



Review of recent press statements regarding SPT

Committee Audit and Standards

Date of meeting 26 November 2021 **Date of report** 27 August 2021

Report by Director of Finance / Audit & Assurance Manager

1. Object of report

To provide the committee with the outcome of an investigation into the substance, or otherwise, of the recent statements made in the press regarding the management of SPT business activities which were contained within articles on the conduct of the former Chief Executive.

2. Background

The reputation of Strathclyde Partnership for Transport and the trust the public have in its integrity is of great importance. The Code of Conduct for Employees sets out the minimum standards of conduct for employees that, when followed, ensure that SPT's reputation and integrity is maintained. This code is founded on the now well established principles of public life and is consistent in that regard with all other public service organisations.

The standards which are expected in SPT are based upon the seven (7) principles set out by the Nolan Committee on Standards in Public Life. These are:

- Selflessness;
- Integrity;
- Objectivity;
- Accountability;
- Openness;
- Honesty; and
- Leadership.

SPT regularly reminds staff of their responsibilities under the Code of Conduct, including with the provision of training on the Code. All staff members are reminded that adherence to the Code is a matter of personal responsibility for the individual.

If an employee contravenes these principles then this could result in disciplinary action being taken against them. The seriousness of the disciplinary action taken will reflect the seriousness of the breach of the code. It must be understood that the fundamental principle

on which this code is based is that of mutual trust and confidence between SPT and its employees. Therefore, if a breach is of sufficient seriousness a complaint of gross misconduct could result.

Members will be aware of the allegations made in the press regarding the conduct of the former Chief Executive. These allegations included matters which are rightly a matter for Police Scotland to investigate. However, it is important that any suggestion pertaining to SPT activity or process / controls is reviewed by SPT, and if necessary and identified, any flaw in SPT controls is addressed.

A number of media outlets covered the allegations initially made by the Sunday Mail, including BBC website and television news bulletins, STV website, Evening Times, the Scotsman et al.

The Sunday Mail article from 15 August 2021 can be found at:

<https://www.dailyrecord.co.uk/news/scottish-news/scots-public-transport-boss-gordon-24762417>

Following the announcement of the former Chief Executive's retirement, media outlets published follow-up articles over the weekend of the 21 and 22 August 2021.

The follow-up Sunday Mail article from 22 August 2021 can be found at:

<https://www.dailyrecord.co.uk/news/scottish-news/shamed-scots-transport-boss-oversaw-24810969>

3. Response to these statements

In light of the serious allegations made and the reputational impact on SPT, the former Chief Executive was suspended with immediate effect on Sunday 15 August 2021 until his retirement on Friday 20 August 2021.

An internal investigation has now been conducted into the statements made in the press. The findings of this internal investigation are outlined below, covering each of the published statements.

Use of 131 office Car Parking facilities

There are 4 parking spaces in the basement of the 131 office. The former Chief Executive used this facility on occasion to commute to work, particularly during the pandemic. There is no suggestion of wrong doing in the use of the car park – the issue of the legality of the vehicle is a matter for Police Scotland to determine.

Accuracy of Responses provided to the reporter

The responses provided to the reporter by the former Chief Executive were his own words and were not made by nor on behalf of SPT and, as stated above, is a matter for Police Scotland.

Members are advised that SPT gave an initial response prior to the publication of the allegations on Sunday 15 August 2021, based on the limited information provided by the publication at that time.

Directorships

Companies House records show that the former Chief Executive has been a Director of Millar Motors Ltd. since May 1997, which pre-dated his employment with SPT. Our records also show and has been reported previously, that he was previously also part owner of the business. This business has not had any relationship with SPT.

This external role was declared in the Register of Interests and has been since the start of his employment with SPT. The Register of Interest entry denotes his role as Director is unremunerated.

Companies House records show that the former Chief Executive was a Director of Allied Vehicles Group Ltd. from 6 March 2020 to 16 August 2021. The entry to the Register of Interests denotes this was in a non-executive role, and was unremunerated.

This external role was declared in the Register of Interests on 6 March 2020.

Prior to this, the Register of Interest included an entry to acknowledge that the former Chief Executive undertook an informal business advisor role which had commenced prior to his employment with SPT. Again, this role was unremunerated. It is understood that agreement to this was given at the time of his employment with SPT in 2006, and has previously been reported on.

Purchase of buses/minibuses

The Partnership (2008) previously approved a policy of investing in a SPT bus fleet which resulted in SPT establishing a SPT bus fleet including minibuses and adaptable buses between 2008 and 2017 to support MyBus, Subsidised Local Services and Community Transport service delivery initiatives.

Members will recall that the principle objective of this policy was to help improve the standard of public service vehicles operating in the SPT area, and particularly the standard and quality of bus fleet utilised on MyBus and supported local bus services. A secondary objective in addition to the improved quality was to control the costs of these services at the point of tender, by making available an asset to be utilised.

The premise of the bus fleet initially was that vehicles were leased to operators for the duration of a tendered service, and bus replacement took place on the basis of up to 7 years/250,000 miles.

Note: some tendered bus routes accumulated circa 100,000 miles per annum.

The table below identifies the total fleet and supplier – all purchases were approved by the Partnership or relevant Committee.

Table 1: Adaptable buses purchased between 2008 and 2017

| Number of buses purchased | Supplier |
|---------------------------|------------------------------|
| 10 | Alexander Dennis Limited |
| 16 | Allied Vehicles Limited |
| 46 | Bluebird Vehicles Limited |
| 52 | Optare Group Limited |
| 18 | Trailertech Services Limited |
| 8 | Wrightbus Limited |
| 150 | Total |

Note: no buses have been purchased from Allied Vehicles Limited since 2010.

The operational arrangements include provision for the end of a bus lease or the end of a previous contract for service. In both instances the bus is returned to SPT and SPT officers, utilising FTA inspections, will assess the condition of the bus. Depending on the vehicle condition, the vehicle is either offered as part of a subsidised (local or MyBus) contract award to an operator to extend whereby they enter into a lease agreement or the vehicle is sold in accordance with the Financial Regulations, utilising external valuers.

Vehicles of different specifications were purchased at a range of costs dependent on the exact specification. This ranged from buses purchased for between £73,943 - £228,200. Disposals were then transacted after the lease agreement had expired, in accordance with the Financial Regulations, for an amount determined by their condition, mileage and the prevailing bus market. Disposal methods include sale offered to the bus market by means of quotations, transfer to the operator in line with the contract agreement, and donation to community transport operators in support of their services. As noted disposal proceeds are dependent on various factors and disposal proceeds have ranged from nil to £42,500, all entirely dependent upon the mileage, condition and market conditions.

An internal review of the success of this bus fleet initiative was conducted in 2016 and determined that while the objectives of the policy were desirable, the operational difficulties relating to maintaining these assets to the highest standards left SPT exposed to increased costs, and thus no further vehicles have been purchased since 2017. As at the date of this report, SPT has ownership of 52 vehicles which are utilised across a number of services, and have a variable estimated remaining life in service up to 2027 and therefore remain in active use in support of bus service provision across a number and range of contracted bus services.

Reports were presented to and approved by the Operations committee and Partnership on the purchase(s) of adaptable buses between 2008 and 2017.

Allied Vehicles Limited Expenditure

As outlined above, SPT purchased 150 adaptable buses between 2008 and 2017 from various suppliers/manufacturers including Allied Vehicles Limited, as outlined in Table 1 above. Purchase of vehicles followed the required tendering processes at that time. The purchase of these 16 vehicles between 2009 to 2010 pre-dated the former Chief Executive becoming an unremunerated Director of Allied Vehicles Group Ltd. from 6 March 2020 to 16 August 2021. The procurement process was also independent of the Chief Executive, thus minimising the potential for a conflict of interest.

SPT has incurred approximately £140k of expenditure over the past 10-year period to Allied Vehicles Limited, as follows:

- 2017 – the purchase of two vans (£41k) via the Governments Commercial Contract Framework following a full public procurement process;
- 2012 - £19k to adapt the then SPT bus fleet to higher Euro 5 standard and associated parts to maintain compliance;
- 2012 – a £20k maintenance contract in support of Community Transport vehicles;
- over the last 10 years a further £60k expenditure on over 100 bus fleet and SPT pooled vehicles for maintenance, repairs, MOT etc. These have been procured following a quotation process when appropriate. This includes a sum of £11,734 since March 2020.

All orders and procurement were conducted and approved at an operational level as appropriate.

Removal of Furniture from Consort House

SPT moved to the 131 office in 2016 to allow Consort House to be demolished, by Network Rail, as part of the redevelopment of Queen Street rail station. The sale agreement included the requirement for the building to be emptied of all moveable contents in a very short timescale. A small amount of serviceable office furniture was taken to the new building where it was of workable condition and sizing was compatible with the reduced floor space of the new building.

Although officers responsible for the organisation of the office move and clearance of Consort House are no longer employed by SPT, we understand that to avoid the cost of scrapping and landfill, and the limited time available immediately preceding the sale date, on behalf of SPT furniture was made available to several charities and community groups to aid the clearance process, and we understand this also included Allied Vehicles Limited.

Reference to Expense Claims

A number of officers, including the former Chief Executive, travelled to and stayed in various countries as part of the procurement process for the Subway rolling stock, signalling and associated systems contract to gather information on technical specifications, timelines, and tenderers to inform the evaluation process.

A corporate travel agent was used to arrange and co-ordinate international travel arrangements and associated hotel accommodation for officers.

An initial report on site visits was presented to and noted by the Partnership at its meeting of 9 May 2014. A full and detailed report on Subway Modernisation and award of contract was presented to the Partnership at its meeting of 12 February 2016.

Detailed reports on expenses/foreign travel were presented to Audit and Standards committees in 2010, 2011 and 2012 following an investigation by external audit into a number of allegations which were widely reported at the time. Remedial actions were implemented where required and reported to committee at that time.

Since that period reporting on expenses has consisted of presentation of a report on Members and Directors expenses to every meeting of the Audit and Standards committee and cyclical regularity audits. In total, 49 reports related to expenses have been presented to Audit and Standards since 2010.

In addition, all details of foreign travel have been published annually on SPT's website since 2010/2011 as part of the Public Services Reform Act Reporting.

4. Committee action

The committee is asked to consider SPT's investigation into the substance of the recent statements made in the press regarding the management of various SPT activities and note that SPT business activities have and continue to be presented to the Partnership and committees as a matter of course.

5. Consequences

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|-------------------------|--|
| Policy consequences | <i>In accordance with the Code of Conduct for Employees.</i> |
| Legal consequences | <i>None directly.</i> |
| Financial consequences | <i>None directly.</i> |
| Personnel consequences | <i>Individual matters are investigated.</i> |
| Equalities consequences | <i>None directly.</i> |

Risk consequences

None directly.

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