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Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref

Darren Millar
Chair
Public Accounts Committee

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Dear Darren

I am writing to provide you with a copy of the Welsh Ministers' response to the Public Accounts Committee report *Value for Money of Motorway and Trunk Road Investment*, which will be laid before the Table Office.

On behalf of the Cabinet, I would like to thank you and the Committee for the careful and considered way in which you undertook the investigation and produced the report.

Edwina Hart

Response to the Report of the National Assembly for Wales Public Accounts Committee on Value for Money of Motorway and Trunk Road Investment

We welcome the findings of the report and offer the following response to the 18 recommendations contained within it.

Recommendation 1

The Committee recommends that the Welsh Government engage with the industry to understand its needs and ensure that information provided on the trunk road project pipeline is accurate and up-to-date.

Accepted. The Welsh Government will maintain a rolling programme of bi-annual supplier events to ensure the construction industry supply chain has access to accurate and up to date information on its pipeline of transport projects. Supplier events will be used to provide updates on procurement policies and in turn receive feed back on current practices. Welsh Government will establish regular engagement with representative bodies such as the Civil Engineering Contractors Association and the Association of Consulting Engineers.

Recommendation 2

The Committee recommends the Welsh Government should publish a clear prioritised list of all trunk road projects, with indicative dates. This list should include information on the current status of the projects and should be refreshed regularly, with reasons given for any change in status and priority.

Accepted. A delivery schedule is set out in the National Transport Finance Plan and reflects the current assumptions about the delivery profile of each scheme. The Schedule notes these may be subject to change, recognising that statutory processes that must be completed and the need to be responsive to changing circumstances. The Plan contains an annualised delivery period for each year for the first five years. The delivery schedule will be regularly reviewed and updated as the delivery profile for specific schemes becomes clearer.

Recommendation 3

The Committee recommends the Welsh Government publishes details of the scope, approach and timetable for the review of the Welsh Transport Appraisal Guidance (WelTAG), including the approach to consultation, and publishes the outcome of the review once completed.

Accepted. The Welsh Government are currently undertaking a thorough review of all areas covered within WelTAG in the light of the experience of its use since 2008, the major revisions in the complimentary DfT guidance now known as WebTAG 2, the Aqua book recently published by HM Treasury and the forthcoming revision to the HM Treasury Green Book. This approach will ensure that the guidance sets out clearly a thorough process for the appraisal and evaluation of transport interventions, including qualitative and quantitative analysis where appropriate of social, environmental and economic impacts. The draft guidance will be produced by the end of 2015. Consultation would follow in 2016.

Recommendation 4

The Committee recommends the Welsh Government undertake a review to understand the factors leading to cost overruns on lower value projects and consider whether Early Contract Involvement (ECI), or the principles of ECI, might improve performance on projects with a value of under £18 million.

Accepted. The Welsh Government will undertake a full review of lower value construction contracts to investigate opportunities for the optimum use of ECI principles. The review will be complete by the end of 2015 and the roads procedures guidance updated where appropriate.

Recommendation 5

The Committee recommends that the Welsh Government explores all possible avenues to improve engagement with statutory undertakers, including legislative tools and further engagement with the UK Government. We ask that the Welsh Government report back to the Committee in the autumn term on how its work in this area is progressing

Accepted. The mechanisms for scheme delivery are covered in New Roads and Streetworks Act (NRSWA) 1991 and Traffic Management Act (TMA) 2004. The major obstacle to successful co-ordination is the failure of some highway authorities to notice their own works. This is being addressed and Welsh Government encourages all local highway authorities to notice their own works and this is written into the draft street works strategy. Welsh Government will write to all local highway authorities to instruct them to do this in compliance with the TMA by the end of September. All works are discussed at the regional co-ordination meetings, which are generally well attended. Welsh Government will investigate other tools to enhance the co-ordination of all works, for example, websites. For major projects, the utilities have 5 year plans which are available and they already submit forward planning notices which identify these schemes in the co-ordination mechanism. In future and where possible WG still submit forward planning notices to alert utilities to proposed schemes. The committee will be provided with a report on progress in the autumn.

Recommendation 6

We are concerned that the current balance between planned and reactive maintenance may not be appropriate, and note SWTRA's comments regarding the impact of financial constraints on both the deterioration of the condition of the road network and the number of unplanned repairs leading to inefficient use of resources. The Committee recommends that the Welsh Government clearly identify the reasons for the recent deterioration of the trunk road network and publish a plan to address these issues and reverse this deterioration within a defined time period.

Accepted. Officials continually monitor the condition of the motorway and trunk road network through an annual programme of condition surveys and inspections. This data is used to identify sections of the network requiring maintenance and establish the cause of the deterioration. This then informs the development of a forward programme of work to achieve the Welsh Government's target of not more than 8% of its network length requiring maintenance. The maintenance programme for 2015/16

is currently underway and the programme for 2016/17 will be finalised by the end of the financial year.

Recommendation 7

The Committee recommends that, in preparing the plan recommended above, the Welsh Government should set out clearly how it will achieve an effective balance between planned and reactive maintenance, and between major projects (new roads or major improvements) and maintenance of existing trunk roads, in the future.

Accepted. To assist with identifying and prioritising future road improvements, we will set out service standards and performance for the trunk and motorway network based around a corridor approach, and develop an assessment criteria that considers the whole life costs of the network. This work will be completed in early 2016.

Recommendation 8

The Committee recommends the Welsh Government ensures that there is consistency between the policies of the North Wales and South Wales Trunk Road Agents.

Accepted. Officials are already working to develop all-Wales policies. The overriding aim is to have all-Wales documents with, where appropriate, local variations to cover specific matters by the end of 2016/17. All Wales service level agreements (SLAs) are being developed for use by the trunk road agents in procuring the services of their suppliers. The SLAs will be in place by the start of the new financial year.

Recommendation 9

The Committee recommends that, as part of the on-going review of Trunk Road Agents, the Welsh Government should consider the advantages and disadvantages of establishing a single Trunk Road Agent and whether this could provide a more consistent approach to delivery of functions across Wales and improved value for money.

Accepted. A single Trunk Road Agent delivery model is one of the options being considered under the ongoing review of the Trunk Road Agents. The findings of that review are to be published in autumn 2015.

Recommendation 10

The Committee recommends that accountability for the planning and delivery of minor improvement schemes via Trunk Road Agents and their local authority and other organisational partners be clarified and publicised so that it can be clearly understood by members of the public.

Accepted. Welsh Government will provide information on accountability for the planning and delivery of minor improvement schemes on the trunk roads. This will include clarity on legislative responsibilities and delegations, details of agreements and of contractual arrangements. This information will be in place by the end of 2015.

Recommendation 11

The Committee recommends that options for longer-term funding periods to allow better planning of maintenance works should be considered as part of the review of Trunk Road Agents. The Welsh Government should monitor the effectiveness of the five-year budget cycles used to fund Highways England.

Accepted. Options for longer term funding periods including monitoring of the effectiveness of the Highways England funding model will be taken forward in parallel to the Trunk Road Agent Review with the objective of implementing interim recommendations from 2016/17. Any final recommendations will be implemented from 2017/18 after sufficient time has passed to properly evaluate the outcome of the Highways England approach.

Recommendation 12

The Committee recommends the Welsh Government explores alternative methods of funding, including private investment, in schemes which offer the use of priority or freight lanes in congested areas. Any schemes considered by the Welsh Government should be subject to robust business planning, including a full cost benefit analysis

Accepted. The Welsh Government approach to freight is to increase modal shift to rail while recognising that road freight will retain a significant role. Investment in transport projects will take place where there is a sound and robust business case and will draw on a number of funding sources. Sources available are:

- Welsh Government transport department capital and revenue budgets
- Welsh Government central capital, in support of the Wales Infrastructure Investment Plan
- Joint funding with the wider Economy Department or wider Welsh Government Borrowing, including early access to borrowing
- Innovative finance (including use of the Non-profit Distributing (NPD) investment model)
- European Structural funds
- Rural Development Plan
- Other European funding sources, local government or other public sector bodies
- Enabling local government borrowing
- UK Government funding for non-devolved areas of transport, research councils, universities, the transport catapult and others
- Private sector investment, National Lottery and other sources of funding
- Income from land or commercial developments. The relevance of the various potential funding sources will vary depending on the nature of the specific scheme.

Recommendation 13

The Committee recommends that the Welsh Government's response to this report sets out clearly the steps remaining for implementation of an effective information management tool for trunk road improvement projects, management of maintenance programmes and monitoring of network condition. This should include the timeframe for each step and the deadline for full implementation

Partially Accepted. The Welsh Government will work to host it's current information management tool for major road projects on the Welsh Government IRIS information

management system. This will be available to trial and fully implement in the 2016/2017 financial year.

Recommendation 14

The Committee recommends the Welsh Government undertakes an industry wide capability and competence audit across the private and public sector in Wales and sets out its approach to addressing any gaps identified.

Accepted. A detailed study of known construction companies in Wales is proposed to identify any construction skill gaps. A quantitative assessment of the capability of the sector across all trades will be reviewed against the announced projects in Wales. A labour forecasting tool will be developed in conjunction with CITB for major transport and energy related infrastructure. Construction Futures Wales (CFW) is designed to improve the performance and sustainability of Welsh construction companies. Companies involved in major projects in Wales will be identified and supported to develop their capability, capacity and their skills base. Construction apprentice opportunities can be supported through Welsh Governments CFW partners, the Construction Industry Training Board (CITB). This will completed by summer 2016.

Recommendation 15

The Committee recommends the Welsh Government develop a means of monitoring and reporting on performance in co-ordination, communication etc. of road works and management of incidents to allow the effectiveness of the approach taken to be understood. This should include regular reporting on the volume of complaints and publication of such data in the public domain.

Accepted. Much of this data is collected as a matter of routine business. Welsh Government officials will make recommendations on the publication of the data in formats suitable for the public to digest. This data will be placed in the public domain. Configuration of the data will require some system additions and these will be designed this year with implementation in 2016/17.

Recommendation 16

The Committee recommends the Welsh Government continue to monitor the trial of screens on the M4 toll gates to Junction 35, to maintain the integrity of crash sites and mitigate against drivers trying to view the aftermath of a traffic accident and report back to the Committee on their success.

Accepted. The trial will continue. Since the trial began there have been no incidents where the use of the screens would have provided benefit. A set of screens is also to be deployed to the A55 as a trial. The screens for the trial are on loan from Highways England and thus the length of the trial is dependent upon continued loan. Officials envisage the trial to be a 3 years such that sufficient data can be gathered in terms of the number of times the screens have been deployed. A report will be sent back to the committee at the end of each financial year.

Recommendation 17

The Committee recommends the Welsh Government engages with road users and their representative organisations to better understand and address concerns about communication and co-ordination of local road works and management of incidents

Accepted. Welsh Government will engage further with road user representative organisations. We will also review the role of Transport Focus in England and monitor its outcomes and will implement them as appropriate, by the end of the current financial year.

Recommendation 18

The Committee recommends that the Welsh Government improves its communication and co-ordination with Highways England regarding road works and schemes that have an impact on both sides of the border and ensure information is made available to the public.

Accepted. Welsh Government officials will develop existing relationships with the Department of Transport and Highways England to ensure there is an effective communication framework to co-ordinate cross border transport matters. Relationships will be developed via existing forums at which Welsh Government presence has been restricted of late. Officials will also ensure attendance at specific area based cross border meetings and at scheme specific meetings. Any information will be placed in the public domain.