

**This is Document “Schedule 4 Part 1” referred to in this Contract**

**SCOTTISH MINISTERS’ REQUIREMENTS**

**SCHEDULE 4 PART 1**

**PROGRAMME AND BUDGET PREPARATION**

**CONTENTS**

	<b>Page No</b>
<b>1 INTRODUCTION</b>	<b>1</b>
<b>2 PROGRAMME AND BUDGET PREPARATION PROCEDURES</b>	<b>1</b>
2.1 The Annual Process	1
Schedule 4 Part 1 Figure 2.1.2.1.A – Annual Cycle	3
2.2 Inspection and Assessments Types	4
2.3 Programme Development	4
2.4 Statements of Intent and Value for Money Assessments for Maintenance Schemes	5
2.5 Statements of Intent and Value for Money Assessments for Roads Structural Pavement Maintenance Schemes	6
2.6 Programmes and Profiles	7
2.7 Bids	7
2.8 Value Management and Value Engineering Exercises	9
<b>3 THE OPERATING COMPANY’S GENERAL OBLIGATIONS FOR PROGRAMME AND BUDGET PREPARATION</b>	<b>9</b>
3.1 Staffing	9
3.2 Procedures	9
<b>ANNEX 4.1/A – 3-YEAR PROGRAMME</b>	<b>11</b>
<b>ANNEX 4.1/B – 1-YEAR PROGRAMME AND FINANCIAL PROFILE</b>	<b>15</b>
<b>ANNEX 4.1/C – BIDS</b>	<b>21</b>

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## **SCOTTISH MINISTERS' REQUIREMENTS**

### **SCHEDULE 4 PART 1**

#### **PROGRAMME AND BUDGET PREPARATION**

#### **1 INTRODUCTION**

This Part 1 of this Schedule 4 covers the process, procedure and system which shall be utilised by both the Director and the Operating Company in the provision of programmes and budgets for Schemes.

#### **2 PROGRAMME AND BUDGET PREPARATION PROCEDURES**

##### **2.1 The Annual Process**

##### **2.1.1 Financial Year**

2.1.1.1 The Scottish Executive Financial Year runs from 1 April of one year to 31 March of the following year.

For the purposes of budgetary management within this Contract, the Director and the Operating Company shall manage and monitor budgets based on the Financial Year.

##### **2.1.2 Cycle of Events**

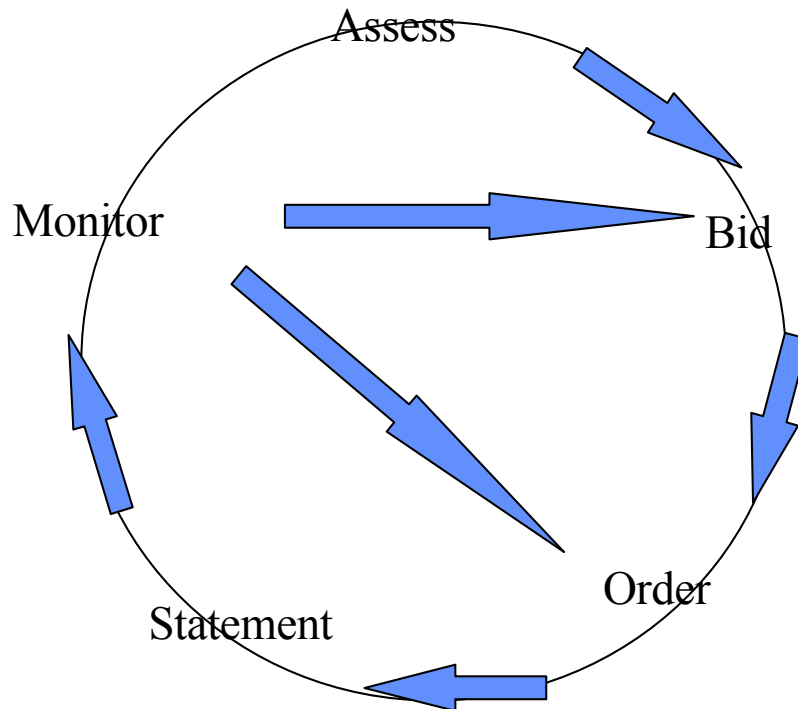
2.1.2.1 Subject to the other provisions of this Contract, the financial management and monitoring process of programmes and budgets for this Contract shall be based on operating through an Annual Cycle of events as follows.

Subject to the other provisions of this Contract, each Annual Cycle shall include the following tasks.

The process shall be as illustrated in Figure 2.1.2.1.A of this Part 1 of this Schedule 4. (Stages (vi) to (xiii) shall be as covered in Part 2 of this Schedule 4.)

- (i) Various assessments and inspections as described in paragraph 2.2.1 of this Part 1 of this Schedule 4 shall be carried out by the Operating Company and the Director and the results of these assessments shall be analysed by the Operating Company.
- (ii) Based on such inspections and assessments the Operating Company shall submit to the Director
  - (a) a draft 3-year programme of Schemes
  - (b) a draft 1-year programme of Schemes
  - (c) recommendations for improvements that could be incorporated into maintenance Schemes
  - (d) recommendations for further investigations to enable maintenance and improvement Schemes to be accurately defined and
  - (e) outline Bids including preliminary estimates for Schemes for the 1-year programme and the 3-year programme.
- (iii) The Director shall meet the Operating Company in order to allow the Director to determine both

- (a) an indicative 3-year programme and
  - (b) an indicative 1-year programme.
- (iv) Following the meeting set out at 2.1.2.1 (iii) in this Part 1 of this Schedule 4 the Director shall then provide a copy of the
  - (a) accepted indicative 3-year programme and the
  - (b) accepted indicative 1-year programme to the Operating Company together with an
  - (c) accepted indicative budget for the next Financial Year.
- (v) The Operating Company shall submit to the Director revised Bids including detailed estimates for each Scheme, a detailed 1-year programme and a detailed financial profile.
- (vi) The Director shall thereafter issue Orders to the Operating Company to undertake those Schemes that he has selected from the Bids submitted. Orders for Schemes cannot be issued until such time as statements of intent and Value for Money Assessments have been submitted and approved by the Director.
- (vii) The Operating Company shall issue Operations Instructions.
- (viii) The Operating Company shall undertake the Operations.
- (ix) The Operating Company shall where appropriate make arrangements for Work Contracts to be progressed and undertaken.
- (x) The Operating Company shall submit Statements to the Director.
- (xi) The Operating Company shall monitor the Operations and Works Contract and shall report monthly to the Director demonstrating compliance with the 1-year programme.
- (xii) Should the Operations diverge from the 1-year programme, the Operating Company shall provide a revised programme to the Director indicating how Operations shall be brought back onto programme.
- (xiii) Where changes occur which shall have an effect on the financial value of a Scheme, the Operating Company shall submit a revised Bid to the Director, who shall consider such Bid and at his discretion may issue a further Order to vary the value of any such Scheme.



**Schedule 4 Part 1 Figure 2.1.2.1.A – Annual Cycle**

### 2.1.3 Key Dates and Activities Within the Annual Cycle

The key dates and activities within the cycle of events for programme and budget preparation shall be as follows

Item	Latest Date	Action
1.	15 August	Operating Company supplies to the Director: <b>Draft 3-year and 1-year programmes and Bids</b> – the Operating Company shall supply to the Director all of the information as referred to in paragraph 2.1.2.1(ii) of this Part 1 of this Schedule 4.
2.	15 September	<b>Programme meeting</b> – the Director shall meet the Operating Company and discuss the draft indicative programmes and estimates as referred to in paragraph 2.1.2.1(iii) of this Part 1 of this Schedule 4.
3.	15 October	<b>Indicative 3-year and 1-year programmes and annual budget</b> – the Director shall provide a copy of (i) the accepted indicative 3-year programme and (ii) the accepted indicative 1-year programme to the Operating Company together with an accepted indicative budget for the next Financial Year as referred to in paragraph 2.1.2.1(iv) of this Part 1 of this Schedule 4.
4.	15 November	<b>Annual Bid detailed 1-year programme and financial profile</b> – the Operating Company shall submit to the Director revised Bids

Item	Latest Date	Action
		including but not limited to detailed estimates for each Scheme a detailed 1-year programme and a detailed financial profile as referred to in paragraph 2.1.2.1(v) of this Part 1 of this Schedule 4.
5.	15 January	<b>Orders</b> – the Director shall have issued sufficient Orders to the Operating Company to allow essential Operations to be undertaken within the next Financial Year.
6.	15 January onwards	<b>Orders</b> – the Director shall at his discretion issue further Orders to the Operating Company for other Operations which he requires to be undertaken.  Subject to the other provisions of this Contract further Orders for further investigation detailed Design tender procurement and construction of Schemes may be issued during the year depending on the progress made by the Operating Company in completing the various elements of the Scheme and the availability of funds by the Scottish Executive.

## 2.2 Inspection and Assessments Types

2.2.1 The Operating Company shall consider the findings of the following four main types of inspections and assessments in determining future maintenance needs

- (i) Road condition using High Speed Surveys, Sideways Coefficient Routine Investigation Machine deflectograph and recognised Visual Condition Surveys as referred to in Part 3 of this Schedule 4
- (ii) Equipment, installations and information associated with the road using the Routine Management and Maintenance System as referred to in Part 1 of Schedule 7
- (iii) Bridges and other Structures as referred to in Parts 7 and 8 of Schedule 7 and
- (iv) Road safety as referred to in Part 3 of Schedule 8.

## 2.3 Programme Development

2.3.1 The Operating Company shall utilise the most current information available from inspections and assessments when developing 3-year and 1-year maintenance programmes.

The development of the programmes shall be undertaken to meet the dates referred to under paragraph 2.1.3 of this Part 1 of this Schedule 4 and shall not be delayed to await the results of any inspections or assessments which shall be ongoing.

2.3.2 The analysis of assessments and inspections shall be presented in sufficient detail in a format acceptable to the Director to enable the need for proposed maintenance Schemes to be assessed.

Guidance on methods of analysis shall be given in the DMRB.

Any further investigations required to clearly define Schemes and the detailed estimates shall be as part of the proposed programme.

2.3.3 Where the analysis referred to in the other paragraphs of this Part 1 of this Schedule 4 indicate conditions that may be responsive to a number of different treatments or solutions, the Operating Company shall submit to the Director a list of the alternative treatments or solutions and its recommended option in sufficient detail to include an indicative estimate of cost and a quantification of the extent of the Operations or the Works which would be needed.

2.3.4 Where a possible maintenance Scheme shall be identified that encompasses a section of road which shall be scheduled to be replaced by a planned improvement Scheme, consideration shall be given to deferring the maintenance Scheme.

In such situations the Operating Company shall consider and report to the Director on the implications of such a deferral.

## **2.4 Statements of Intent and Value for Money Assessments for Maintenance Schemes**

2.4.1 For all proposed Schemes within the following criteria based on the Work Series listed in Annex 4.2/B of Part 2 of this Schedule 4

- (i) Work Series 0100 – roads structural pavement maintenance Schemes which propose surface treatments, structural pavement replacement, rehabilitation or repairs and drainage Operations designated primarily to improve the bearing strength of pavement sub-grades
- (ii) Work Series 0300 – roads general repair and maintenance Schemes with an estimated value of more than £50,000 and
- (iii) Work Series 1200 – bridges general maintenance Schemes with an estimated value of more than £50,000

the Operating Company shall submit statements of intent and Value for Money Assessments to the Director.

2.4.2 The statements of intent and Value for Money Assessments shall include but shall not be limited to the following

- (i) the extent of current data defining the nature and cause of Defects
- (ii) the Operating Company's view of the nature and cause of the Defects and the impairment on the performance of the asset caused by the Defects
- (iii) the potential remedial options
- (iv) cost estimates including whole life cost analysis for each option
- (v) the recommended treatment
- (vi) an outline brief for the Design when a Design shall be required and
- (vii) proposals for further studies and investigations required to assist with evaluation, Design, planning and programming of the preferred treatment.

2.4.3 All statements of intent and Value for Money Assessments shall provide sufficient detail to satisfy the Director that the proposed Operations and Works represent value for money.

2.4.4 Where the Director shall consider that further studies and investigations shall be required the Director shall issued an Order for such further studies and investigations. The Operating Company shall undertake such further studies and investigations comprising Value for Money Assessments which may include

- (i) Defects investigation to determine the nature of Defects. For road pavements this could include investigations of surfacing, road base, sub-base and sub-grade and drainage systems.

Investigations may include but not be limited to the use of techniques such as deflectograph (if not already used) falling weight deflectometer coring trial pits and relevant materials testing

- (ii) analysis of the comparative costs of delaying Schemes and
- (iii) value engineering and value management assessments.

## **2.5 Statements of Intent and Value for Money Assessments for Roads Structural Pavement Maintenance Schemes**

### **2.5.1 Road Condition Surveys**

2.5.1.1 The Director shall from time to time undertake the following three types of survey to assess the condition of the Trunk Road network in accordance with the DMRB Volume 7 Section 3

- (i) High Speed Surveys as referred to in the DMRB, Volume 7, Section 3, Part 2, which shall be carried out each spring and summer over approximately 50 percent of the Trunk Road network.
- (ii) Sideways Coefficient Routine Investigation Machine surveys Category 1 equivalent as referred to in the DMRB, Volume 7, Section 3, Part 1, which shall be carried out each summer over approximately 50 percent of the Trunk Road network.

Seasonal adjustment surveys shall be undertaken in spring and autumn of each year.

- (iii) Deflectograph surveys as referred to in the DMRB, Volume 7, Section 3, Part 2, which shall be carried out each year in spring or summer on approximately 25 percent of the Trunk Road network.

Other routes shall be surveyed as and when considered appropriate by the Director.

2.5.1.2 Survey contractors employed by the Director shall undertake such surveys.

The Director shall notify the Operating Company in writing of the programme of routes and types of survey to be undertaken on the Unit each year during the Contract Period.

2.5.1.3 The Director's survey contractors shall liaise directly with the Operating Company, informing it of dates and types of survey being undertaken on the Trunk Road network.

The Operating Company shall liaise with the survey contractors when required for traffic management and other safety purposes.



2.5.1.4 Results of all such surveys shall be processed by the Director using the Scottish Executive Pavement Management System and shall be provided to the Operating Company via the Scottish Executive Road Information System.

2.5.2 Roads Structural Pavement Maintenance Manager and Staff.

2.5.2.1 The Operating Company shall nominate a member of staff (the “Roads Structural Pavement Maintenance Manager”), who shall have responsibility for analysing the Pavement Management System data and who shall prepare and maintain an annual and a three year rolling programme.

2.5.2.2 The Operating Company shall train staff in specific Pavement Management System activities and tasks and ensure that sufficient staff shall be available at all times for this purpose.

## **2.6 Programmes and Profiles**

2.6.1 For Financial Year 2006 to 2007 only, the Operating Company shall not be required to submit draft programmes as referred to in paragraph 2.1.3 of this Part 1 of this Schedule 4.

The Director shall during the Mobilisation Period provide the Operating Company with details of the current programmes.

2.6.2 The Operating Company shall prepare and submit to the Director within the timescale referred to in paragraph 2.1.3 of this Part 1 of this Schedule 4 draft programmes covering all proposed Schemes.

These shall be in formats similar to those shown at Annexes 4.1/A and B of this Part 1 of this Schedule 4.

2.6.3 Draft maintenance programmes shall contain all maintenance Schemes within Work Series 0100, 0800, 0900 and 1200 and individual Schemes within Work Series 0300 which shall be proposed for individual locations, shall be route based or shall be proposed as Works Contracts. Draft 1-year programmes shall contain the Schemes for all Operations and Works proposed for the next Financial Year.

2.6.4 The Operating Company shall prepare and submit to the Director within the timescale referred to in paragraph 2.1.3 of this Part 1 of this Schedule 4 detailed 1-year programmes and financial profiles covering all proposed Operations and Works.

These shall be in a format similar to that shown at Annex 4.1/B of this Part 1 of this Schedule 4.

For Schemes with a value of more than £250,000 the Operating Company shall submit individual detailed programmes including bar charts indicating start and finish dates for all categories of Operations and Works, which shall be designated as investigation, Design, construction or retention.

## **2.7 Bids**

2.7.1 The Operating Company shall when submitting its draft programmes submit to the Director within the timescale referred to in paragraph 2.1.3 of this Part 1 of this Schedule 4 a Bid report for the next Financial Year which complements the draft 1-year programme.

This shall be in a format similar to that shown at Annex 4.1/C of this Part 1 of this Schedule 4.

2.7.2 For Financial Year 2006 to 2007, only the last three actions given in the table at paragraph 2.1.3 of this Part 1 of this Schedule 4 shall apply with revised latest dates as follows

Item	Latest Date	Action
4.	15 February 2006	<b>Annual Bid detailed 1-year programme and financial profile</b> – the Operating Company shall submit an annual Bid for the next Financial Year together with a detailed 1-year programme and financial profile.
5.	15 March 2006	<b>Orders</b> – the Director shall have issued sufficient Orders to the Operating Company to allow prioritised Operations to be undertaken within the next Financial Year.
6.	15 March 2006 onwards	<b>Orders</b> – the Director shall at his discretion issue Orders to the Operating Company for the remaining Operations which he requires to have undertaken.  Schemes shall be the subject of Orders for tender and construction during the year depending upon the progress made by the Operating Company in progressing the Design element associated with such Schemes.

2.7.3 The Operating Company shall when submitting its detailed 1-year programme submit to the Director within the timescale referred to in paragraph 2.1.3 of this Part 1 of this Schedule 4 a Bid for the next Financial Year which complements the detailed 1-year programme.

This shall be in a format similar to that shown at Annex 4.1/C of this Part 1 of this Schedule 4.

2.7.4 Each Scheme within a Bid shall have a unique reference number the Scheme Identifier which shall be allocated automatically by the Contract Control and Management System.

2.7.5 A Bid for a Scheme shall include all of the costs of the Scheme including but not limited to costs for

- (i) investigation
- (ii) land acquisition
- (iii) preparation of road orders
- (iv) Design
- (v) Site Operations
- (vi) supervision and
- (vii) any other associated costs.

It shall not include Value Added Tax or the costs of Contract Price Fluctuation.

2.7.6 Paragraph 2.1.2.1 of this Part 1 of this Schedule 4 refers to the Annual Cycle for the submission of Bids.

Although there shall be an annual Bid which the Operating Company shall submit to the Director on or before 15 November of each Financial Year, further Bids may be submitted by the Operating Company at any time during the Financial Year.

Generally further Bids submitted during the Financial Year shall relate to amending existing Bids either in terms of work content or value but may relate to additional Schemes.

2.7.7 The Operating Company shall for each Work Code within Work Series 0300 submit

(i) a Bid to cover those proposed Operations which shall be of a reactive nature and which result from inspections undertaken by the Operating Company.

These Operations shall generally relate to Category 1 Defects and

(ii) individual Bids for individual Schemes for those Operations which shall be planned in advance.

## **2.8 Value Management and Value Engineering Exercises**

2.8.1 Where the estimated value of a Scheme shall be greater than £1.5m where the Director has issued an Order and in other cases where the subject of an Order a Value Engineering and Value Management Exercise shall be carried out in accordance with the Scottish Executive Development Department Transport and Planning Group Value for Money Manual.

## **3 THE OPERATING COMPANY'S GENERAL OBLIGATIONS FOR PROGRAMME AND BUDGET PREPARATION**

### **3.1 Staffing**

3.1.1 The Operating Company shall nominate a Budgetary Expenditure and Control Manager.

3.1.2 The Operating Company shall train staff in programming and budget preparation and shall ensure that there shall be sufficient staff trained to cover key activities to satisfy the requirements of this Part 1 of this Schedule 4.

The procedures for such training and the like shall be included within the Quality Management System including the Quality Plan.

### **3.2 Procedures**

3.2.1 Delegated Responsibility and Procedures

3.2.1.1 Notwithstanding any other provisions of this Contract the Operating Company shall identify individual delegated specific responsibility by postholder for all elements of programme and budget preparation.

Where there shall be such delegated responsibility, suitable procedures for its execution shall be instituted and maintained in the Quality Management System including the Quality Plan by the Operating Company.

3.2.2 Procedures for Bid Preparation

3.2.2.1 Notwithstanding any other provisions of this Contract the Operating Company shall institute and maintain written financial procedures as part of the Quality Plan

to ensure that the preparation of estimates for Bids shall be controlled and records shall be maintained which shall provide an audit trail for all of the information contained on such Bids.

To ensure that the funds allocated for Operations shall be maximised it shall be essential that initial estimates and any revised estimates shall be as accurate as possible.

Bids shall reflect the genuine pre-estimate of the value of the Operations and Works and shall not include contingencies.

## **SCOTTISH MINISTERS' REQUIREMENTS**

### **SCHEDULE 4 PART 1**

#### **PROGRAMME AND BUDGET PREPARATION**

##### **ANNEX 4.1/A – 3-Year Programme**

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## 3 YEAR PROGRAMME EXAMPLE

**Key: I Investigation, D Design, C Construction, R Retention**

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In the Costs columns O relates to Operations and W relates to Works

## PMS – Pavement Management System

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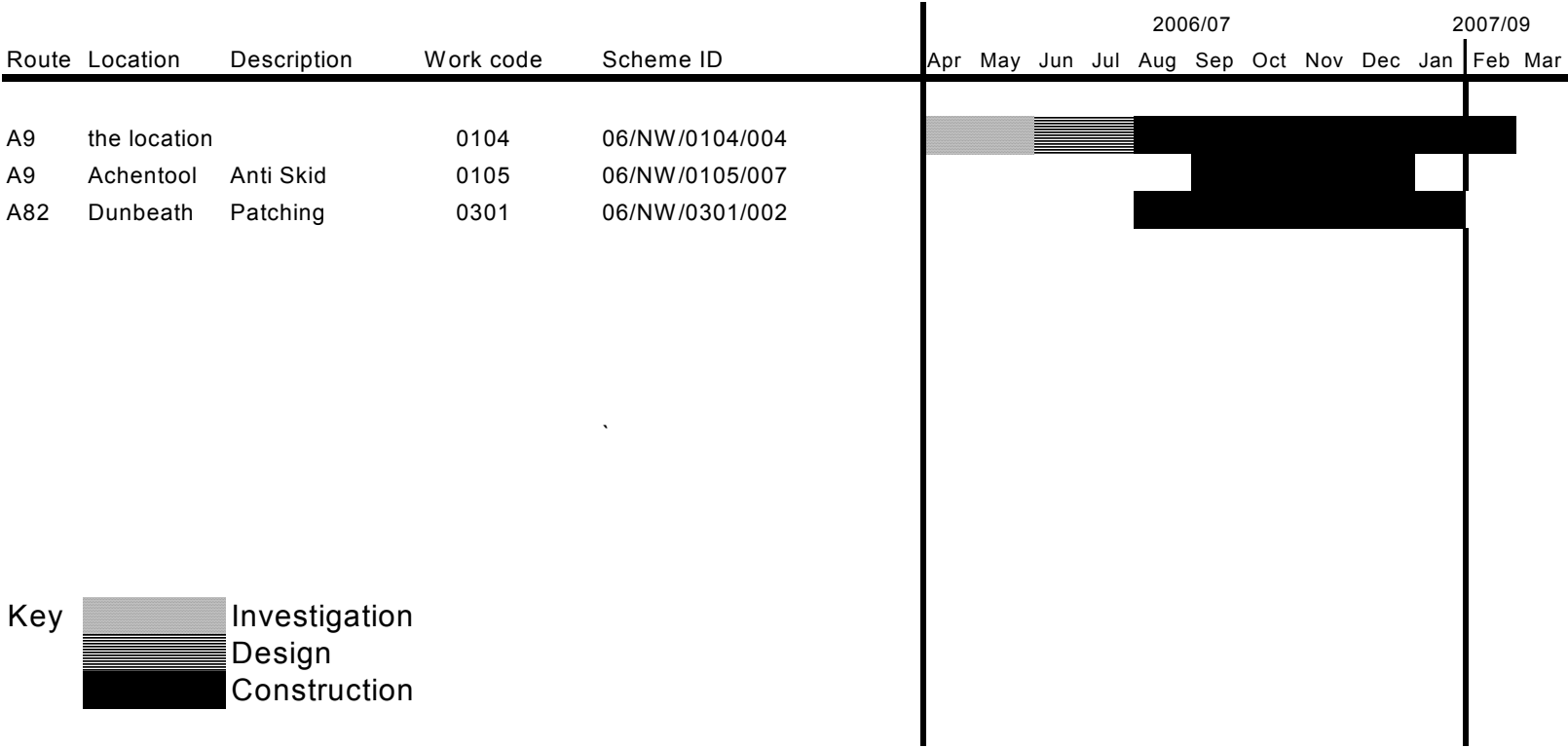
**SCOTTISH MINISTERS' REQUIREMENTS**

**SCHEDULE 4 PART 1**

**PROGRAMME AND BUDGET PREPARATION**

**ANNEX 4.1/B – 1-Year Programme and Financial Profile**

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1 YEAR PROGRAMME EXAMPLE

ANNEX 4.1/B

## Programme for Cyclic Activities

Route	Description	Work code	Scheme ID	2006/07												2007/08	
				Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar		
A9	Gullies	0208	06/NW/0208/001														
A9	Grass Cutting	0208	06/NW/0208/001														
A9	Bulk Change Lamps	0208	06/NW/0208/001														
A82	Gullies	0208	06/NW/0208/001														
A82	Grass Cutting	0208	06/NW/0208/001														
A82	Bulk Change Lamps	0208	06/NW/0208/001														
A86	Gullies	0208	06/NW/0208/001														
A86	Grass Cutting	0208	06/NW/0208/001														
A86	Bulk Change Lamps	0208	06/NW/0208/001														

<OPERATING COMPANY>

Year .....

Financial Profile

Scheme ID	Route	OC/WC	Contract Description	Work Code	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total Operation Cost (£)	Total Works Cost (£)	Total Cost (£)
		OC																	
		WC																	
		OC																	
		WC																	
		OC																	
		WC																	
		OC																	
		WC																	
		OC																	
		WC																	
		OC																	
		WC																	
		OC																	
		WC																	
Total					£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00

## Discrete Schemes

Year .....

## Operations Programme

CARRY OVER/RETENTIONS													
Route	Scheme I.D.	Contract Description	Work Code	Start Design & Document Preparation	Design Complete (%)	Documents sent to PAG	Tender Issue	Award Works Contract	Start Operations or Works	Complete Operations or Works	Final Invoice /Statement Submitted	Current Year Estimated Costs	

## **SCOTTISH MINISTERS' REQUIREMENTS**

### **SCHEDULE 4 PART 1**

#### **PROGRAMME AND BUDGET PREPARATION**

##### **ANNEX 4.1/C – Bids**

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## **SCOTTISH MINISTERS' REQUIREMENTS**

### **SCHEDULE 4 PART 1**

### **PROGRAMME AND BUDGET PREPARATION**

#### **ANNEX 4.1/C**

##### **Bids**

This Annex describes the standard Bid reports to be generated by the Contract Control and Management System. There shall be 4 basic reports

- (i) Top Level Bid Report (Work Series level)
- (ii) Intermediate Bid Report (Work Code level)
- (iii) Detailed Bid Report (Scheme details) and
- (iv) Scheme Information Report

#### **1. TOP LEVEL BID REPORT (WORK SERIES LEVEL)**

This report lists all the Work Series (0100, 0200, ... 9800) and shows the sum of all of the Schemes within each Work Series.

This report shall show information in accordance with the following example:

Work Series	Work Series Description	Value of Bid
0100	Roads - Structural Pavement Maintenance	£2,000,432.00
0200	Roads - Cyclic Maintenance	£6,125,254.00
.	.	.
.	.	.
.	.	.
9800	Roads and Bridges - Damage to Crown Property	£2,587,521.00

#### **2. INTERMEDIATE BID REPORT (WORK CODE LEVEL)**

This report lists all the Work Codes within a particular Work Series and shows the sum of all of the Schemes within each Work Code.

This report shall show information in accordance with the following example:

Work Code	Work Code Description	Value of Bid
0301	Patching Flexible Roads	£10,432.00
0302	Patching Concrete Roads	£125,254.00
.	.	.
.	.	.
.	.	.
0318	Graffiti removal	£87,521.00

### 3. DETAILED BID REPORT (SCHEME DETAILS)

This report lists all the Schemes within a particular Work Code.

This report shall show information in accordance with the following example:

Work Code	Scheme ID	Route	Description	Value of Bid
0104	01/NW/0104/001	A82	Resurface Auchentool Slips	£10,432.00
0104	01/NW/0104/002	A99	Resurface Dunbeath Craggs	£125,254.00
.			.	.
.			.	.
.			.	.
0104	01/NW/0104/011	A87	Resurface Portree Road end	£87,521.00

### 4. COMPLETE SCHEME INFORMATION REPORT

This report lists all the details logged regarding a particular Scheme.

No example has been given. However, all the fields that have been entered for a Bid shall be shown.

There shall be a facility on this report to view the complete history of a particular Scheme.