

Adran yr Economi, Gwyddoniaeth a Thrafnidiaeth
Department for Economy, Science and Transport

Cyfarwyddwr Cyffredinol • Director General



Llywodraeth Cymru
Welsh Government

Darren Millar AM
Chair – Public Accounts Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

7 April 2015

Dear Mr Millar

Value for Money of Motorway and Trunk Road Investments

Further to my letter of 20 March, I am pleased to provide in the attached paper our responses to the outstanding requests for additional information sought by your Committee ahead of its meeting on 21 April.

Yours sincerely

A handwritten signature in black ink that reads "James Price" with "(J R PRICE)" written below it in a smaller, less legible script.

James Price

PUBLIC ACCOUNTS COMMITTEE: VALUE FOR MONEY OF MOTORWAY AND TRUNK ROAD INVESTMENT.

Response to further Questions

Question 1: Information on major trunk road schemes currently under construction, including costs at KSA3, KSA6, latest cost estimate and the current stage of developments (i.e. where it is in the key stage process) and the current estimated final outturn cost and timings.

Please see the attached table at Annex 1.

Information on any future planned major trunk road schemes and the Welsh Government's approach to prioritisation of future schemes in the context of its published budget.

Please see the attached table at Annex 2.

The draft National Transport Plan details a number of schemes and interventions that we propose to take forward. The consultation on the draft plan closed on 11 March and a final draft National Plan will be published later in the Spring following consideration of the responses received. The final Plan will detail the schemes and projects we will be taking forward through a "delivery schedule".

We have a very clear focus on ensuring value for money and driving efficiency. Assessment of the value for money provided by transport schemes involves evaluating the social, environmental and economic impacts.

The Welsh Government follows an evidence based approach for understanding the performance of the transport system, assessing the need for intervention and considering the social, environmental and economic impacts of our plans for the transport system.. These provide consistent and comparable information across the whole of Wales for the transport system and guide our interventions

The general principles that informing our approach are set out in a) to d) below:

- a. The case for any intervention or specific project proposed should be backed by clear evidence of an issue(s) that needs to be addressed and evidence that the intervention or project will actually be effective in addressing that issue(s).
- b. A project will only be progressed if it supported by a viable business case. That business case should be proportionate to the level of investment involved and must be properly validated.
- c. Where a evaluation or other evidence suggests an intervention or project is not being delivered effectively and / or will not deliver the anticipated benefits, this will be investigated and the intervention or project halted if that is the most appropriate and cost effective solution.

PUBLIC ACCOUNTS COMMITTEE: VALUE FOR MONEY OF MOTORWAY AND TRUNK ROAD INVESTMENT.

Response to further Questions

- d. All projects will be evaluated and the benefits delivered recorded and tested against the businesses case.

Any procurement undertaken adheres to the Wales Procurement Policy Statement, including delivering community benefits.

Consideration given to freight handling issues, consolidation centres and reserved lanes for freight.

The Minister for Economy, Science & Transport convened the Freight Task & Finish Group in 2013 to advise on key freight challenges facing Wales and interventions that should be prioritised by the Welsh Government.

The group comprised key industry experts and representatives, including the Freight Transport Association, the Road Haulage Association, Rail Freight Operators and ports and its remit covered all freight modes. The group recognised the need to support a substantive modal shift from road to rail in Wales and that an increase in the number and type of distribution and consolidation centres in Wales was necessary for this to make commercial sense.

The group reported in Spring 2014 with 24 recommendations.

<http://gov.wales/topics/transport/freight/wales-freight-group/?lang=en>

Breakdown costs of Traffic Wales.

Please see the attached table at Annex 3.

Financial status of major trunk road schemes currently under construction

Scheme Name	Construction Start	Current Anticipated Completion	Estimated Cost at KSA 3 (£M)	Estimated cost at Construction contract award – KSA6 (£m)	Estimated/final out-turn cost (£m)
A465 Heads of the Valleys Dualling – Section 3 Brynmawr to Tredegar	05/01/12	31/08/15	43.8 (Nov 2000) Historic 148.4 KSA3 (Aug 2009) (167.2 when uplifted using inflation indices to contract award date - Nov 12)	167.8 KSA6 (Nov 2012)	163.97 Estimated out-turn as of March 15
A465 Heads of the Valleys Dualling – Section 2 Gilwern to Brynmawr	19/12/14	31/07/18	66.2 (Nov 2000) Historic 186.3 KSA3 (Aug 2010) (221 when uplifted using inflation indices to the contract award date - Dec 14)	223.2 KSA6 (Dec 14)	223.2 Estimated out-turn as of March 15

<i>Design Contract in Place</i>			
Scheme	Draft NTP Programme	Anticipated Start of Works	Total Expenditure Profile at Current Base Price (incl VAT)
A483/A489 Newtown Bypass	Short Term	2015	£87 million
M4 Corridor around Newport	Short Term	2018	*
Eastern Bay Link: Queensgate to Ocean Way, Cardiff	Short Term	Autumn 2015	£47.7 million
A487 Caernarfon to Bontnewydd Bypass	Short Term	Late 2016	£113 million
M4 Junction 28 Tredegar Park Improvements	Short Term	Late 2015	£18.95 million
<i>Identified in NTP - No Contract currently in place</i>			
Scheme	Draft NTP Programme	Anticipated Start of Works	Total Expenditure Profile at Current Base Price (incl VAT)
M4 Brynglas Tunnel Safety Improvements	Short Term	Autumn 2015	£40 million
Improvements to Five Mile Lane, VoG	Short Term	Summer 2016	£26.5 million
Improvements to the A40 Llanddewi Velfrey to Penblewin	Medium Term	Nov/Dec 2017	£57.1 million
A55 Abergwynnregyn to Tai'r Meibion Improvements	Short Term	Late 2017	£15.5 million
A55 Junctions 15 and 16	Short Term	Mar-2018	**
A483 Llandeilo Bypass	Medium Term	Spring 2019 (subject to funding)	-
A487 Dyfi Bridge	Short Term	Nov/Dec 2016 (assuming no PI)	£22.3 million
A494/A55/A548 Deeside Corridor	Short/Medium Term	Autumn 2019	£206.3 million
A483 Pant to Llanymynech & A458 Buttington Cross to Wollason Cross^	Long Term	-	£45 million (Buttington only)
A465 Sections 5 & 6"	Medium Term	Nov/Dec 2018	£332.5 million

* Design work currently being developed. Price will be determined by various aspects.

^Cross Border Schemes No Preferred Routes

"PPP Funded

** Final junction options to be developed and selected which will determine final price.

Welsh Government

Information Requested by PAC for 27/03/15

WTTTC Summary Capital and Revenue Out-turn Expenditure from 2008 onwards

Breakdown costs of Traffic Wales

2013/14	WTTTC Totals £
Network Ops Maintenance	1,197,226
Network Ops Improvement	12,067,447
Total Capital Out Turn Cost	13,264,673
Network Routine Maintenance	5,731,703
Total Revenue Out Turn Cost	5,731,703
Total Out Turn Cost	18,996,376

2012/13	WTTTC Totals £
Network Ops Maintenance	2,111,075
Network Ops Improvement	8,386,378
Total Capital Out Turn Cost	10,497,453
Network Routine Maintenance	5,555,980
Total Revenue Out Turn Cost	5,555,980
Total Out Turn Cost	16,053,433

2011/12	WTTTC Totals £
Network Ops Maintenance	2,144,700
Network Ops Improvement	5,404,947
Total Capital Out Turn Cost	7,549,647
Network Routine Maintenance	6,908,110
Total Revenue Out Turn Cost	6,908,110
Total Out Turn Cost	14,457,757

2010/11	WTTTC Totals £
Network Ops Maintenance	951,734
Network Ops Improvement	7,242,304
Total Capital Out Turn Cost	8,194,038
Network Routine Maintenance	7,600,306
Total Revenue Out Turn Cost	7,600,306
Total Out Turn Cost	15,794,344

2009/10	WTTTC Totals £
Network Ops Maintenance	2,191,282
Network Ops Improvement	8,659,050
Total Capital Out Turn Cost	10,850,332
Network Routine Maintenance	7,639,734
Total Revenue Out Turn Cost	7,639,734
Total Out Turn Cost	18,490,066

2008/09	WTTTC Totals £
Network Ops Maintenance	650,295
Network Ops Improvement	3,238,668
Total Capital Out Turn Cost	3,888,963
Network Routine Maintenance	6,501,805
Total Revenue Out Turn Cost	6,501,805
Total Out Turn Cost	10,390,768

Note.

Figures are not comparable due to

a) capital - tunnel work on A55 and variable speed limit on M4

b) revenue - change in contract in 2011 where some functions moved between Agents and Traffic Wales