# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

|  |  |
| --- | --- |
| **TITLE**  | **A465 Dualling Section 2 (Gilwern to Brynmawr) Project Update** |
| **DATE**  | **13 February 2020** |
| **BY** | **Ken Skates, Minister for Economy and Transport** |

Further to my statement in [April 2019](https://gov.wales/written-statement-a465-section-2-gilwern-brynmawr-update), I wanted to update members on progress with this project, which continues to present significant construction challenges.

It is now more than 85% complete, with construction of over 7.5 miles of retaining walls and 15 bridges, following excavation of 1.3 million m3 of material and laying of 16,000 m3 of concrete, in addition to the planting of some 30,000 trees.

In my April statement, I referred to some particular difficulties in relation to an unstable slope, which had the potential to affect the programme end date. This remains the case and Costain have since advised that the works to build a retaining wall is taking longer than they initially envisaged. Consequently, they have extended the programme end date to April 2021. This has impacted on completion of the eastern section from Gilwern to Saleyard, which had been scheduled for December 2019.

I am obviously very disappointed by this further delay and have asked the project team to continue to explore what can be done to bring forward these programmed dates. However, the scheme budget remains in line with my April statement, with no further increase despite this latest delay.

I recognise the public interest in this scheme and that latest developments will be of concern to road-users, particularly those living and working along the route. However, I expect the need for further road closures to reduce in line with the nature and extent of the remaining works.

Wales Audit Office (WAO) will shortly be publishing a factual report into the commercial aspects of the scheme. My officials have been fully engaging with WAO staff to enable the auditors to understand the development of the project and its commercial position.

I remain confident that this ambitious and complex scheme will bring significant benefits to the region, supporting the work of the Valleys Task Force.

It is worth remembering that over 65% of the project spend to date has been with Welsh companies, that 74% of the workforce are from Wales and that, 270 new jobs have been created and 69 new apprentices trained. Once complete, the project will improve access to key public services and jobs and complete a dual carriageway between the English midlands and the Heads of the Valleys, including the Ebbw Vale Enterprise Zone.

Members will wish to note that Welsh Government continues to be in dispute with Costain on a number of matters around the allocation of risk in the contract. While the details of this dispute remain confidential, I can advise that a recent arbitration decision reversed a decision previously found in favour of Costain.

I wish to reassure Members that measures are in hand to safeguard timely delivery of the final two sections of the A465 Heads of the Valleys Dualling project between Dowlais and Hirwaun (Sections 5 & 6), which is being progressed as a single project using Welsh Government’s Mutual Investment Model (MIM). The process of procuring a private sector partner for the project is ongoing and is expected to be complete by the summer of 2020.

The MIM contract is a bespoke contract that is fundamentally different to that currently being used on Section 2. However, the Section 2 environmental best practice and community benefits have been further developed and incorporated into the new contract.

MIM is a fixed price lump sum contract to deliver the required services. Under MIM, Welsh Government will not pay for this service until it is operational, incentivising the contractors to deliver to programme. The risk of cost increase and programme delays sits with the appointed service provider who will be penalised if stringent operational requirements aren’t met.

The contract includes strict restrictions on the management of traffic while the road is being built, on both the A465 and local roads. Bidders’ tenders will be evaluated on how well they meet these contractual commitments and will incur penalties if they do not.

Members will wish to be aware that my officials are working proactively, in partnership with elected members of local authorities and a range of public interest groups, to pull together a package of potential legacy projects for the local communities along the route. I would urge anyone who has ideas for suitable projects to engage with this work, via the relevant local authority.

The project team will work with partners to identify a meaningful, deliverable package of measures, in line with the project objectives. The aim is for these to be delivered outside the main construction contract, either in parallel with remaining construction on the A465, or once construction is finished.

My officials will be offering a technical briefing to Members, to supplement this statement, details of which will be circulated shortly and I am, of course, happy to take questions.