flooding events, £5 million of emergency flooding money was made available to reinstate infrastructure. I think that Aberdeenshire got quite a lot. There was a failure on the A93 when part of it was washed away in the floods, and quite a bit of the money went into that. The Scottish Government tends to deal with specific pothole pressures as and when they come up, and it does not intend to set up a pothole fund.

Ross Thomson: There has been mention of investment in new road infrastructure. Recent transport surveys show that about 84 per cent of Scots would prefer investment in the current road infrastructure and believe that there needs to be more investment in the existing road network. The UK Government introduced its fund in 2014 and we are now in 2017. Has the Government carried out any analysis of the impact of that fund in England?

In relation to best practice, I expect my roads officers in Aberdeen always to be looking at what is happening in other authorities in order to learn whether there are new practices that we can introduce. Has Transport Scotland done the same in relation to the UK Government policy?

Roy Brannen: We have not done that in relation to local authority roads, but we are keeping a watching brief on developments in relation to the strategic network. The Highways Agency became Highways England in 2015, and it has a particular direction and fund to improve the condition of 80 per cent of its network by the end of the first reporting period, which I think is 2019-20. We are watching carefully how that investment model works.

The important point to get across, which was made through the national roads maintenance review, is that certainty of budgets over a longer period will make a difference to both the supply chain and the asset. That is exactly what Highways England has been set up to provide. It is a Government-owned, contractor-operated arm's-length company and its direction is to improve the condition of the strategic network. As I have said, we are watching that closely to see whether it will have a dramatic impact.

10:00

Ross Thomson: Can you carry out some analysis of the impact of the pothole repair fund in the UK?

Roy Brannen: That would be possible.

Donald Morrison: I think that we can do that through the UK roads board. Both Transport Scotland and the Society of Chief Officers of Transport in Scotland are represented on the board, which also has representatives from English local authorities. We can certainly ask for feedback from the board and can write to you when we get it.

The Audit Scotland report obviously makes comparisons of spend, and I think that it identified that the current position for local roads and trunk roads in England is that the condition is stable and has been for the past few years—that is the only thing that it mentions on that issue.

Ross Thomson: It is probably no surprise to hear that one of the concerns that an MSP hears most regularly from constituents relates to the condition of the roads. I hear that concern not only from residents but businesses, particularly those in Aberdeen. If road spend continues at its current level or is reduced, what will be the consequences for road maintenance?

Donald Morrison: As was said earlier, investment is directly related to road condition. We will continue with our value-management processes to identify the most important schemes to undertake, which might influence our road condition indicator. At the moment, we are arresting a decline, but it would be more difficult to do that if investment was not available. The most obvious impact of a reduction in investment would probably be that, instead of doing planned major maintenance work that can restore the life of the asset for the long term, we would do more short-term treatments such as patching and resurfacing. When a road comes to the end of its life, we dig it out and completely replace it with one that is designed to have a life of 20 years—or even up to 40 years, in the case of a long-life pavement. However, if we cannot do that, we will continue to keep our roads safe by doing shorter-term treatments and, in that way, keep the customer service going.

Hugh Gillies: Ross Thomson mentioned businesses, and we place great store on ensuring that we have a good relationship with business, particularly on the freight side. For example, we have a very good relationship with the Freight Transport Association and the Road Haulage Association and work with them on further efforts to protect our network. An initiative is being rolled out that involves the use of new technology on the local road network to monitor overweight vehicles, which we know are on our network.

In general, roads and bridges in Scotland and the United Kingdom are built to a design standard for 44-tonne vehicles. However, we know from research and from looking around the world that about 5 per cent of the HGV fleet runs at about 10 per cent over its maximum allowable weight. That disproportionately eats into the life of an asset, be it the road itself or another structure. That situation cannot continue—to be fair, the Road Haulage Association and the Freight Transport Association recognise that.

Transport Scotland is working with the UK Driver and Vehicle Standards Agency, Police Scotland and the traffic commissioner for Scotland to come together as an alliance—not to criminalise logistics companies but to beget and drive good behaviours. We will be able to do that through what is called the weigh-in-motion process, which involves automatic number plate recognition as

vehicles travel along the network. We will have five locations in Scotland for that, but the committee will understand that I will not divulge where they are. That process will allow us to understand what is happening in terms of overweight vehicles. Through the agencies that are involved in the alliance, we will be able to approach logistics companies to let them know that they have overweight vehicles running about and that they might want to change their behaviour.

Ross Thomson: That is interesting. I hope that they listen, unlike the driver who tried to cross the Forth road bridge recently.

I will take a slightly different tack. The question whether having 32 different local authorities responsible is the most practical or best way of ensuring maintenance of the roads has been asked. From my council experience, I see that taking those decisions at the most local of levels can sometimes be the most effective approach, because those dealing with the road network understand the community. Would it not be better to take such decisions at the most local level possible?

Roy Brannen: You are right that there is a need for local accountability, governance and oversight in a geographic area. However, for the strategic trunk road network, the situation is slightly different. It was set up in the 1930s to connect every part of Scotland. It is the backbone of Scotland—it is the workhorse that moves people and goods around the country. It connects every ferry port, reaches within 5 miles of all the major airports and connects all our cities. It is fundamental.

Over the past few years, Hugh Gillies and I have sat in on the best part of 200-odd Scottish Government resilience room—SGoRR—calls, and the second item on the agenda is transport, and usually transport on trunk roads. That is because of the importance of incidents that affect our trunk roads and the movement of goods and vehicles along the network. The Forth road bridge closure was a classic example of that.

There needs to be a distinction between the oversight and management of the strategic network and that of the distributing network that supports it.

Liz Ditchburn: The design criteria in the thinking around what a future model might be and would need to do have just been articulated. How do we maintain or even strengthen local accountability and subsidiarity of decision making at the same time as recognising that we are dealing with an asset of national strategic importance that must be managed as a critical asset for the whole country? How do we balance

national and local levels of interest, get the governance right for both of those and have smart procurement or contracting and decision making across the whole piece? That is the challenge that the strategic action group needs to take on in thinking about what the right model would be.

Gail Ross (Caithness, Sutherland and Ross) (SNP): In your opening statement, you mentioned that we might have to consider different options and make difficult choices. Can you expand on that?

Liz Ditchburn: I was talking about the trajectory and the long-term cycles of major investment in new infrastructure alongside maintenance. At what point do we need to think about that dynamic? Roy Brannen flagged up the point about thinking about the nature of the trunk road network in Scotland because some of that asset is now aging. If a motorway is 40 years old—some of them are older than that—you have to recognise that there is no longer a patching opportunity and that a more significant investment in renewal is needed.

Such decisions mean that we might be looking at big numbers on maintenance. Our job as officials, and Transport Scotland's job in the analysis that it does, is to lay out what the trajectory looks like and what the impacts are of not attacking some of the specific challenges—it is the dynamic of how we maintain the value of the existing asset and continue to grow that asset by investing in developing it further.

Gail Ross: Okay.

Roy Brannen: The economic worth of new infrastructure is important. When we connect Inverness and Perth, and Aberdeen and Inverness, that will shrink the country—it will significantly reduce journey times. At the same time, we have to consider the lifeline link that is the A83. It is the supply chain to Islay and the whisky industry, and it is absolutely fundamental that we ensure that it is maintained and fit for purpose so that the product can be got to market in as short a time as possible.

There is a balance to be struck. We are just coming out of the 10-year cycle of infrastructure investment following the recession. As we go forward and build the A9 and A96, we need to keep an eye on the remainder of the network. Donald Morrison and the team are keeping a close watch on the structural condition of the network.

Gail Ross: Thank you for that. I am glad that you mentioned the rest of the trunk network. We have concentrated on motorways and other roads, but in my constituency we have had the sudden meteoric rise of the north coast 500. Locals will tell you that the road has been there for ever, but it has had some intense marketing recently. As such, the amount of traffic on that route has

increased—I do not know by how much, but it is a lot. I realise that the route includes a lot of Highland Council roads. Between yourselves, BEAR Scotland and Highland Council, how will you manage that and keep up the road condition?

Hugh Gillies: You are right—the north coast 500 has been a phenomenal success at what it was set up to do. We were approached by the North Highland Initiative when the route was being launched, so we have had a heads-up on it for two or three years. Its subsequent success has brought volumes of traffic, as you said. We monitor the press every day so we see how the route is going down—in a good sense, as well as in relation to the consternation that it is causing due to traffic volumes and speeding in what are quite quiet communities.

We are on a steering group for the north coast 500 with the Highland Council, the North Highland Initiative, the promoters of the north coast 500 and our operating company at which we talk about the emerging issues and how best to address them. Transport Scotland will monitor the situation and take action when it is appropriate to do so with our stakeholder partners.

Liz Ditchburn: That example highlights two things for me. The world keeps changing, so even if we were to set out a blueprint now for everything that the Scottish Government ought to spend on maintenance for the next X years, the real world would intervene. We have to be able to flex, to adapt and to understand what the changing trends are.

The north coast 500, with everyone getting together around a specific issue, is a really good example of collaboration. We might not yet have the collaboration that we would like for the overall picture, but there are plenty of examples of people getting around a table and working together.

Roy Brannen: Another important point to get across is that we understand not just the asset, but the value of the asset to the Scottish economy. We have done a number of studies on the impact of transport on growth sectors. One study suggests that our transport network contributes towards the £34 billion and 700,000 jobs in life sciences, the creative industries, tourism and so on—you can see that contribution.

If somebody arrives at one of Scotland's airports and hires a car, they want to see the Highlands, Edinburgh castle or one of the other major sights, so they drive up the A82 to Inverness and back down south on the A9. It is absolutely fundamental for us to look after the part of the asset that drives the growth sectors in Scotland—that is hugely important. The north coast 500 is a classic example of success, but we have to keep pace with asset condition.

Gail Ross: I hope that we are persuading people to go further north than Inverness, too.

How does the cost of materials affect the roads maintenance budget?

Donald Morrison: Audit Scotland referred to that in the report. It stated that, for road structural maintenance, the cost of materials was the biggest element. That probably comes as no surprise, because road structural maintenance is about resurfacing long lengths of road, which requires a lot of road surfacing materials and aggregates to be sourced from quarries. It is a statement of fact that materials are the biggest cost.

Transport Scotland did a piece of research on the cost of surfacing materials a number of years ago and developed a new UK-wide specification for road surfacing materials called TS2010. We worked with industry to develop a material that is more durable than the existing road surfacing materials were. In that specification, we were looking for a longer-lasting road surfacing material. It might not necessarily be a cheaper material in terms of the initial up-front cost, but it is expected to last up to twice as long. We now use the new material quite widely on the trunk road network—in the past couple of years, we have used it for around 400 lane kilometres of resurfacing. In the future, we expect to make significant savings as it will be longer before we have to go back to do more maintenance. We are certainly very aware of the cost of materials and we continue to work with industry to research and develop new materials.

10:15

Gail Ross: That is really good to hear. Does that apply to local authorities as well, or is it just Transport Scotland that uses those materials? In the past, the accusation has been levelled at local authorities that it has been a bit of a false economy for them to go for the cheapest aggregates, as those have not lasted very long at all and they have had to do the work again.

Donald Morrison: TS2010 is a national specification that is available to any roads authorities that want to use it in their maintenance programmes. Transport Scotland, as the national agency, developed it for trunk roads and it is probably more suited to higher-speed roads. Local authorities have A-class roads and some dual carriageways that are high-speed roads, but they also have a lot of urban streets that are not. It is not the type of thing that they would use for an urban street, but it could be used for local authority A-class roads and dual carriageways.

Gail Ross: Okay. Thank you. I have one final question. When a road has been resurfaced, particularly in Highland, it is not immediately white lined. Is there a reason for that?

Donald Morrison: It largely comes down to programming and remoteness. We encourage our operating companies to package up their resurfacing works so that they can bring in a white-lining contractor from another part of Scotland to cover quite a lot of the network at the time rather than go back and forward doing bits and pieces. That is probably part of the reason why you witness that.

Notwithstanding that, there is a specific requirement that the work cannot be left for more than 28 days—the companies cannot leave it for many weeks or months before they come back and do white lining. In the interim, while they are waiting for white-lining contractors to do the lining, they are required to put up signs notifying road users that there is a section of road that is not lined.

There is a specific timeframe within which the companies have to do the white lining—I think that it is 28 days—and we encourage them to package the work so that they can get a contractor in to do a meaningful amount of work while they are in the area.

Gail Ross: Is there a time limit for white lining when the road has not been resurfaced but the lines have just faded to the extent that they are barely there any more?

Donald Morrison: Operating companies are required to undertake annual detailed inspections for all ancillary assets, and white lining is part of those. On a two-year rolling basis, I think, operating companies are required to assess the reflectivity of white lines and, where that falls below a certain level, the affected sections of road should be put into a maintenance programme for re-lining. There is a rolling programme that looks at the reflectivity of white lines, and roads that fall below a certain level are put in that maintenance programme so that the lines can be renewed.

Gail Ross: Okay. Thank you.

The Convener: On reflectivity, I cannot see anything in the report about the state of the cats' eyes on Scotland's roads, although I may have missed it. Is there a programme that is much the same as the one that you described for white lining?

Donald Morrison: Yes. The same contractor tends to do the work on white lining and cats' eyes. Issues with cats' eyes would feed into programmes of work and can also be picked up as part of weekly safety inspections. A single missing cat's eye is not necessarily a category 1 defect, but if there was a stretch of road on which several cats' eyes in a row were missing, that would be a category 1 defect. In those situations, the trunk roads operating companies are required to make a

permanent repair within 28 days—that is, they go in and replace the cats' eyes.

The Convener: In some parts of the country, the cats' eyes are very good and are clearly new, but in other areas they just do not work any more and need to be replaced. That is just an observation.

Monica Lennon (Central Scotland) (Lab): Good morning. I declare that I am an elected member of South Lanarkshire Council.

On page 36 of the Audit Scotland report, we are told:

"Staff reductions are adding to the challenges for roads maintenance".

Colin Mair has also set that out in his written evidence. It is a pity that he is not here today; his ears will be burning, as he has been mentioned quite a number of times. We have heard about some of the challenges, and it is quite concerning that we have a reducing and ageing workforce. It looks as if steps are being taken to address that, but the number of apprentices and graduates who are currently in training is tiny; it is a fraction of the 5,000 people who are engaged across local authorities. Is enough being done to address the scale of the challenges and the many warnings that there are real workforce pressures?

Roy Brannen: I am an ex-local authority engineer, and I started my career in Fife Regional Council. The community in question is very small, and we all came through at much the same time, when there were large graduate intakes in local authorities. Those days are no longer. As you have said, the professionals—street-lighting engineers, road safety engineers and professional engineers who look after the assets—are starting to head towards retirement. That is part and parcel of the issue that Colin Mair has been looking at to see what can be done.

Some time ago, Jim Valentine and I explored the potential for sharing such resources among all the roads authorities or small groupings of authorities. That might well be one of the options that comes back to the table.

We have recognised that issue, as well. I struggle to secure chartered civil engineers in Transport Scotland, so we have started to try to grow our own—we have a very successful graduate training programme—and we are engaging with the next set of engineers who are coming forward. A large part of the work that has been done on the Queensferry crossing has been about educating schoolchildren about that infrastructure in terms of science, technology, engineering and mathematics. I do not have the exact figures to hand, but the number of young schoolchildren who have come through that

process and are now reinvigorated into looking at STEM as a possible career area is substantial.

The same applies to the A9. We have set up the A9 academy, which targets schoolchildren who are currently in the system and might be available to undertake work directly in their location on the A9 by the time they get through the system.

Those are a couple of positive steps. We recognise that we need to start to re-energise engineering work in Scotland, which we have a long tradition of.

Social media highlighted the impact that engineers and all the other professionals who were involved in the Forth road bridge incident can have on society. There has been a great deal of profile raising with the Institution of Civil Engineers to try to get that skill set back into the industry again.

Monica Lennon: Does Liz Ditchburn want to add to that?

Liz Ditchburn: No. The men here are professional engineers and are the experts. I know that Roy Brannen, who is head of the engineering profession for the Scottish Government, looks a lot at that matter.

Roy Brannen: Yes. I am the chief road engineer, and I look after 100 professional technical engineers in Transport Scotland. We are acutely aware of the skills shortage and the need to ensure that we grow the next generation of future leaders in civil engineering, asset renewal and infrastructure.

Hugh Gillies: We talk about that on the roads collaboration programme board, and a bit of research is being done on what we need to do to re-energise that. Roy Brannen has highlighted what we have done in Transport Scotland, but we need to do more industry-wide. That is one of the initiatives that the RCP is taking forward. There will be more to come on that, but it is clear that there is still work to be done.

Monica Lennon: I appreciate that.

Where do you think leadership lies? Responsibility cuts across many departments, and it is for everyone, but we know that there are fewer STEM teachers in schools and that there are different pressures in the school curriculum. What will make the profession attractive? We see that roads budgets are obviously disproportionately affected in local government spending because priorities lie elsewhere. Who is promoting future careers in roads engineering and other technical aspects?

Roy Brannen: Fundamentally, that lies with us at the national agency and others who are involved with any type of infrastructure, whether

that is schools, hospitals, prisons or whatever. We have £6 billion-worth of investment coming down the pipeline for the A9 and the A96. That is a considerable forward programme of work. Taken together with all the other schemes that are coming forward, we are in a strong position to get schoolchildren interested again in STEM and in building the next-generation Scotland. It is not just about roads; it is railways, ferries and all the other infrastructure that goes with transport. It is incumbent on all of us who are involved in engineering to keep promoting it.

Gail Ross: What input into the developing Scotland's young workforce programme have you had on that particular employment issue?

Roy Brannen: There has been nothing directly from me, but I can take that idea away and look at it.

Monica Lennon: You touched on some of the exciting things that are happening with infrastructure projects. We have talked a little today about collaborative working and where progress has been quite slow.

I have been thinking about some of the points that Colin Mair made in his submission. City deals strike me as projects—they are established and are emerging across the country—in which collaborative working is key. From my experience in Glasgow and the Clyde valley, infrastructure and investment in roads are a big feature of the city deal. However, given that local government has a declining workforce and yet people in local government are being asked to do more, are you confident that people with the right skills are in the right places and that we are working collaboratively to ensure that those projects are going to be successful?

Roy Brannen: I cannot speak for local authorities specifically but, from our perspective, Transport Scotland fully supports the direction of travel of the city deals. My colleague Alison Irvine is probably well known to all the city deal organisations. She takes an active role in ensuring that national and local infrastructure needs are brought together as those schemes develop. We are certainly geared up with the resource that is required to service them. For local authorities, it would be a question for Colin Mair or somebody else within the local authority environment.

Liz Ditchburn: City region deals sit within my responsibility. From a Scottish Government perspective, local authorities are extremely important partners on them.

One exciting thing about the thinking behind city region deals is that they are exactly as you describe them—places where all the different bits fit together. Because we are looking not just at cities but at city regions, connectivity and transport

systems are at the heart of it. We have to say, "If you make these investments here, what else needs to happen to ensure that you get the benefits of them?" Of course it is not just about roads; it is often about other forms of transport, such as bus systems.

There is so much that that sort of thinking does. We are just seeing that, for example, through the city region deals, in which local authorities are working together and with the Scottish Government, as well as the UK Government, which is also involved. There is also regional thinking in the context of the enterprise and skills review. Regionality is coming up in all sorts of different places, and people are seeing those opportunities and starting to work together in very different ways. Of course, some areas have been doing it for a lot longer and are much further ahead on it. It is very exciting. It is one of the reasons why the enterprise and skills review highlighted further regional thinking as an issue, and a deal that includes the south of Scotland is one of the headlines of that review as well. It is a big opportunity to work in very different ways. The roads issue is just one facet of that; it is part of a bigger trend that we are seeing.

Monica Lennon: I have one final question, on a different topic. In his submission, Colin Mair talked about the impact that utility companies can have on road assets. We all have experience of that locally, where we see a new road surface put down, and a few months later it has all been dug up again. I know that there are systems in place to try to make sure that the companies co-ordinate with local authorities, but I wonder about the extent to which that is having an impact on the road assets. Is there more potential for utility companies to make a financial contribution?

Hugh Gillies: Work has been done recently by the Scottish road works commissioner on that very point. An independent report was done for the commissioner, which involved reaching out to utility companies and talking to stakeholders such as roads authorities.

It has been a long-running debate, not only in Scotland but in the UK. Utilities need access, and they have statutory rights anyway, as you would imagine, to dig up roads. Then there is the standard of the reinstatement—obviously that has been a bone of contention for some people. An issue that is being debated and is out for consultation is how long the guarantee for a reinstatement should be for. We can provide details on that consultation to the committee. There is a live debate around whether the guarantee for a reinstatement by a utility company should be longer.

10:30

Monica Lennon: It would be interesting to see information on the consultation.

Hugh Gillies: We can supply details of that to the committee.

Roy Brannen: The information is on our website, but we can send it to the committee.

Alex Neil (Airdrie and Shotts) (SNP): Can I just go back to exploring the role and performance of local authorities with regard to road maintenance? Colin Mair pointed out in his written submission that, on average, what local authorities spend per kilometre on local roads is one tenth of what Transport Scotland spends on the trunk road network. He clearly implies that the pattern over a longer period of time of local authority spending on roads is that the reduction in the roads budget is being used to fund an increase in the social care budget. Obviously, I would not disagree with the need for an increase in social care funding, but Colin Mair describes a clear trend. The Auditor General's report shows that there was a 14 per cent reduction between 2011-12 and 2014-15 in local authority spending on roads.

I have questions on two issues, the first of which is local authority spending on roads. Can that trend continue? Will we not reach a crisis point? Are the local authorities not cutting off their nose to spite their face?

Secondly, there is the question of the efficiency of the local authority operations. I live in Ayr, and I know that the Ayrshire roads alliance has been a total disaster. Roy Brannen and Hugh Gillies probably know about the now infamous Holmston Road development in Ayr, where the roads alliance laid a cycle track that made the road 10 times more dangerous than it had been and was then forced by public opinion to lift the track. Nobody got disciplined for that and it cost well over £100,000. It was not a good advert for any kind of service, let alone for a shared service.

Given the point that the convener made about the very slow progress in getting shared services arrangements among local authorities in Scotland, is it not time to question whether local authorities are the right bodies to be delivering this kind of service?

Hugh Gillies: To go back to your first point, notwithstanding the politics of what level does what, the question that applies to roads nationally, regionally and locally is whether we can continue to do what we have been doing. The answer is that we cannot. Mr Neil highlighted what the Auditor General said about the funding for roads. I hope that what is set out in the findings of the Audit Scotland report and in our evidence to the committee today is that Scotland's roads need

investment. We are talking about the existing infrastructure, but we have also heard arguments today for investing in new schemes. Can we carry on as we are without something significant happening down the line? No.

As was said earlier, we clearly do not represent local authorities, so we have to be careful about what we say. The future delivery model for roads is part of a mature debate that we need to have about what the future for local authorities is with regard to roads and what the future is for the administration of the strategic roads. Without question, we are up for that debate. I will leave it there.

Alex Neil: Very diplomatic.

Roy Brannen: As you will appreciate, Mr Neil, it is quite difficult for us to discuss the issue. It would probably be easier if Colin Mair were here. To provide some context, though, the trunk road network is 6 per cent of the total road network in Scotland of about 55,000km and carries a third of all traffic and two thirds of all HGV traffic. The trunk road network moves the bulk of goods and products that are generated in Scotland across the country. However, those goods and products come from local areas and, by and large, the distribution centres are in local authority road networks. The A-class road network is about 13 per cent of the road network in Scotland; and the B and C roads and unclassified roads make up the remaining 80 per cent. Therefore, a large proportion of the network is very socially valued but is probably not doing the same amount of economic generation as some of the A-class roads. Perhaps we need to have a discussion about the balance between the network itself and what it does to generate socially inclusive economic growth.

Alex Neil: The obvious supplementary question is whether there is disaggregation of local authorities' spend on the different classifications of roads to enable us to compare their spend per kilometre on A-class roads with yours.

Donald Morrison: We could provide that, but we would need to be careful about that because, as Roy Brannen has pointed out, the traffic flows and the percentage of HGVs on trunk roads are significantly greater. The roads serve different purposes and have different levels of service. The trunk road contracts specify a much higher level of service in some areas than is required for local roads. Even among local roads, as has been pointed out, there is a hierarchy from A roads down to unclassified roads, and there is quite a wide variance in traffic flows and the levels of service that are provided. You could make comparisons of how much spend there is per kilometre, but that might not be a meaningful

comparison because the levels of service are quite different.

Alex Neil: How do we measure the performance of local authorities? I am coming on to the benchmarking between your performance and international comparators and comparators in the rest of the UK, which is a good way of looking at where we are at, but how should we measure whether local authorities are doing a good job?

Donald Morrison: Transport Scotland has not done that, and it would not be our role to do it. However, Audit Scotland has looked at the performance of local authorities and has picked up on a few things—some positive, some not so positive. The less positive things are to do with the collaboration and sharing that we have talked about and the pace of progress.

Audit Scotland highlights that the condition of local roads—notwithstanding the reductions in budgets, the pressures on the workforce and all the rest of it—is reported as being relatively stable over the piece. Local authorities will rightly look on it as a positive that, notwithstanding the pressure that they are under, they have managed to maintain the roads in a fairly stable condition, although there is the potential for that to fall off a cliff at some point if nothing is done about the underinvestment. Nevertheless, the condition of the roads is a positive.

The other thing that Audit Scotland highlights about local authorities is that they have now all published road asset management plans. I suspect that that is helping them to maintain the roads in a stable condition.

At the moment, the measure of local authorities' performance is the condition of the roads and whether they have implemented road asset management plans, and there are positives in that regard. However, the sharing and collaboration element, which might unlock efficiencies, is where performance is not so good. That is my take on the Audit Scotland report.

Alex Neil: To the best of your knowledge, is there any evidence that the few areas that have shared services—I am thinking of the Ayrshire roads alliance, although there are others—are better performers or more efficient than the areas that do not have such arrangements?

Donald Morrison: We have limited evidence—it depends on whom you speak to.

Hugh Gillies: There is an exhibit in the Audit Scotland report that is worth referencing. Exhibit 9 on page 22 shows that, of the two councils that are in the Ayrshire roads alliance, South Ayrshire is spending less and East Ayrshire is spending more. The argument that we have been making across the piece is that administrations make the

decisions about what they want to spend their money on. Therefore, although those councils share a service, one council has decided to take one tack with its money and the other has decided to take another.

Alex Neil: I am looking more in terms of the work that they do. Is there any evidence on efficiencies? For example, if you are running a shared services organisation, do you get procurement benefits because you are buying more materials? Are there benefits in terms of economies of scale because you are covering much more road mileage? Is there any evidence that shared services lead to cost savings, improvement and efficiency and overall better performance?

Donald Morrison: There is certainly evidence that shared procurement can bring efficiencies. Transport Scotland has looked at that and we have entered into shared procurements with the Welsh Government to undertake road condition surveys. We have a contract that runs for six or seven years, but within that we measure the condition of trunk roads in Scotland and Wales annually. We used to have separate contracts for that and paid a certain rate per kilometre for road condition surveys. However, we found that we were both using the same contractor, so when our contracts came to an end we decided to run a joint procurement to get the economies of scale—we are almost doubling the length of road to be measured in one contract. That reduced the cost of our road conditions surveys by a third.

There are benefits through shared procurement because the more you buy in bulk, the cheaper the rate.

Alex Neil: To be fair, there is some evidence in the Audit Scotland report that some councils appear to be improving their performance while others are pretty stagnant.

Roy Brannen: Mr Neil, I have just found that bit of Colin Mair's response. He recognises exactly what you are saying. He says:

"In relation to Q4, current benchmarking data does not as yet show lower costs or better outcomes in shared roads services, but they do create a framework for resilience and economies of skill and scale given forward budget pressures."

Alex Neil: Yes. An obvious thing for the committee to look at is what more can be done to demonstrate and to allow us to monitor more closely the comparative efficiencies of the 32 local authorities and Transport Scotland.

I turn to the international comparisons between Transport Scotland and the rest of the United Kingdom and other countries. I recognise that a substantial part of your budget is invested in new road building because I signed off the major ones

when I was infrastructure secretary. I will take credit for them, including the dualling of the A9 and A96 and the M73/M74 corridor. I just want to make sure that that is on the record. *[Laughter.]*

The Convener: That is on the record Mr Neil. Do you have a question?

Alex Neil: We are a wee bit behind our colleagues in the rest of the UK and internationally. Do you have a strategy or plan to get nearer to at least the European average?

Roy Brannen: Yes. I will let Donald Morrison come in on that in a moment. We started to look at the issue a few years back and I was very keen to identify whether we had the right standard for the trunk road network in Scotland and how we compared. We did a piece of work with our consultants to understand whether we could compare like for like. It is quite difficult because every roads authority takes a slightly different approach to monitoring road condition. However, we found a mechanism that allowed us to get very close to a league table to see where we are.

We are where we are in the table, although I have to say that France, Italy and Ireland are worse than us. We identified that the standards that we should be aiming for—

The Convener: Italy and Ireland are not great benchmarks.

Roy Brannen: No. We realised that for our trunk road network we should be aiming for interventions of 3 per cent for motorways, 6 per cent for dual carriageways and 8 per cent for single carriageways; we are currently sitting at 6, 8 and 10 per cent, respectively. We have a vision of where we want to be.

England is sitting at about 3 per cent for its assets and Canada and New Zealand are on 6 per cent and 8 per cent for single carriageway and dual carriageway. Donald Morrison will correct me if I am wrong.

Donald Morrison: That is right. Roy Brannen has touched on most of the issues there. There are some health warnings in relation to benchmarking.

That all came from the fact that we were acutely aware that all the new infrastructure that was planned—the kind of stuff that Alex Neil was taking credit for—was coming through the pipeline. We were asking what that would mean for the rest of the network, which did not have major interventions planned for it. Were we going to end up with a stark contrast?

We were tasked with looking at a long-term strategy to bring the rest of the network up to a certain target. The question was: what road condition target should we aim for? The task was

to look internationally and see whether any other countries had targets that we could make comparisons with.

10:45

We reported on that and it is in the kind of league table that you mentioned. However, we could not compare directly with other countries. It came down to the fact that other countries have thresholds for roads maintenance. The issue is about where one intervenes to undertake maintenance. What is the percentage? We all have the same target to do maintenance at certain threshold, but the thresholds are different. That is where comparisons become difficult.

Our main comparison was with trunk roads in England, as Roy Brannen pointed out. We can model various financial scenarios that can get us to a particular target over a defined period. That is where the 3 per cent, 6 per cent and 8 per cent targets came from for motorways, duals and singles that need maintenance. We can and have produced financial targets for a 20-year period. The current planned infrastructure will be delivered at the end of a 20-year period.

The financial plan is a vision, if you like, of what we can do to get the rest of the network to equal England's figure of 3 or 4 per cent, which is mentioned in the Audit Scotland report. That vision sits there and it looks way into the future. We do not know what funding will be available; that will have to go through the Government sausage machine at the appropriate time. The vision is there, but, as Liz Ditchburn said earlier, there are choices to be made about whether we commit to delivering on it.

Roy Brannen: Condition is one element of road safety, but presenting a safe network is equally important. We are seventh out of 42 countries at the moment: Norway, Malta, Sweden and England are above us, then there is the UK. We have a strong track record of safely maintaining, managing and operating our network with the funds that we have. We have the lowest road casualty figures on record, which is something to be proud of.

Alex Neil: Can I take credit for that as well?

The Convener: No. *[Laughter.]*

Monica Lennon: Alex Neil was talking about performance. I was intrigued by a point that Colin Mair made in his submission:

"In relation to local roads, the use of a single national corporate indicator (Road Condition Index) for roads does not tell the whole story".

His submission also tells us that the condition of street lighting and bridges was looked at previously. That part was stripped out, but it looks

as though it will be put back in. Who made that decision and why? Who is making the change and what do we hope to get from it?

Donald Morrison: It comes down to the scope and brief of the Audit Scotland audit. In planning that audit, we spoke to local authorities and we know that they had good information on roads, which provided an auditable indicator. However, the 32 local authorities possibly did not all have the same level of information to allow a comparison of condition of structures and lighting.

Their asset management plans show that local authorities now have models in place to enable them to better compare condition of structures and lighting. That could be related to changes in the whole-of-Government accounts that mean that local authorities are required to report asset value for their roads. To be able to do that, local authorities obviously need good information on all their assets, including the road carriageway, bridges and lighting.

I suspect that the change came about as a result of what was available to be considered as part of the Audit Scotland audit, rather than any particular decision about what information was in or out.

Liam Kerr (North East Scotland) (Con): I have a number of questions arising from the questions that have already been asked. On Mr Neil's point, what do your projections show as the actual cost of bringing the Scottish trunk road network up to the same standard as the English road network?

Donald Morrison: The structural maintenance budget is the part of the budget that influences the road condition index. Current budgets for structural road maintenance are around £40 million per annum. Using information that it asked us for, Audit Scotland has highlighted that we should spend about £62 million to maintain current condition. To achieve the 20-year vision of our target of 3 per cent, an annual budget of £79 million would be required. That figure comes from our financial planning.

Liam Kerr: So £79 million per year for 20 years will be required to get there.

Donald Morrison: Yes.

Liam Kerr: The footprint of the network continues to increase significantly, thanks of course to Mr Neil. With increased footprint comes increased maintenance, which requires increased funding, but we know that funding for trunk roads is not increasing. What do your projections show will be the impact of that?

Donald Morrison: I expect that to have a positive benefit. The improvements that are being made in central Scotland on the M8, M73 and M74 will introduce fairly lengthy new sections of

motorway to our network—I cannot remember how many kilometres—which will replace life-expired infrastructure. That life-expired stuff will come out of the equation and will be replaced with something new, which will not need too much maintenance for quite some time. Obviously, there will be a requirement to cut the grass and empty the gullies and all that sort of thing, but not to fill potholes or resurface lengths of road. Therefore, the new stuff will actually have a positive benefit for the financial plan.

Liz Ditchburn: Mr Kerr said that the budgets for trunk roads are not increasing, but the draft budget for 2017-18 proposes an increase in the total for management, maintenance and operation of the trunk road network from £305 million to £368 million. Also, that £305 million baseline included an in-year increase, when £15 million extra was allocated.

When talking about the kind of financial models from which we can derive numbers such as £62 million per year, we need to remember the reality of going from that down to actual in-year and multi-year budgeting. Those models use assumptions and give us an idea of the level of investment that would be required over quite a long period. Obviously, we then have choices about the phasing, front-loading and back-loading and how to target and spend the money. There is a tremendous amount below the level of those models. It is important to make the distinction between the financial model, which gives interesting information and which we are obviously keen to make available for all decision makers—it is made public through the publication of the road asset management plan—and how that is turned into the in-year and multi-year budgeting process. The model does not tell us the budget answer; it tells us something about the level of investment that is required.

Liam Kerr: I will come off the trunk roads and go on to the local roads. In Mr Mair's written submission, he talked about prioritisation and said that one constraint on councils is that they have to prioritise certain aspects of their provision. Bluntly, given the importance of roads to the economy that you have talked about throughout, and the safety issues, which we will come back to, is it time that councils had to prioritise the road network?

Liz Ditchburn: Those are decisions for councillors to take—I note that there are a number of councillors on this committee. The current set-up is very much that those are decisions for local government to make in accordance with local needs and on the basis of subsidiarity of decision making. Do I think that it is time that we did something different? That would be a policy change, and that is not where we are currently.

Liam Kerr: Roy Brannen mentioned safety, and Liz Ditchburn mentioned cutting the grass, filling the gullies and so on. The Audit Scotland report says that road conditions are a key factor in the safety of motorists, cyclists and pedestrians. Is it reasonable to assume that the risk to safety increases if the road conditions decline? Are any studies being done on that issue?

Hugh Gillies: Yes, if the condition of the road declines beyond what it was designed to do in terms of skid resistance and so on, you would expect the risk of an accident to increase.

In 2010, the Scottish Government launched its strategic vision for reducing casualty figures in Scotland by 2020—it was the first Administration in the United Kingdom to do that. Obviously, road safety involves education, enforcement and encouragement as well as engineering. As the statutory trunk roads authority, we can directly give a steer on the engineering aspect of our roads. Sitting below that, there is a strategic road safety plan, which we refreshed last year and has stood us in good stead. As part of that refresh, we looked at international best practice.

On an annual basis, we look at the performance of the strategic trunk road network in terms of accidents. With the resources that we have—this year, we have just over £8 million—we specifically target where there are known accident problems, which we think of as those involving people being killed or seriously injured. It is important that we target those areas as opposed to areas where there is only a public perception of issues around safety. We deploy interventions that are known to be successful, such as doing skid-resistance work and improving drainage and the alignment of signage. The interventions can be quite high-tech, such as the highest-profile intervention through that team, which was the installation of average speed cameras on the A9. Alternatively, they can be quite low-tech, such as improving the alignment of signing on a route action plan.

Donald Morrison: The link between road condition and safety is where maintenance policy comes into play. However, when your road condition indicator tells you that you should be doing major maintenance work but, for whatever reason, you have to delay it, that does not necessarily mean that that section of road is unsafe, because our maintenance regime in that case will involve on-going monitoring and patching repairs as required. That is a perfectly legitimate maintenance policy. All roads authorities, nationally and internationally, do that. It is through that policy that we are always targeting safety as the primary concern.

Liam Kerr: Would you mind completing the picture on that? The report shows that the biggest cause of road accidents appears to be driver error.

Can you say what is being done in terms of road maintenance to address driver error? Does that fall to you?

Hugh Gillies: Yes. There is a strategic group that oversees the delivery of the Government strategy in relation to the 2020 targets. That is chaired by the Minister for Transport and the Islands and meets three times a year. It works on a number of action plans, which are online. That covers education, enforcement, engineering and encouragement, which I mentioned earlier. The ethos is that road safety is the responsibility of everyone, from the designers of roads to the businesses that use the roads and pedestrians. We are constantly looking at those issues.

The approach was examined last year, because 2015 represented the mid-point of the journey towards achieving those targets. We are on track to meet them, but we have to keep a close eye on progress if we are to get there by 2020. As part of that examination last year, we refreshed our strategic road safety plan.

11:00

The Convener: I will ask about concerns about the performance of BEAR Scotland. I assume that I should direct most of my questions to Hugh Gillies, who is responsible for trunk roads. Is that correct?

Hugh Gillies: I can defer to my colleague Donald Morrison, who oversaw the investigation.

The Convener: Okay. Thank you.

First, I will ask about significant failings. I believe that PAGplus investigated the allegations of BEAR Scotland failings and found that there were significant performance failings under the contract. Those failings included work that was done but was incorrectly documented and inaccurately recorded by BEAR Scotland; BEAR Scotland charging for work that was not undertaken and, to a lesser extent, not charging for work that it did undertake; and controls that BEAR Scotland should have had to deliver the contracts, were either not being in place or not being properly enforced by it. Did those significant failings raise concerns in Transport Scotland? What was done to address them?

Donald Morrison: Yes, those failings absolutely did raise concerns. As the report identified, Transport Scotland was overcharged by £280,000. Obviously, that is unacceptable and that money was recovered from BEAR Scotland. That came out of the study and investigation that you mentioned and the failings that were identified.

I will say a wee bit more specifically about what the failings were and then speak about the improvement aspects.

As members have probably noticed, pretty much all the failings were to do with routine carriageway patching. In undertaking that operation, BEAR Scotland identified all the patching that was required on the network, as we might have expected, identified the defects, and planned its programme of patching to take care of them. PAG identified that there was no evidence that what BEAR Scotland had identified as needing to be done was not justified. Patches were required.

As is normal practice, BEAR Scotland designed the patching work that was required, but patching is a routine operation and the difficulty is that, until people go on site and start to dig up the defective piece of road, they do not know how deep they will have to go before they find good material. Therefore, in designing the work and estimating its cost, people have to make assumptions. In effect, there is a default design for a patch. People will certainly know the area, but they will not necessarily know the depth of the patch, so the default for a patch is 100mm, or 4 inches. That is typically the depth of a patch.

The matter then goes to the operations team to undertake the work. It orders the material and does the work. Evidence was found that people had gone on site, done the patches, and excavated out the relevant amount of material: they did what was justified. In some cases, the depth was more than 100mm and in some cases it was less than that.

When an operating company does such an operation, it is supposed to amend the operations instruction with the actual depth at the end of the process, but BEAR Scotland did not do that. That is where the failings in the management process were. The design depth fed through to the final depth and was charged for. PAG went in and did a coring exercise on a representative sample and established that some patches were deeper than 100mm and some were not as deep as that, so there was a mixture of overcharging and undercharging. The net position was an overcharge of £280,000.

Obviously, an improvement plan was required on the back of that. PAG found that the error rate was in the order of 6.6 per cent on the 30 sites that it visited. The £280,000 was arrived at by extrapolating from all the patching operations that had been done since the start of the contract. That is where that figure came from.

On the back of that investigation, we took up the matter with BEAR Scotland. We invited it to respond to the investigation and to put in place a rigorous process to ensure that what had happened would not happen again. In doing so, it has put together a 13-point action plan, which is well progressed. We have asked PAG to monitor and audit that improvement plan.

The Convener: The £280,000 is a significant amount of taxpayers' money that was paid to a contractor that overcharged. Are you confident that the total reached only £280,000 and that it was not more?

Donald Morrison: Yes. The allegations originated in BEAR's north-east unit, so we started there and did a thorough investigation. However, BEAR has the contract in the north-west, so we did the same coring operation there. The figure of £280,000 is a combination of the errors across both units. At the same time, we looked at the units in the south of Scotland—the south-east and south-west units—where there are different operating companies, to see whether there was a similar pattern there. Those coring investigations gave the south units a clean bill of health. There were no findings of overcharging or undercharging in the south.

The Convener: That was going to be my next question. There are four or five trunk road operators in Scotland and you checked the others—

Donald Morrison: We checked them all.

The Convener: —and it was just BEAR Scotland that was overcharging the Scottish Government.

Donald Morrison: Correct.

The Convener: Has the contract come up for renewal since? It is concerning. If the other trunk road operators can get it right, there is obviously a way for teams on the ground to do it and get it right. It seems strange that BEAR Scotland was the only one to get it wrong. Has the contract come up for renewal since?

Donald Morrison: The north-east contract, which was the subject of the allegations, has not come up for renewal and it has another two years to run before we consider extensions. The contracts in the north-west for BEAR and the south-west for TranServ came up for consideration of extension, rather than renewal. We thoroughly explored that with both operating companies, which were interested in pursuing extensions and which provided a business case. We went through a rigorous process with BEAR in the north-west and TranServ in the south-west and extended both those contracts.

The Convener: So BEAR's contract has been extended, despite the fact that it overcharged the Government £280,000 and despite the fact that you have other contractors that do not overcharge the Scottish Government.

Donald Morrison: Yes. We had to take a much wider view, other than—

The Convener: Sorry to interrupt, but did those other contractors bid for the contract that was up for renewal?

Donald Morrison: No. The contract was not put up for renewal and put out to tender—

The Convener: It was an extension.

Donald Morrison: Yes. There is a contractual provision that enables the extension of all five of the trunk road operating company contracts. At various points, we are required to consider whether we wish to extend the contracts. We took into account a wide range of factors in coming to the conclusion.

The Convener: But you decided to extend it.

Donald Morrison: Yes. The main—

The Convener: Is it wise for the Scottish Government to extend a contract with a company that has a proven record of overcharging the Scottish taxpayer by hundreds of thousands of pounds?

Donald Morrison: Obviously, the outcome would have been different if the investigation had uncovered deliberate acts of overcharging, but it uncovered a process failure. The trunk road operating companies are—

The Convener: Sorry, but there are four other trunk road operators in Scotland with a proven track record of not overcharging the taxpayer.

Donald Morrison: There are three companies that we employ in total across the five units.

The Convener: Would Scottish taxpayers not have more confidence if one of the companies that does not overcharge them were to take forward that contract?

Donald Morrison: If we had chosen not to extend the BEAR north-west contract, we would have had to go through a tender exercise in the open market and, as you say, give those other companies the opportunity to bid for that contract. Of course, BEAR would have been entitled to bid for the contract as well and could have been successful in the tender process and won the contract. Further, regardless of whether we extended the contract in the north-west, BEAR will be working for us in the north-east for another few years.

Liz Ditchburn: Hugh Gillies can perhaps say more on this, but there is a really important set of issues around the way in which we assess our contractors. That involves a range of factors. There is a lot of money at stake in all the contracts and there are performance issues and so on.

Clearly, the process failing that we found was completely unacceptable. However, things

happen. On the back of comprehensive forensic investigation, the team has held up a very high bar and said, “BEAR, you messed up here. You need to absolutely prove that you are worthy of maintaining this contract. You need to show us how you will improve and ensure that it will never happen again. We want to see you do not just what you think the minimum is, but go beyond that.”

The team can say more about this, but there is confidence in the response that we have seen from BEAR. It is going beyond just fixing the immediate problem to look at how it can continue to strengthen and improve its systems more broadly.

Roy Brannen: If I can come in on that question—

The Convener: No—I want to respond to that. I take your point: mistakes are made. However, the other three operating contractors did not make the same mistakes. They have not tried to rip off the Scottish taxpayer, which is what BEAR has done by £280,000.

If the Scottish Government has a track record of employing another three companies that can do the job that you ask of them at good value to the taxpayer, why on earth would you choose to extend the contract of a company that has overcharged the taxpayer?

Liz Ditchburn: It is important to clarify again that, as Donald Morrison said, BEAR did not try to rip off the Scottish Government.

The Convener: But we found that it had overcharged you by £280,000.

Liz Ditchburn: If the investigation had found evidence of criminality, fraud or systematic and wilful overcharging, it would have been a completely different case. It is really important that we understand the case in those terms. There was an important and significant process failing, but it was a process failing that resulted in some undercharging and some overcharging. That was absolutely unacceptable, but it was not—

The Convener: Ms Ditchburn, is it not up to you, as director general economy in the Scottish Government, to make sure that you hire contractors that do not have process failings? There are other options open to you, so why extend the contract of a contractor who cannot do it?

Liz Ditchburn: The team will say more about this, but the contractor was able to demonstrate that it accepted the failing. It has put in place significant mitigation to address it, it has reimbursed us and it has put in place action to address the risk going forward.

Roy Brannen: I will put our contracts and approach in context. The contracts are publicly available: anybody can look at them and at the requirements of any of our operating companies in each of the geographic areas. If you look at them you will see the level of detail that it is required to comply with when work is bid for and when it is undertaken.

We have a number of mechanisms for monitoring our contracts, one of which is that our own staff in Transport Scotland monitor around 54 indicators in a contract. We have payment adjustment factors, which allow us to withhold payment from our contractors if the correct level of documentation has not been forthcoming in the monthly statements.

Separate from the internal review of our contracts, we have the performance audit group. We have appointed CH2M, AECOM and TRL on a third term, for seven years. They are independent and they monitor the operating companies on a range of key performance indicators. As you will see in the PAG report, some of those indicators indicate process failures across all the units. However, the rigorous standards that we apply to contracts to ensure that we get the highest level of service have been recognised elsewhere. Western Australia took up our model. It has called it the “performance evaluation group”, but it is very similar to our approach.

We are unique in that we have both internal and external audit approaches. The report that PAG does is independent. PAG writes it, we check it for factual accuracy and it is published on PAG’s website. It indicates performance across a range of measures on things such as management systems, quality of service, financial management and delivery of service.

The Convener: I understand that the Scottish Government—Transport Scotland—has all those processes. I just do not think that the Scottish taxpayer will understand why the Scottish Government would choose to renew the contract of a contractor that has overcharged it when there are other contractors in Scotland that work for it and do not do that.

My next question is on governance of the contract. When the performance concerns about BEAR Scotland were raised by my constituents, the complaints were made directly to Transport Scotland for investigation. The concerns were immediately forwarded by email to BEAR Scotland. I have the email here; it is dated 21 May 2015 and is from a man called Jonathan Moran. Was he in your team?

Donald Morrison: Yes.

11:15

The Convener: The email begins with the salutation “Gents”, which I think is a very cosy salutation between Transport Scotland and a Government contractor, but perhaps it is just civil service speak. It then goes on to detail the concerns that were made. In terms of the governance between Transport Scotland and a contractor that the Scottish Government is paying, is it appropriate to immediately forward any concerns that are raised on to the contractor for their information? Would it not be more appropriate to carry out an internal investigation first?

Donald Morrison: I am not familiar with the email that you have.

The Convener: I can send it to you after the meeting.

Donald Morrison: I can probably get it at our end, anyway. The Transport Scotland network maintenance teams that Jonathan Moran is part of manage the contracts on a day-to-day basis and deal with the public regularly. When they get complaints from members of the public, they make inquiries with the operating company to verify whether there is any substance to the complaint and to get a response on what the operating company is doing about the issue.

If complaints were put to Jonathan Moran by a member of the public, his first course of action would have been to get the operating company’s view on it. I accept that in this situation the difference is that these were allegations of fraud, and I suggest that, in that particular case, a different approach could have been taken.

As for the salutation, I would not read anything into that. We have good professional working relationships with the operating company staff and we deal with them on a day-to-day basis and meet them regularly. Addressing them as gents does not suggest anything about the rigour with which we manage the contract.

Liz Ditchburn: Convener, can I say—

The Convener: No, I am going to ask Donald Morrison a further question.

In terms of contract governance, is it appropriate for those concerns to be immediately forwarded to the contractor for its opinion before an internal investigation is conducted?

Donald Morrison: With regard to public complaints, yes, it is. I acknowledge that the difference in that case is that there were allegations of fraud, which is a different type of complaint. Generally, though, the complaints that we receive are directed to the operating company, because they are best placed to deal with them. In

fact, there is a national helpline for road users to make complaints to operating companies.

The Convener: When that was followed up and Jonathan Moran was challenged, he said that he had erroneously sent the email to BEAR Scotland. He wrote:

"I can reassure you of my impartiality and my mistake was a genuine oversight for which I again apologise."

By "mistake", he means sending the email to BEAR Scotland. What is Transport Scotland's process for complaints or concerns about contractors? Is it to refer the complaint immediately to the contractor, or was that, as Jonathan Moran suggests in his subsequent email, a mistake and something that he should not have done?

Donald Morrison: We forward public complaints to the operating company to deal with.

The Convener: Why did he apologise for the email?

Donald Morrison: Because there were allegations of fraud.

Liz Ditchburn: I think that you are raising extremely important points, but this is not a detail that we have discussed as a team. The information that you are providing is worthy of investigation, and we will take it away to have a proper look at the process that was undertaken and at whether we handled that information appropriately.

You are absolutely right that any sensible whistleblowing policy has very clear guidance about the confidentiality of material and protection of whistleblowers. If we have failed to do that appropriately—and I do not know whether we have—we will take action. I would like to get the information and take it away for investigation.

Roy Brannen: I have one thing to add. I ask Donald Morrison to say a bit more about when he took over the investigation. There was a shroud of secrecy around what was undertaken, and you involved the police.

Donald Morrison: When the investigation was instigated, it was undertaken by PAG, as we said. That was done independently of Transport Scotland, which had no role to play in the investigation that PAG undertook. PAG completed the investigation and reported back to us on it. Our only involvement during the process was to get updates from PAG on its progress—on where it was at with coring and all that kind of stuff.

PAG was left to get on with undertaking a rigorous investigation and producing a report. We shared the report on the completed investigation with Police Scotland, because the allegations had originally gone to Police Scotland as well. When

Police Scotland received the allegations, it contacted us to ask whether we were doing anything about them, and we said that we had instigated a full independent investigation. Police Scotland was content with that; it just wanted to know the outcome.

We shared the report with Police Scotland and sat down with Police Scotland detectives in a meeting that went through the report in detail. The detectives who we spoke to were content that we had done a thorough investigation, were content with its scope and outcome and were satisfied that there was no evidence of any criminal activity.

The final piece in the jigsaw was that, before the detectives could sign off the report and say that they were not going to take the matter further, they wanted their chief inspector to look at it. They said that, after that, they would confirm whether they intended to undertake any further investigation, which they duly did.

The Convener: The police told me that they had seen the failings and the overcharging but that that had not gone as far as criminal activity. I got a letter from Detective Chief Inspector Andrew Patrick, who undertook the police investigation, which is now closed, so it is fine for the committee to discuss the matter.

The final issue that I will ask about is to do with the contractual arrangements for scrap and waste management. It is my understanding—it is also the police's understanding from their look at the contract—that it is written into the contract that waste materials, whether they are lamp posts or road signs that have been brought down, are taken to a scrap merchant and then cash or a cheque is given to the contractor. That is outlined in the letter from DCI Patrick, which states:

"This waste contract has been obtained and shows that where Bear Scotland recovers any items during site clearance, ownership of the property becomes Bear Scotland's. The subsequent disposal of the property is at the discretion of Bear Scotland and they are entitled to the credit value."

Is it appropriate for Government contractors to profit from Crown property and for that to be written into their contracts?

Donald Morrison: It is not written in as a requirement or as an avenue for the company to make a profit. For all the operations that it does, it provides us with rates and prices.

The Convener: I am sorry, but the police told me that it is in the contract that receipts from the disposal of waste go to the contractor.

Donald Morrison: It is in the contract.

The Convener: Yes. I am sorry, but I thought that you just said that it was not.

Donald Morrison: No, it is—sorry. Any waste that arises from operations is the responsibility of the contractor, which must dispose of it. If the contractor gets any credit for that, it wins the benefit, if you like. However, in terms of the operations, we are talking about contracts that are provided with rates and prices.

In pricing a contract in order to win it, contractors put in competitive bids, and to do that, they make an estimate of anything that they can win or gain through the operations, which they take account of in their pricing. Although they get the benefit of the value of any scrap, the receipt of that is included in their pricing of the contract.

In other words, to win a contract, they can lower their prices because they expect that they might get some value back from the scrap. That is fairly normal for all term maintenance contracts. The Scottish ministers and, indeed, Transport Scotland have no facility to process scrap or to store anything of that nature.

The Convener: I do not suggest that they do—

Roy Brannen: I can give an example of that—

The Convener: I am sorry; can I finish? I am surprised that the receipts go to the company. Are you saying that it is written into all trunk road contractors' contracts that waste—

Donald Morrison: It is written into all those contracts. I suspect that that is common practice for all such contracts throughout the UK and beyond.

Roy Brannen: Convener, if I could just add—

The Convener: No—I would like to continue my line of questioning.

Mr Morrison, are you confident that waste is always proper waste and that items are not pulled down perhaps a bit before time, if contractors are getting the receipts for that? The arrangement seems to be quite interesting.

Donald Morrison: For an operation to be undertaken, it needs to be part of a planned programme of maintenance that has been approved by Transport Scotland. Given the rigour of the processes that we have in place, we would have picked it up if assets were being taken down that did not require to be taken down.

There is no evidence of that happening from any audit or investigation, and we continually audit the operating companies on the justification of their maintenance programmes. There has been no evidence to suggest that anything like that has been going on. However, it is perfectly legitimate for the companies to process waste and receive the benefit of doing that.

The Convener: Roy Brannen wanted to add something.

Roy Brannen: I will set a context for the contractual conditions. On the Queensferry crossing, the temporary steel that is used to support the deck is the contractor's and it will be for him to do what he pleases with it. That steel will be scrap. Once it comes down, the contractor will dispose of it. Most civil engineering contracts across the country allow for the product of waste, or whatever it may be, to be the contractor's responsibility.

Given that the works are temporary, a substantial amount of steel on the Queensferry crossing will be scrap. The contractors would have priced in an element of that when taking the scheme forward.

Colin Beattie: Convener, committee members have not had a chance to view the documents that you have been referencing. Would it be possible to circulate them to the members?

The Convener: Absolutely. I will circulate the ones that I have referenced that are not in the committee meeting papers.

Hugh Gillies: Notwithstanding everything that has gone before—I appreciate that we have given a commitment to come back on the early exchanges—one thing that we have had to weigh when considering the two-year extension of the north-west and south-west contracts for 2018 to 2020 is the future shape and form of 5G. If I can take the committee back, we had quite an extended conversation about the future of roads administration.

At the end of the day—I am just reiterating what has gone before—if there had been any criminality or fraud, there would have been no question of extending those contracts. Notwithstanding that, we weighed the fact that there had been requests from local government, the Convention of Scottish Local Authorities and the Society of Local Authority Chief Executives and Senior Managers to extend the contracts in order to give them the opportunity to get ready to discuss 5G and what future roads administration will look like. If we had not done that, we would be in a 5G procurement process now and we would probably have stuck with the model that we have had, more or less, for administering and operating the trunk road network through an operating contract model.

The Convener: I understand that the investigation concluded that there was no criminality involved. It is the committee's job to follow the public pound. What surprises me is that the Scottish Government is extending the contracts of a contractor that has a track record—a proven record—of overcharging the Scottish Government.

I thank you all for your evidence.

11:27

Meeting continued in private until 11:28.

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