

Y Pwyllgor Cyfrifon Cyhoeddus

Lleoliad:
Ystafell Bwyllgora 3 – y Senedd

Dyddiad:
Dydd Mawrth, 3 Mawrth 2015

Amser:
09.00

Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales



I gael rhagor o wybodaeth, cysylltwch â:

Michael Kay

Clerc y Pwyllgor

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Agenda

1 Cyflwyniadau, ymddiheuriadau a dirprwyon (09:00)

2 Papurau i'w nodi (09:00–09:05) (Tudalennau 1 – 3)

Gohebiaeth – Y Pwyllgor: Llythyr gan Ysgrifennydd Parhaol, Llywodraeth Cymru (11 Chwefror 2015) (Tudalen 4)

Fframwaith Cenedlaethol ar gyfer Gofal Iechyd: Llythyr gan y Dr Andrew Goodal, Llywodraeth Cymru (13 Chwefror 2015) (Tudalennau 5 – 18)

3 Cynnig o dan Reol Sefydlog 17.42 i benderfynu gwahardd y cyhoedd o'r cyfarfod ar gyfer y busnes canlynol:

Eitemau 4, 6 a 7

4 Ymchwiliad i werth am arian Buddsoddi mewn Traffyrdd a Chefnffyrdd: Papur Briffio'r Gwasanaeth Ymchwil (09:05–09:45)
(Tudalennau 19 – 59)

**5 Ymchwiliad i werth am arian Buddsoddi mewn Traffyrdd a
Chefnffyrdd: Sesiwn dystiolaeth 1 (09:45–10:45) (Tudalennau 60 – 75)**

Simon Higgins – Rheolwr Ardal, Road Haulage Association Ltd

Malcolm Bingham – Pennaeth Polisi Priffyrdd, Y Sefydliad Trafnidiaeth Cludo
Nwyddau

**6 Ymchwiliad i werth am arian Buddsoddi mewn Traffyrdd a
Chefnffyrdd: Trafod y dystiolaeth: (10:45–10:55)**

7 Llywodraethu Byrddau Iechyd GIG Cymru (10:55–11:00) (Tudalen 76)

Public Accounts Committee

Meeting Venue: **Committee Room 3 – Senedd**

Meeting date: **Tuesday, 10 February 2015**

Meeting time: **09.00 – 10.40**

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This meeting can be viewed on [Senedd TV](http://senedd.tv/en/2605) at:
<http://senedd.tv/en/2605>

Concise Minutes:

Assembly Members:

Darren Millar AM (Chair)
Jocelyn Davies AM
William Graham AM
Mike Hedges AM
Sandy Mewies AM
Julie Morgan AM
Jenny Rathbone AM
Aled Roberts AM

Witnesses:

**Huw Vaughan Thomas, Auditor General for Wales, Wales
Audit Office**
Dave Thomas, Wales Audit Office

Committee Staff:

Michael Kay (Clerk)
Tanwen Summers (Deputy Clerk)

1 Introductions, apologies and substitutions

1.1 The Chair welcomed Members to the meeting.

1.2 There were no apologies. Sandy Mewies declared an interest as a Member of the National Assembly Commission, and absented herself from the discussion for items 5 and 6.

2 Papers to note

2.1 The papers were noted.

2.2 Julie Morgan declared an interest, in that her husband was First Minister at the time of the Roath Basin investment and was mentioned in the Auditor General's letter to Eluned Parrott.

3 Hospital Catering and Patient Nutrition: Written Update from the Welsh Government

3.1 The Committee considered the written update from the Welsh Government.

3.2 The Committee agreed the following:

- Invite the Chief Nursing Officer to provide evidence to the Committee at a future meeting.
- Write to all Community Health Council's enquiring about what work is being undertaken in relation to notify patient nutrition and hydration.

4 Motion under Standing Order 17.42 to resolve to exclude the public from the meeting for the following business:

4.1 The motion was agreed.

5 Briefing from the Wales Audit Office on Managing Early Departures across Welsh Public Bodies

5.1 The Wales Audit Office briefed the Committee on its recent report on Managing Early Departures across Welsh Public Bodies.

5.2 The Wales Audit Office agreed to provide the following:

- A note on the Invest to Save scheme.
- The featured public bodies' headcounts at closing at 2013–2014.

5.3 The Committee also agreed to:

- Write to the Permanent Secretary inviting a response to the report.

6 Scrutiny of Accounts 2013–14: Consideration of Draft Report

6.1 The Committee considered the draft report on Scrutiny of Accounts 2013-14 and agreed a small number of changes.

Eitem 2.1

Sir Derek Jones KCB
Ysgrifennydd Parhaol
Permanent Secretary



Llywodraeth Cymru
Welsh Government

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

Dear Darren,

11th February 2015

Thank you for your letter of 13 January 2015 about the process for responding to PAC reports. This issue has also been recognised by Welsh Government officials dealing with responses to the PAC. There have been some instances recently when the appropriate approach has not been entirely clear and, as a consequence, I welcome the opportunity to clarify matters with the PAC and the Auditor General for Wales.

I think we are all of the view that some face to face discussion between the Welsh Government, PAC and Welsh Audit Office is the best way forward here. Colleagues in our Corporate Governance Unit have already been in touch with Michael Kay and Richard Harries to arrange a working session in the coming weeks to explore the process. This work will inform our meeting on 04 March.

By this means, I hope we can ensure that the guidance to all participants in this process is appropriate and consistent.

Yours,
Derek



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Cyfarwyddwr Cyffredinol a Prif Weithredwr, GIG Cymru

Department for Health and Social Services
Director General and Chief Executive, NHS Wales



Llywodraeth Cymru
Welsh Government

Darren Millar AM
Chair of the Public Accounts Committee
National Assembly for Wales.

Our Ref: AG/LC/TLT

13 February 2015

Dear Darren

Implementation of the Framework for Continuing NHS Healthcare in Wales

I write in response to the queries raised by the members of the Public Accounts Committee on 3rd February 2015. The Clerk of the Committee has set these out as follows and I will address them in turn:

1. Clarify what proportion of the 20 cases from two health boards contained in the sample audit were learning disability or dementia cases and share the outcomes of the review of those cases;
 2. Confirm which health board withdrew its involvement in testing the DST;
 3. Provide a note on the difficulties Betsi Cadwaladr have had in recruiting to professional roles and confirm whether they're now at full strength; and
 4. Provide a note about the size of the tender within each health board with regards to the advocacy services for continuing healthcare.
1. Proportion of Learning Disability and Dementia Cases in the DST pilot and sample audit.

The proportions of cases are set out in the Table below. The report of the findings of the pilot and.

	Older People (mental health)	Learning Disability
Pilot	20	3
Audit	9	7
Total	29	10

The ten cases reviewed in each of the health boards who participated in the pilot (i.e. 20 cases in total) related to individuals with dementia.

Their needs were assessed against the 2010 Welsh DST and the proposed DST as issued by the Department of Health in England. In all 20 cases there was no difference in the outcome for CHC eligibility.



One of the health boards went on to voluntarily test a further 3 cases relating to individuals with a learning disability. Of these 3, one individual which would have been determined as not eligible for CHC using the Welsh tool was found to be eligible using the Department of Health tool.

The report of the pilot study is attached as **Annexe 1**.

The Sample Audit examined 7 recent cases and 3 retrospective claims in each of the seven health boards. Of the 42 recent cases examined, nine related to individuals with dementia. The reviewers agreed that, in taking the totality of need into consideration, the eligibility outcomes for those individuals were appropriate and reflected the evidence in the assessments.

Seven of the 42 cases related to individuals with a learning disability. The reviewers agreed that, in at least two of those seven learning disability cases, the assessed need should have led to an outcome of eligibility for CHC.

The summary of the DST consistency check for the sample audit is attached as **Annexe 2**.

The findings of these small studies indicate to Welsh Government that ongoing monitoring is needed to ensure equity for older people with mental health needs (e.g. dementia) and that closer examination is required of jointly funded cases for individuals with a learning disability. We are currently working with the Local Health Boards to undertake that exercise.

2. The Health Board that withdrew from the pilot study

The Health Boards were approached to volunteer to test the use of the Department of Health DST during the consultation period for the new Framework.

The three health boards that volunteered were:

- Cardiff & Vale UHB;
- Hywel Dda UHB; and
- Betsi Cadwaladr UHB.

The Older People's Mental Health team from Betsi Cadwaladr University Health Board later withdrew from the formal pilot study due to capacity issues. It did discuss the proposed change and forwarded a response in favour of the adoption of the new DST, but was unable to provide data for the study itself.

3. Recruitment in Betsi Cadwaladr University Health Board (UHB)

The UHB has outlined its current staff resource available for CHC as follows:

Corporate	General	Older People's Mental Health	Mental Health and Learning Disability
Band 8=1 wte Band 7=1 wte Band 3= 1wte	Band 8= 2WTE Band 7= 6 WTE Band 6= 9 WTE Band 4= 1WTE Band 3= 3 WTE	Band 8= 2 WTE Band 6 = 8 WTE Band 4 = 1 WTE Band 3= 2 WTE Band 2 = 1 WTE	Band 8= 1 WTE Band 7= 2 WTE Band 6= 5 WTE Band 3= 1 WTE

Bands 6 to 8 are experienced nurses, Bands 2 to 4 are administrative posts. The UHB reports that they appointed 4 new nurse assessors in 2014 but took the view that work on retrospective claims was best progressed using the well-established skills of the team in Powys.

The UHB is currently in the process of reviewing its approach to managing CHC across the Health Board. This will involve a re-assessment of staffing levels to manage prospective caseload and to ensure that any challenges relating to the new framework are managed in good time so as to avoid the build up of another backlog. They anticipate this work being completed by June 2015.

The UHB is confident that their revised approach will allow them to address the current backlog and ensure that cases are managed in a timely fashion going forward. The performance of all health boards will continue to be monitored by Welsh Government.

4. Health Board resource for advocacy for CHC


The current arrangements for the provision of advocacy by each health board are summarised below. The focus at present is on the provision of statutory advocacy for individuals who lack mental capacity.

Welsh Government is aware that further work is required with the Health Boards to ensure that they implement the requirements of the 2014 Framework.

Health Board	Current Arrangements
Abertawe Bro Morgannwg	Existing Service Level Agreement (SLA) with Age Cymru renewed for 2015/16. Reviewing advocacy provision on a regional basis (Western Bay) as part of the Quality Framework to be published in March 2015.
Aneurin Bevan	Contract with Advocacy Support Cymru to provide Independent Mental Health Advocacy up to March 2017 @ £348,893 per annum. Maintain register of third sector advocacy services in Gwent and signpost individuals.
Betsi Cadwaladr	Contract with IMCA provider @ £135,000 per annum. Contract with IMHA provider @ £421.00 per annum Signposts to Age Cymru/Age Concern for non-statutory advocacy. Intend to work with local authority partners in 2015 to scope advocacy requirements.
Cardiff & Vale	CHC advocacy not tendered for separately. Use existing SLA with Age Connects and IMHA/IMCA services.
Cwm Taf	CHC advocacy not tendered for separately. Use existing SLA with Age Cymru and IMHA/IMCA services.
Hywel Dda	Contract for Mental Health Matters Wales for individuals who lack mental capacity only. £82,000 per annum.
Powys	CHC advocacy not tendered for separately. Use existing SLA with Powys Community Health Council. Prioritise people who do not have mental capacity or are 'un-befriended'.

As I stated in my evidence to the Public Accounts Committee, this is a complex and growing area of service delivery for NHS Wales. I reaffirm my commitment to securing service improvement and will be happy to provide the Committee with updates on progress going forward.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Goodall', written in a cursive style.

Dr Andrew Goodall

Review of the Framework for the Implementation of Continuing NHS Healthcare in Wales 2014
Proposal to adopt the Department of Health (English) Decision Support Tool
Report on the Impact Evaluation Exercise

Background and Context

In June 2013 the Wales Audit Office (WAO) published its report on the Implementation of the National Framework for Continuing NHS Healthcare. At the same time Welsh Government began actively engaging with stakeholders to undertake a review of the 2010 Framework, using the WAO report findings as its basis.

In total, 12 Task & Finish Groups were established to address the key themes highlighted. Membership was predominantly drawn from health and social care practitioners and managers, with some representation from the third and independent sectors.

In the course of the work undertaken during summer 2013, a number of groups referred to the Decision Support Tool (DST) produced by the Department of Health in England as being more user-friendly than the version currently used in Wales. It was suggested that adopting the English version would facilitate more efficient cross-border working and could address perceived anomalies in the application of the eligibility criteria to people with cognitive impairment (e.g. through a learning disability or dementia).

These proposals were tested informally across the Task & Finish groups, with the national CHC Advisory Group and at a national 'Tester Workshop' in September 2013.

The consensus that the English DST was an improvement on the current Welsh version was such that Welsh Government submitted the proposal as part of its consultation exercise on the draft 2014 Framework.

In its December 2013 report the National Assembly for Wales Public Accounts Committee welcomed the proposal but recommended that the Welsh Government assess the impact of amending the decision support tool upon those people scored under the previous decision support tool.

The formal consultation on the draft 2014 Framework closed on 13th March 2014. Early analysis indicates overwhelming support for the adoption of the English DST, with caveats regarding the avoidance of a 'tick box approach' to determining eligibility.

This paper describes the exercise undertaken to test any potential impact of the use of the English DST on the eligibility outcome for those previously assessed using the current Welsh version.

Purpose of a Decision Support Tool.

Continuing NHS Healthcare is defined as a package of care arranged and funded solely by the NHS, where it has been assessed that the individual's primary need is a health need.

The determination of whether an individual's primary need is a health need is based on the following characteristics and their impact on the care required to manage them:

- **Nature:** This describes the particular characteristics of an individual's needs (which can include physical, mental health or psychological needs) and the type of those needs. This also describes the overall effect of those needs on the individual, including the type ('quality') of interventions required to manage them.
- **Intensity:** This relates both to the extent ('quantity') and severity ('degree') of the needs and to the support required to meet them, including the need for sustained/ongoing care ('continuity').
- **Complexity:** This is concerned with how the needs present and interact to increase the skill required to monitor the symptoms, treat the condition(s) and/ or manage the care. This may arise with a single condition, or it could include the presence of multiple conditions or the interaction between two or more conditions. It may also include situations where an individual's response to their own condition has an impact on their overall needs, such as where a physical health need results in the individual developing a mental health need.
- **Unpredictability:** This describes the degree to which needs fluctuate and thereby create challenges in managing them. It also relates to the level of risk to the person's health if adequate and timely care is not provided. Someone with an unpredictable healthcare need is likely to have either a fluctuating, unstable or rapidly deteriorating condition.

In determining whether an individual has a primary health need multidisciplinary teams must, following comprehensive assessment, consider the totality of the person's overall needs and the interaction between them.

This decision-making process can be complex and emotive. The purpose of the DST is to provide a mechanism that gives confidence that a rational and evidence-based decision has been made. It does not replace robust assessment or professional judgement.

Differences between the English and Welsh DSTs

Members of the Task & Finish Group examining the application of the Framework to people with dementia worked through the domains of both DSTs and identified the following differences:

Behaviour: the domain in the English DST makes reference to a risk to property as well as self or others. The group felt that this would be a positive addition.

Cognition: the English DST introduces a 'severe' level of need and adds emphasis to the words "could" and "may" in the high and severe categories. Reference to short term memory is deleted from 'low needs' box.

Psychological/Emotional: Referred to as 'Mental Health (Psychological and Emotional needs)' in the current Welsh version. The English DST removes the 'severe' level of need and makes reference to psychological and emotional state in moderate and high boxes. The previous severe level of risk in relation to mental health (e.g. risk of suicide) is now sits within the Behaviour domain.

Communication: No difference between English and Welsh DSTs.

Mobility: Extra "OR", moderate risk of falls added in moderate box in the English version.

Nutrition: No significant change, although the description in the English version is less 'wordy'.

Contenance: The English version removes the 'severe' level of need and reference to constipation in the 'low need' box. Helpful examples are given in 'high need' box.

Skin: No significant change, although the description in the English version is less 'wordy'.

Breathing: - The English version does not specify frequent chest infections or pneumonia in the 'High' level of need. There is an additional "OR" in the 'severe need' box.

Drug Therapies - The English DST makes additional reference to the role of a registered nurse, carer or care worker in 'moderate need' box. Having a physical or mental state or cognition impairment requiring support to take medication has been removed from the 'low need' box. Also the reference to liquid medication has been deleted from the 'moderate need' box.

Altered States of Consciousness - The English version makes reference to "monthly or less frequently" in moderate box, which is felt to be an improvement on the previous 'occasional'.

Whilst the English version of the DST has been welcomed as being more user-friendly, questions have been raised from a number of stakeholder perspectives, namely:

Does the difference in DSTs mean that people assessed under the 2010 Framework in Wales, NB those with a cognitive impairment, have been disadvantaged compared with those in England?

Informal discussion with practitioners in Bristol (via the Clinical Commissioning Group) and officials at the Department of Health has indicated that, as long as Welsh practitioners have made robust decisions based on the totality of need, the adoption of the updated English DST should make little or no difference to the outcomes.

Groups representing the user groups most likely to be affected e.g. Alzheimer's Society, argue however, that the process in Wales has become 'too tick-box focussed' and therefore there cannot be confidence that robust decisions based on totality of need have indeed been consistently made.

The full impact of the change will need to be carefully monitored via the performance framework. The purpose of the exercise described below was to 'double-run' the two versions of the DST during February 2014 and assess whether the outcomes would be different.

Methodology

The methodology for the evaluation was developed with the Dementia Task & Finish Group, which included academic input from Cardiff University. As this was a service development/evaluation exercise, ethical approval was not required.

A pragmatic approach was adopted in order to balance the needs of the evaluation against the potential impact of additional workload on already stretched multi-disciplinary teams.

Three Local Health Boards initially volunteered to take part in the exercise but one later withdrew as it did not have the capacity to participate.

Hywel Dda University Health Board and Cardiff and Vale University Health Board agreed to:

- Undertake the exercise on a minimum of 10 cases during February 2014;
- Complete their usual assessment and decision making process using the Welsh DST.
- In addition apply the matrix from the English DST.
- Record the result on a standard template which asked the following questions:
 1. Was the outcome (eligibility decision) different when the new matrix was applied?
 2. If so, what was the difference? Which domains were affected and why?
 3. Are there any practical issues in applying the new tool that we need to consider?

The Task & Finish group was reconvened on 14th March 2014 to consider the results.

Findings

- Hywel Dda University Health Board.

Question 1: Was the outcome different?

The team compared 10 cases categorised as ‘Elderly Frail’ and/or ‘EMI’ (Elderly Mentally Infirm).

In all of these cases the eligibility outcome was the same using both DSTs. Although the content and scoring in some domains was different, the assessment of the presence of a primary health need remained the same.

In addition to the ten Frail/EMI cases, the Hywel Dda team tested the DSTs with 3 cases involving individuals with a learning disability (LD). Of the three cases, two decisions on eligibility were the same. One case that was not eligible using the Welsh DST would have been eligible using the English version.

Question 2: What was the difference?

For both client groups, the scoring was often higher in the Behaviour and Cognition domains (in 6 of the 10 Frail/EMI clients and in 2 of the three Learning Disability cases).

For the LD cases, the team felt that there was some overlap with the Psychological and Emotional Needs and the Behaviour domains NB re ‘severe fluctuations in mental state’.

In the light of a recent article, the team had applied Emerson’s definition of challenging behaviour and this may also have impacted on the scoring.

"culturally abnormal behaviour(s) of such intensity, frequency or duration that the physical safety of the person or others is placed in serious jeopardy, or behaviour which is likely to seriously limit or deny access to the use of ordinary community facilities" (Emerson, 1995)¹

There was considerable debate regarding the scoring of cognition for people with a learning disability and this is detailed later in this report.

Drug Therapies and Medication: ‘Risk of non concordance with medication, placing them at risk of relapse’ has moved from high to severe level of need, which the team felt could be an issue in relation to anticonvulsant therapy (significant numbers of people with LD take anticonvulsants).

In addition it was noted that issues of non-compliance score as ‘severe need’ in the English DST and the team felt this would impact on many individuals with LD.

Altered States of Consciousness: ‘Occasional ASCs that require skilled intervention to reduce the risk of harm’ moves from moderate to high level of need which could impact on LD clients with epilepsy.

¹ Emerson, E. (1995) *Challenging Behaviour. Analysis and Intervention in People with Learning Difficulties*. Cambridge: Cambridge University Press

Question 3: Are there any practical issues in applying the new tool that we need to consider?

7 out of the 10 comparisons made identified that the new tool was less onerous or repetitive, and that completing the narrative was easier. When reading the completed DSTs as a panel, they were perceived as flowing well, made for easier reading and gave a good picture of the patients in question.

3 out of the 10 completed felt that they still required the prompts to complete and to ensure that all the information is inserted. However, managers felt it fair to point out that these 3 all dealt with areas in which there was a shortage of supporting evidence, i.e. robust care plans, risk assessments and assessments on the whole and that the teams tended to use the DST as an assessment rather than the purpose for which it is intended. This will need to be addressed in training and in the monitoring of implementation.

- **Cardiff & Vale University Health Board**

Question 1: Was the outcome different?

All of the recommendations regarding CHC eligibility were unchanged by the application of the English DST.

Question 2: What was the difference?

Reflecting on the exercise, the team involved felt that:

- The introduction of a 'severe' level of need within Domain 2 - Cognition could strengthen the recommendation of CHC eligibility for many patients.
- The description of frequent conditions (e.g. chest infections, pneumonia, etc) in the 'High' level of Domain 9 Breathing has previously proved useful yet has been omitted (although we accept that this is covered within the "breathlessness due to a condition which is not responding to treatment ... " it is not as descriptive and the MDT sometimes require it to be). This could be addressed within the 'crib notes' section in the Toolkit.
- The introduction of moderate risk of falls added in the moderate level of need for Domain 5 Mobility is useful. The MDT often perceives any falls history to indicate a high level of need.

Discussion re the scoring of cognition for individuals with a learning disability.

Members of Task & Finish Group reported that in some Health Boards the Multi-Disciplinary Teams (MDTs) routinely omit to give any score for Cognition in the DST ('no needs'), arguing that cognitive impairment is 'a given' in individuals with a learning disability.

The ensuing debate highlighted the importance of avoiding the tick box approach and using rounded, evidence-based professional judgement, referencing the four characteristics of a primary health need.

It was concluded that the following will need to be included in the Toolkit and the training to ensure that a consistent approach is adopted:

1. As already detailed in Welsh Government Guidance and the current DST, managed need is still a need. The cognitive impairment present in an individual with LD can impact on the complexity and risk in their presentation as whole, and needs to be considered in this context.
2. It is acknowledged that when considering CHC eligibility, it is however often a change in cognitive function that can 'tip the balance'. The updated guidance emphasises the need to understand and evidence change in need. In completing the DST the MDT also needs to consider the impact of cognition on other domains (this is already clearly stated in the current Welsh DST and repeated in the English version).

Conclusion

The sample size of the evaluation was smaller than anticipated and the findings do not replace the need for the ongoing monitoring of implementation from an equalities perspective.

It does provide some assurance to Welsh Government that it does not appear likely that significant numbers of people with a dementia have been disadvantaged by the application of the Welsh DST issued with the 2010 Framework.

The exercise has raised some query regarding the application of the DST to individuals with a learning disability, and this requires further exploration with the relevant expert groups.

Comparison Table: DST Scores and Outcomes

Case 1 (General)		Case 2 (LD Transition)		Case 3 (LD)		Case 4	
Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome
Low x 9 No Needs x 3	FNC	High x 1 Moderate x 2 Low x 4 No Needs x 4	Continue Joint Package	High x 1 Moderate x 1 Low x 4 No Needs x 5 <i>(Reviewers did not agree with these low scores and would have found eligibility)</i>	Continue Joint Package	High x 1 Moderate x 5 Low x 2 No Needs x 5	Not Eligible
Case 5		Case 6 (General)		Case 7 (General)		Case 8 (LD/MH)	
Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome
High x 1 Moderate x 3 Low x 6 No Needs x 1	Eligible (on totality of need)	High x 2 Moderate x 4 Low x 3 No Needs x 2	FNC	High x 2 Moderate x 3 Low x 4 No Needs x 3	FNC	High x 2 Moderate x 3 Low x 4 No Needs x 3	Additional NHS input into Joint Package
Case 9 (LD)		Case 10 (OPMH)		Case 11 (General)		Case 12 (LD)	
Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome
High x 2 Moderate x 1 Low x 3 No Needs x 5	Continue Joint Package	High x 2 Moderate x 3 Low x 3 No Needs x 4	FNC	High x 3 Moderate x 2 Low x 3 No Needs x 2	Eligible	High x 3 Moderate x 2 Low x 2 No Needs x 4 <i>(Reviewers did not agree with these low scores and would have found eligibility)</i>	Continue Joint Package

Tudalen y pecyn 16

Comparison Table: DST Scores and Outcomes							
Case 13 (General)		Case 14 (OPMH)		Case 15 (General)		Case 16 (General)	
Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome
High x 3 Moderate x 3 Low x 2 No Needs x 4	Eligible	High x 3 Moderate x 4 Low x 4 No Needs x 1	FNC	High x 4 Moderate x 4 Low x 1 No Needs x 2	Eligible	High x 4 Moderate x 2 Low x 4 No Needs x 4	Eligible
Case 17		Case 18		Case 19 (General)		Case 20 (General)	
Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome
High x 4 Moderate x 5 Low x 1 No Needs x 1	Eligible	High x 4 Moderate x 5 Low x 1 No Needs x 1	Eligible	High x 5 Moderate x 5 Low x 1 No Needs x 1	Eligible	High x 5 Moderate x 3 Low x 1 No Needs x 3	Eligible
Case 21 (General)		Case 22		Case 23 (OPMH)		Case 24 (LD)	
Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome
High x 5 Moderate x 2 No Needs x 4	Eligible	High x 5 Moderate x 2 Low x 1	Eligible	High x 5 Moderate x 4 Low x 1 No Needs x 2	Eligible	High x 5 Moderate x 4 Low x 1 No Needs x 1	Continue Joint Package
Case 25 (MH)		Case 26 (OPMH)		Case 27 (LD)		Case 28 (Gen + Dementia)	
Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome
High x 6 Moderate x 1 Low x 1 No Needs x 5	Eligible	High x 6 Moderate x 2 Low x 1 No Needs x 2	Eligible	High x 6 Moderate x 4 Low x 1	Eligible	High x 6 Moderate x 3 Low x 2 No Needs x 2	Eligible

Comparison Table: DST Scores and Outcomes							
Case 29 (OPMH)		Case 30 (OPMH)		Case 31		Case 32 (OPMH)	
Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome
High x 6 Moderate x 2 Low x 2 No Needs x 2	Eligible	High x 6 Moderate x 3 No Needs x 3	Eligible	High x 6 Moderate x 3 No Needs x 2	Eligible	High x 7 Moderate x 2 Low x 2 No Needs x 2	Eligible
Case 33		Case 34 (General)		Case 35 (OPMH)		Case 36 (MH)	
Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome
High x 7 Moderate x 2 Low x 1 No Needs x 1	Eligible	Severe x 1 High x 3 Moderate x 1 Low x 2 No Needs x 5	Eligible	Severe x 1 High x 3 Moderate x 4 Low x 1 No Needs x 3	Eligible	Severe x 2 High x 2 Low x 2 No Needs x 6	Eligible
Case 37		Case 38		Case 39		Case 40	
Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome	Domain Scores	Outcome
Priority x 2 Severe x 1 High x 3 Low x 1 No Needs x 5	Eligible	No DST completed as Section 117	Eligible	No DST completed as Fast Track end of life care	Eligible	No DST completed for annual review in care home.	FNC

Reviewers omitted to record the DST scores in two cases.

Yr Adran Busnes, Menter, Technoleg a Gwyddoniaeth
Department for Business, Enterprise, Technology and Science

Cyfarwyddwr Cyffredinol • Director General



Llywodraeth Cymru
Welsh Government

Darren Millar AM
Chair
Public Accounts Committee

13 February 2015

Dear Mr Millar

Thank you for your letter of 14 January regarding the Public Accounts Committee's inquiry into Value for Money of Motorway and Trunk Road Investment.

I have confirmed my attendance at the meeting on 24 March. Please find attached a written evidence paper for the inquiry.

Yours sincerely

A handwritten signature in black ink, appearing to read 'James Price'. Below the signature, the text '(J R PRICE)' is written in a similar handwritten style.

James Price



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WALES AUDIT OFFICE REPORT ON MAJOR TRANSPORT PROJECTS

Recommendation	2015 Update
<u>Information systems and analysis of project performance</u>	
<p>Recommendation 1</p> <p>We recommend that the Assembly Government should ensure that the new [management information] system can:</p> <p>a) record information to track the performance of all major transport projects at key stages of their delivery</p> <p>b) incorporate the information needed to facilitate benchmarking project performance against projects in other parts of the UK;</p> <p>c) record all changes in project costs that occur through the lifecycle of the project, including changes in land costs; and</p> <p>d) facilitate the analysis and sharing, on an annual basis, of the reasons for cost increases and delays on individual projects across all Assembly Government transport programmes.</p>	<ul style="list-style-type: none"> • The delivery of all major road projects is tracked through a Key Stage Delivery Process. Progression of projects is subject to a review of the Business Case to ensure continued policy fit and a value for money assessment and requires Ministerial sign off. • Information to track the performance of major road projects is recorded in a suite of spreadsheets, with individual projects combined to oversee the delivery of the roads programme. This suite of spreadsheets is subject to review to reduce complexity and ensure accuracy of management information. An Integrated Road Information System (IRIS) is now operational, we will explore ways of integrating with this system. • Projects are benchmarked against industry wide data when budgets are reviewed at key stage boundaries. The procurement of all transport projects is subject to EU compliant competitive tendering process.
<u>Project and contract management</u>	
<p>Recommendation 2</p> <p>We recommend that the Assembly Government takes action to ensure that:</p> <p>a) gateway reviews become custom and practice for all current and future major projects;</p> <p>b) all major transport projects completed since the</p>	<ul style="list-style-type: none"> • Gateway Reviews (Assurance Reviews) are a mandatory element within the key stage process and are conducted at critical stages of the projects lifecycle on all major projects, in general accordance with the OGC gateway process. • Fifteen major transport projects have been completed since 2006. Five of these schemes have been complete for approximately 18 months or less. Post Opening Project Evaluations (POPE) for these five schemes are underway or programmed to commence shortly.

Recommendation	2015 Update
<p>end of 2006 are subject to a benefits realisation review; and</p> <p>c) benefits realisation reviews are started within 12 to 18 months of the completion of the main construction works.</p>	<ul style="list-style-type: none"> • Of the remaining ten schemes, full benefits realisation assessments have been completed or are ongoing as part of the Post Opening Project Evaluation review. The only exception to this is the A465 Section 1, where current construction work on the adjoining Sections 2 & 3 would affect any results obtained. This review will therefore be finalised once the other two sections have been completed. • The content of the POPE reviews undertaken is based on Highways Agency guidelines and is in the process of being included within Transport Division's Procedures Guidance. • An evaluation of the Wider Economic Benefits and impact on Cross Cutting Themes (Equality & Diversity, Tackling Poverty and Social Exclusion) will be completed on the A465 Section 3 project once it is open to traffic (12 months & 5 years post-opening) • We have also introduced the 'Community Benefit Measurement Toolkit' which has been compiled in line with the guidance 'Delivering Maximum Value for the Welsh Pound -2014'. It is a mandatory requirement that this toolkit is populated for all our schemes to track the direct contribution they make to the local and national economy during delivery. This information is recorded quarterly. • In addition, on the A465 dualling schemes we are working with Cardiff Business School to produce a socio-economic dashboard of information which quantifies the indirect effects to the local and Welsh economy of the spend on the project during delivery Contractors involved in these schemes provide the relevant information and it is intended that this work will: <ul style="list-style-type: none"> ○ Facilitate reporting of the longer term legacies for the Heads of the Valleys economy, ○ Show how the construction elements of the projects lead to socio-economic benefits in surrounding local authority areas, in particular highlighting economic effects linked to local purchasing, and the spending of wage incomes in the area.

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Recommendation	2015 Update
	<ul style="list-style-type: none"> ○ Chart the local development of skills and training as part of the road building projects ○ Explore how the managing contractors work with the local community through the construction process, and identify how best practice feeds through to softer social and economic outcomes.
<p>Recommendation 3</p> <p>We recommend that the Assembly Government should encourage the use of a common set of key performance indicators across all major transport projects in Wales and, in doing so:</p> <p>a) ensure that contractors are clear about the way in which the key performance indicator system gives credit for the delivery of projects earlier or at lower cost than planned, while ensuring that quality is not compromised;</p> <p>b) for projects under its direct control, quality assure the performance indicator scores given by the independent project manager (employer’s agent); and</p> <p>c) share and analyse information on contractor performance to help identify and address common areas of underperformance.</p>	<ul style="list-style-type: none"> ● Maintenance of a common set of KPIs through an extranet platform has been operated on WG major road projects for a number of years, to monitor performance and influence procurement. This system has been reviewed in order to reduce complexity and improve transparency. ● As a result, a new Key Performance Indicator (KPI) system with a set of evidence-based, standardised KPIs to monitor and track the performance of consultants and contractors during schemes has been developed. This system is currently being piloted on the A465 dualling schemes, and will be rolled out on all future WG major road projects. ● The KPIs have been developed with input from contractors and consultants and through research of the metrics used by as Constructing Excellence (Wales), Highways Agency, CEEQUAL, Considerate Constructors Scheme and other soft Welsh Government KPIs. ● The KPI assessment is conducted quarterly at meetings between the Employer’s Agent and Contractor. ● Account of the KPI data will continue to be part of the selection process for suppliers of future projects. ● The new KPI system is due to be presented to the Civil Engineering Contractors Association (CECA) Wales and the Association of Consulting Engineers (ACE).
<p>Recommendation 4</p> <p>We recommend that the Assembly Government develops and communicates to local authorities</p>	<ul style="list-style-type: none"> ● With the exception of legacy road schemes where there are outstanding land issues, there will be no further major local authority transport projects funded by Welsh Government through the Transport Grant process.

Recommendation	2015 Update
<p>detailed guidance that sets out its expectations and general good practice in the planning and delivery of major transport projects. Particular issues highlighted by our examination which might be addressed in any new guidance include:</p> <p>a) the use of appropriate inflation indices, construction material cost indices and optimism bias when estimating project costs;</p> <p>b) the use of project risk registers, encouraging the public sector employer and construction contractor to agree and maintain a joint risk register</p> <p>c) advice on the use of different types of contractual models;</p> <p>d) the use of key performance indicators;</p> <p>e) expectations in terms of local project management arrangements; and</p> <p>f) how the scope of the processes set out in Welsh Transport Planning and Appraisal Guidance and gateway reviews guidance relate to each other.</p>	<ul style="list-style-type: none"> Given that the Transport Grant-funded programme has ended, new guidance for local authorities in relation to major transport projects has not been produced. Learning from our management of trunk road schemes to transport grant schemes by allocating a project engineer to all local authority major road projects to advise on delivery and project management as well as overseeing financial control. Detailed Regional Transport Consortia Grant Delivery Plan Guidelines set out our expectations in relation to risk management, and project management. The Welsh Transport Planning and Appraisal Guidance is being reviewed so that it can be applied appropriately not only to major schemes but also to packages of small schemes and to minor projects.
<u>Working with utility companies</u>	
<p>Recommendation 5:</p> <p>We recommend that the Assembly Government engages with local government and the utility companies to develop some clearly agreed principles in terms of how they should work together throughout the lifecycle of major transport projects. Options that the Assembly Government could</p>	<ul style="list-style-type: none"> We are a member of the Welsh Highways Authorities & Utilities Committee and, through that Committee, we are developing a Streetworks Strategy. The Streetworks Strategy will set out an agreed approach to a range of issues including effective management of utilities work. This is currently in draft and will go out for consultation in Spring 2015, prior to Ministerial approval. Co-ordination has also taken place via the Trunk Road Agents attending regional HAUC Co-ordination meetings.

Recommendation	2015 Update
<p>explore include:</p> <p>a) developing a more formal memorandum of understanding with utility companies, for example to include provision for the regular monthly reporting of actual and forecast costs and timescales of utilities work during the construction phase;</p> <p>b) working with the UK Government's Department for Transport to update the existing good practice guide to managing works in the street to refer more explicitly to the delivery of major transport projects;</p> <p>c) whether there is scope, particularly within an Early Contractor Involvement approach, for the construction contractor to undertake more preparatory work on behalf of utility companies; and</p> <p>d) if necessary, the scope for a change in the supporting legislation (the New Roads and Street Works Act 1991 and the Street Works - Sharing the Cost of Works [Wales] Regulations 2005) to place a greater onus on utility companies to deliver their work in a way that is cost-effective and timely from the perspective of the public sector employer.</p>	<ul style="list-style-type: none"> • We have revised our standard contract documents to transfer the programme risk of the statutory undertaker performance to the contractor as they are best placed to manage the risk. • We participate in a number of UK expert groups, for example the UK Network Operators Group and the UK Network Management Board, which provide an opportunity to share good practice. • We encourage our contractors where possible to undertake the civil elements of necessary diversion work on behalf of utility companies but cannot compel them to do so. There are issues around where liability for the work sits between the utility company and the contractor and both are often reluctant for the work to be completed in this way. • We do not propose to make any legislative change at the current time.

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Recommendation	2015 Update
<u>Overseeing the delivery of local authority managed projects</u>	
<p>Recommendation 6:</p> <p>We recommend that, towards the end of 2011-12, the Assembly Government should commission a review to provide an early check of the effectiveness of its arrangements for overseeing the delivery of the regional transport plans.</p>	<ul style="list-style-type: none"> In response to the Report, work was undertaken which led to a strengthening of the oversight of delivery of Regional Transport Plans. Key Performance Indicators were introduced to measure performance associated with the delivery of the Regional Transport Plans and to drive improvements. These were reviewed on a quarterly basis. Since April 2014, funding to support transport improvements has been directed through local authorities. The processes adopted with the Regional Transport Consortia have informed the management processes adopted for the new funding arrangement. A subsequent Internal Audit exercise gave the grant processes full assurance.
<p>Recommendation 7:</p> <p>We recommend that the Assembly Government should examine whether the technical capacity it employs is being deployed to best effect between the management of trunk road projects and the Assembly Government's oversight of local authority managed projects. In doing so, the Assembly Government should consider the risks and benefits of delegating more responsibility for managing trunk road projects to the employer's agent.</p>	<ul style="list-style-type: none"> All major road schemes being delivered through the Transport Grant process are now open to traffic. Resources have been allocated to assist local authorities to manage the remaining issues arising from these improvements. In the main, these relate to land matters. The Transport Grant programme is no longer open to new applications.

THE APPROACH TO DELIVERY OF MAJOR TRUNK ROAD PROJECTS

Current investment priorities for the trunk road and motorway network are identified in the National Transport Plan

The Infrastructure Delivery Division (IDD) of the Transport Department plans and delivers those investment priorities. The investment priorities are developed into project-specific objectives.

Retention of a project within the programme is subject to review at key milestones to ensure the project's business case continues to justify the future expenditure.

KSA/ Approval process

The delivery of Welsh Government major road projects follows a linear Key Stage Approval (KSA) process providing the financial approval framework for the projects covering option appraisal, design, the statutory process, construction and aftercare. Project progression is dependent upon a stage gate review and Ministerial approval. The Key Stage approvals process also includes a series of gateway reviews.

Project Procurement

Procurement of all major motorway and trunk roads projects follow European procedures and adopt the Engineering Construction Contract (ECC).

The majority of motorway and trunk road projects use of the Early Contractor Involvement (ECI) form of Contract.

The ECI approach requires the appointment of a contractor to undertake Key Stages 3 and 4, and on satisfactory completion of this work then undertake Key Stage 6

(a). Part 1 (KS3 & 4) involves the use of the NEC3 Professional Services Contract - Option C (Target Cost) for Key Stage 3 and Option E (Cost reimbursement) for Key Stage 4 - to undertake development of the route design, associated environmental impact assessments and successful completion of the Statutory Process.

(b) Part 2 (Key Stage 6) involves the detailed design, construction and aftercare of the project using the NEC3 Engineering Construction Contract (ECC) Option C (Target Cost) for KS6.

Contracts are let under competitive free market conditions ensuring competitive rates are submitted in pursuit of the optimum Value for Money. The tendered sum (Initial Target Cost) forms the basis of the KS6 (construction) Target Cost which is developed and refined as the scheme progresses through the design and Statutory Process.

There is a hold point in the contract between Parts 1 & 2 which enables the Welsh Government (or the contractor) to terminate the contract without penalty should the Welsh Government considers that the scheme no longer demonstrates Value for Money.

Value for Money

Welsh Government utilises the approach recommended by the *HM Treasury Green Book on Appraisal and Evaluation in Central Government* to ensure best value is achieved. The approach is implemented on major infrastructure projects by Transport Department's *Value for Money Manual* to ensure projects make the most efficient use of capital resources, allows consideration of whole life costs and delivers the scheme objectives in the most efficient manner.

Risk Management

Effective identification and management of risk is a key aspect in the management of the final costs and programme of the project, and a core component in the choice of the ECI procurement route.

Risks are considered throughout the development of the project and the risk profile forms a key component of the Key Stage Approval process.

Key Performance Indicators

We have recently developed a new system with a set of evidence-based standardised KPIs to monitor and track the performance of consultants and contractors during schemes and to facilitate future procurement. This system is successfully being used on the A465 Heads of the Valleys Dualling scheme and will be rolled out on to all future major road projects.

The new KPIs have been established with input from contractors and consultants involved on the A465 Dualling schemes as well as consideration of existing scoring metrics from other relevant sources

This has resulted in a set of KPIs which are simple, transparent, based on the following criteria for evaluation:

- Client Satisfaction – Service
- Client Satisfaction – Product
- Stakeholder and Community Engagement
- Management of Programme and Cost
- Health and Safety Performance
- Environmental Performance.

Evaluation

Completed projects are evaluated as follows:

Design Effectiveness Review to consider the technical engineering and environmental design of the scheme.

Cost Reconciliation Report which identifies changes and reasons between the Target Cost established at the start of construction and the final Target Cost and out-turn costs at the end of construction.

Post Opening Project Evaluation (POPE) Report to consider how well the project has met the scheme objectives.

Wider economic benefits of our road schemes has been introduced and reports have been submitted for the A40 Penblewin – Slebech Park scheme and are underway for the A465 Heads of the Valley Dualling project. This will consider the wider economic benefits of the scheme in accordance with the Economic Activity and Location Impacts (EALI) assessment within the WelTag transport appraisal methodology.

The assessment will consider aspects such as:

- Agglomeration effects
- Land and Property Impacts
- Accessibility to Employment opportunities
- Accessibility to key public services such as Leisure, Health & Education.
- Impacts on existing businesses and potential for inward investment.

MAJOR TRUNK ROAD PROJECTS

The table outlines cost of schemes delivered since the Wales Audit Office Report into Major Transport Projects in January 2011. Also included is the M4 Widening Scheme that, although completed prior to 2011, has a revised updated out-turn cost figure to that reported back in Jan 2011.

The total out-turn cost of schemes delivered was £559.5million, with the anticipated cost at the start of KS6 being £549.5million. This is an increase of approximately £10 million or 1.82%. These figures exclude the A465 Section 2 and Section 5/6 schemes that have only recently commenced construction or have yet to reach that point.

Project and current status	Estimated Cost at KSA 3 (£M)	Estimated cost at Construction contract award – KSA6 (£m)	Estimated/final out-turn cost (£m)	Comments
M4 widening Castleton to Coryton Completed Jan 2010	81.5 (Nov 2002)	99.3 (Feb 2007)	95.8 (Mar 2010)	
A40 St Clears to Haverfordwest (a) A40 Penblewin to Slebech Park Completed Mar 2011	27.6 (Ma 2005)	40.5 (Dec 2008)	41.4	Increase in cost from KSA3 as a result of inflation, unexpected 14 month delay caused by the special assembly procedures that were invoked by the County Council's continuing objections and instructed additional work and accepted additional costs resulting from design standard changes.
A470 Penloyn to Tan Lan, Llanrwst Completed Apr 2011	Not prepared	6.4 (Oct 2008)	5.8	
A483 Four Crosses Relief Road Completed Jul 2011	4.1 (at KSA4) (Oct 2006)	6.48 (Jan 2010)	6.67	Increase in cost as a result of unforeseen archaeology uncovered during construction.
A487 Porthmadog, Minffordd and Tremadog Completed Oct 2011	26.4 (Mar 1994)	60.1 (Dec 2009) A figure of 53.7 was previously reported but this excluded inflation.	55.5	

Project and current status	Estimated Cost at KSA 3 (£M)	Estimated cost at Construction contract award – KSA6 (£m)	Estimated/final out-turn cost (£m)	Comments
A470 Cwmbach to Newbridge Completed Dec 2011	25 (Nov 2005)	50.9 (Feb 2010)	50.4	
A487 Glandyfi Completed Jun 2013	Not prepared	14.97	19.95	Increase in cost due to unforeseen ground conditions resulting in additional works/delays. Network Rail imposed design changes during construction causing significant disruption to the programme. Delays also associated with Statutory Undertakers.
A4810 Steelworks Access Road Completed Sep 2013	Not prepared	18.75 (Nov 2011)	24.95 (Sep 2013)	Increase in cost as a result of inflation, an increase in scope and delays with statutory undertaker diversions.
A470 Maes yr Helmau to Cross Foxes Completed Oct 2013	7.9 (2004)	11.33	12.25	Increase in cost as a result of a delayed award of contract (due to statutory procedures) affected construction programme resulting in delays.
A470 Gelligemlyn, Ganllwyd Completed April 2014	7.3 (Nov 2007)	8.61	10.7	Increase in cost as a result of unforeseen ground conditions resulting in design changes and additional costs/prolonged programme and presence on nesting Barn Owl on the site delayed programme.
A477 St Clears to Red Roses Completed April 2014	41.6 (Nov 2006)	64.4 (Jan 2012)	72.1 (Jul 2014)	Increase in costs from KSA3 to start of KSA6 as a result of land cost increases, inflation and an increase in scope. Increase of final out-turn cost as a result of Unchartered Archaeology of National importance, Extreme weather, Unforeseen costs for high pressure Gas Main crossing works where there was an historic failure of the utility company to protect the line against future works.
A465 Abergavenny to Hirwaun - Section 3 Tredegar to Brynmawr Under construction – Due for completion Summer 2015	43.8 (Nov 2000) Historic 148.4 KSA3 (Aug 2009)	167.8 KSA6 (Nov 2012)	163.97 Estimated out-turn as of Jan 15	

Project and current status	Estimated Cost at KSA 3 (£M)	Estimated cost at Construction contract award – KSA6 (£m)	Estimated/final out-turn cost (£m)	Comments
	(167.2 when uplifted using inflation indices to the start of construction date - Nov 12)			
<p>A465 Abergavenny to Hirwaun Section 2 Brynmawr to Gilwern</p> <p>Under construction. Start on site Dec 14, due to be completed summer 18</p>	<p>66.2 (Nov 2000) Historic 186.3 KSA3 (Aug 2010) (221 when uplifted using inflation indices to the start of construction date - Dec 14)</p>	<p>223.2 KSA6 (Dec 14)</p>	<p>223.2 Estimated out-turn as of Jan 15</p>	<p>Increase in cost from KSA3 to start of KSA6 due to recommendations put forward by the Inspector during the Public Inquiry.</p>
<p>A465 Abergavenny to Hirwaun Section 5 Dowlais to A470</p>	<p>47.5 (Nov 00) Historic 165 (Out-turn cost at Nov 11 prices – this is the latest detailed estimate)</p>			<p>Estimates based on schemes being delivered individually using conventional delivery and funding.</p> <p>Schemes combined to be delivered as a single revenue-funded Public Private Partnership (PPP) using a Non-Profit Divided (NPD) model.</p>
<p>A465 Abergavenny to Hirwaun Section 6 A470 to Hirwaun</p>	<p>53.5 (Nov 00) Historic 167.5 (Out-turn cost at 2011 prices - this is the latest detailed estimate)</p>			

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Transport Grant Projects

Project & current status	Cost on entry to the Transport Grant programme	2004-05 (£m)	2005-06 (£m)	2006-07 (£m)	2007-08 (£m)	2008-09 (£m)	2009-10 (£m)	2010-11 (£m)	2011-12 (£m)	2012-13 (£m)	2013-14 (£m)	2014-15 Estimated cost
Ceredigion Link Road – Stage 1 Completed October 2009	25.9	28.8	30.1	31.1	34	48.1	43	43	43	-	-	-
Port Talbot Peripheral Distributor Road – Stage 2 Completed October 2013	66	68.2	73.1	72.9	97.9	107.8	115.3	115.3	108.7	111	111	111
Improved Access to Wrexham Industrial Estate Sections 1 & 2 combined Section 2 completed July 2012 Section 1 completed September 2002	17.8	-	28.9	29.3	35	40.2	40	40	40	35.6	35.5	35.5

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ORIGINAL BUDGETED COSTS AND ACTUAL OUTTURN COSTS FOR TRUNK ROAD MAINTENANCE AND IMPROVEMENT SCHEMES DELIVERED SINCE 2011

The table below provides a high level breakdown of capital and revenue expenditure delivered on Welsh Motorways and Trunk Roads on maintenance and improvement schemes in 2011/12 and 2012/13:

Financial Year	Capital Allocation	Capital Spend	Variance
2011/12	£70,581,512.97	£68,711,269.68	-2.7%
2012/13	£65,090,753.62	£65,070,507.62	0.0%

Financial Year	Revenue Allocation	Revenue Spend	Variance
2011/12	£44,380,975.67	£46,605,565.54	+5.0%
2012/13	£43,813,636.50	£44,392,889.00	+1.3%

The financial records for both years were independently audited by the Wales Audit Office (WAO) on behalf of the Welsh Government. No qualifications were raised by WAO in either year. There were 977 schemes in 2011/12 and 830 schemes in 2012/13 at either a study, design or construction stage.

Variance

Reasons for the expenditure variances include:

- Detailed design and specification changes
- Unforeseen works
- Weather
- Third party discussions or Statutory Undertaker issues
- Budget constraints and programming issues
- Environmental issues
- Increase in land costs or failed negotiations
- Changes to design standards
- Statutory process and consultation delays
- Inflation increases

Improvement

Improvement initiatives currently being progressed include:

- Challenge scheme delivery methods, programme, durations and costs
- Use of a collaboration portal tool (now in place) whereby Welsh Government project sponsors can constantly interrogate project progress scheme by scheme

ROUTINE MAINTENANCE AND IMPROVEMENT OF THE TRUNK ROAD NETWORK

Routine Maintenance

The routine inspection and maintenance of the network is carried out in accordance with the Welsh Government's specification 'Trunk Road Maintenance Manual' (TRMM). This identifies basic service requirements for service providers engaged in delivering routine, adverse weather and emergency response activities. It specifies frequencies for the inspection and maintenance for the range of assets necessary to keep the highway safe and serviceable and preserve its value.

Capital Maintenance (Renewal) and Minor Improvements

The capital maintenance and minor improvement of the network is carried out through the implementation of annual programmes of work (major carriageway maintenance, skid resistance schemes, highway structure maintenance and upgrades).

Prioritisation:

The schemes in each programme are prioritised on the basis of set criteria that ensure the Welsh Ministers' statutory duty to maintain network safety is met, the serviceability of the existing asset maintained at minimum whole life cost whilst improvements support delivery of the Welsh Government's strategic objectives.

Planning:

Programmes of work on the network are carefully planned to maximise cost effectiveness and minimise disruption. Where possible work is combined to minimise cost. Works are scheduled to avoid peak periods and carried out overnight where possible. From 1st April 2015 the planning function will take place wholly within Welsh Government with the transfer in of planning staff from both agents.

The Condition of the Network and Expenditure on Maintenance

The condition of the network is kept under constant review through safety and detailed inspection programmes and annual machine based surveys which record the surface and structural condition of the carriageway. The results of the latter are reported annually in the Welsh Government's Statistical Bulletin – "Road Lengths and Conditions". The latest Bulletin can be access through the following link:
<http://wales.gov.uk/statistics-and-research/road-lengths-conditions/?lang=en>

Asset management/ investment plans for all network assets are kept under continual review with the overall objective of maintaining the asset at minimum whole life cost. Our approach is being continually improved by the phased introduction of the new Integrated Road Information System (IRIS). Though challenging to deliver with over 20 functional areas to develop, it will provide us with one of the UK's first fully integrated road asset management system.

TRUNK ROAD AGENTS

Over the last 10 years the arrangements put in place to maintain and upgrade the trunk roads in Wales have been subject to a number of step changes, each with the aim of improving the quality of the service provided to the people of Wales and Value for Money. Since 2002 there have been a number of reviews and consultations that has seen the number trunk road agents reduced firstly from eight to three and later from three to two which is the current arrangement.

These changes have produced some savings both in terms of the management and service delivery through reducing duplication and streamlining delivery. Despite these changes, however, the Welsh Government is of the view that more can be achieved and this was confirmed by an EC Harris audit in 2013. The audit team had concerns over the transparency of the contractual relationship with the partnering authorities and the visibility of their costs and was not able to provide assurance that the arrangements are delivering Value for Money.

A review of the management arrangements for the network was announced on 4 June 2014. The review considered a number of alternative delivery models, including where the interface between the Welsh Government, the Managing Agents and the Service Delivery Partners should best lie. The likely performance was assessed against 5 key objectives contributing to the overall aim of stimulating **jobs and growth** in the Welsh economy: control; accountability; agility; value for money; and deliverability. These objectives align with key principles in the Welsh Public Procurement Policy (WPPP). The key outcomes from that review, as contained in the Minister's Statement of November 2014, are:

1. That greater direction and control over the service would be achieved by locating all planning staff within the Welsh Government. All eligible staff (approximately 20) involved in the planning of works will transfer to the Welsh Government under TUPE regulations from the 1st April 2015.
2. The Minister challenged the two existing Trunk Road Agents, working with their local authority supply chain partners, to demonstrate substantial savings. The evidence of these savings to be delivered by April 2015 and then be subject to an independent audit

Since the announcement, we have been working closely with the Agents and have established structures and processes that will both support and challenge the TRAs in seeking to meet the Minister's request. Regular meetings between senior Welsh Government and TRA staff have been established at which the key areas where savings might be made, the principles underlying the changes required and the level of evidence likely to be required to support the savings claimed are all discussed.

PRIVATE FINANCE INITIATIVES – ROAD PROJECTS

Past/Existing

The Design, Build, Finance and Operate (DBFO) concession operates and maintains the 32km A55 trunk road running from Llandegai (A55 J11) to Holyhead UK Highways A55 Ltd (UKH) is the concessionaire. The concession commenced on 16 Dec 1998 and is scheduled to end on 16 Dec 2028.

The contract includes the management and maintenance responsibilities for two major listed structures, Britannia Bridge (costs shared with Network Rail) and Menai Suspension Bridge.

The annual costs are currently in the region of £17M but vary, based on a number of factors including traffic flows, RPI, GDP and contract factors.

An investigation was carried out by the National Audit Office subsequent to construction of the road and they reported on 16 February 2005. The NAO concluded in its report that the structure of the Contract was reasonable and reflected industry best practice at the time of the procurement.

Planned

In May 2014 the Welsh Government committed to a resource funded programme of investment to support the delivery of Programme for Government commitments and the Wales Infrastructure Investment Plan (WIIP).

One of the (WIIP) pipeline of projects to be delivered by this mechanism is the completion of the A465 Heads of the Valleys Dualling Project by constructing the two remaining sections between Dowlais Top and Hirwaun.

Background on the Non-Profit Distribution (NPD) form of procurement

Delivering the project using a PPP/PFI would mean the construction of the dualling of the 16km of the A465 between Dowlais and Hirwaun by a private contractor and the operation and maintenance by the same company of a length of the A465 trunk road up to the end of an agreed concession period generally a minimum of 30 years.

The NPD procurement model retains the characteristics of private finance projects such as risk allocation, whole-life costing, performance-based payments, and a single-point delivery system. However NPD is considered to offer enhanced benefits over traditional PFI by limiting the potential financial return to be made by investors with any surpluses created by the Project Company beyond a capped market rate can be reinvested in the public sector.

The use of NPD for this project would, along with the Velindre, Specialist Cancer Care Facility and 21st Century Schools, be the first schemes in Wales to adopt this procurement route.

Yn rhinwedd paragraff(au) vi o Reol Sefydlog 17.42

Mae cyfyngiadau ar y ddogfen hon

Mae cyfyngiadau ar y ddogfen hon

RHA general comments ahead of the Public Accounts Committee inquiry into the effectiveness of the Welsh Government's approach to the maintenance and enhancement of the trunk road network

As the leading trade association for the road haulage industry the RHA is keen to contribute to the Public Account Committee's consideration of effectiveness of the Welsh Government's approach to the maintenance and enhancement of the trunk road network.

The road haulage and logistics sector provides much employment in Wales and through its collections and deliveries of essential goods supports the wider business community, as well as the public sector and the general public.

Now is a crucial time for the haulage and logistics sector, with the economy recovering, but the forthcoming General Election meaning that there is uncertainty in the business community about which economic policies will be pursued, but also what policies will be adopted at a UK level concerning infrastructure development and the funding of roads.

The RHA well works with the Highways Agency, soon to be Highways England. We keep abreast of the Agency's strategy and plans for improving and maintaining the road network it oversees, through roads building, dualling of some roads, as well as its programme of introducing smart motorways, and related technology that helps smooth the flow of traffic and alleviate congestion as well as improving road safety. We welcome much of what the Highways Agency has done, while reserving the right to challenge the Agency on certain issues. In the same spirit, we are pleased that a strategic review of the management of the trunk road network in Wales is now underway and look forward to constructive engagement with as the Public Accounts Committee considers maintenance and enhancement of the trunk road network.

We are not commenting in terms of any formal analysis of the costs and benefits of spending particular sums of money, but have taken a more general approach of pinpointing which schemes we think are worth pursuing in terms of value for money, as well as the best use of resources to support the economy in Wales.

The RHA has been involved with the work of the Freight Task and Finish Group and we are delighted that many of the issues we have raised in this work has been taken on board.

In our view the National Transport Plan does demonstrate a good level of understanding of the issues faced by the road haulage industry in Wales, although there are some issues of detail that we would like to be taken on board. We will address these below.

However first we would like to turn to the content of the National Transport Plan and say that, we welcome the recognition in the National Transport Plan that transport is at the heart of life in Wales, with all other services dependent on it in one way or another, and we agree with the statement at 3.4.1 that "Freight transport is an essential part of a thriving economy and of people's everyday life. It is dominated by the private sector – businesses moving goods and materials for other businesses, but it relies on infrastructure that is often provided, managed and maintained by the public sector, be it at national or local level."

We also note and agree with the passages from 3.2.17 to 3.2.19 of the consultation document that, “The nature of the trunk road network in Wales is such that it provides critical connectivity for many communities, including in rural areas and deprived communities.....An efficient, effective trunk and motorway network has an important role to play in supporting the Welsh economy enabling access across Wales and cross-border for people and freight. It helps businesses to be competitive, reducing transport costs, allowing speedy and reliable movement of goods and products and access to a labour force. Delays on the network and unreliability in journey times, affects productivity and reduces access to markets. Congestion can increase emissions from transport and schemes that reduce congestion can reduce this and improve local air quality. Similarly the network has an important role to play in enabling people to access services.

A key driver for investing in new major enhancements to the trunk and motorway network is to stimulate the economy.”

Given all of these assertions we trust that the views of the RHA as the leading trade association for the hire-and-reward sector of the haulage industry will be given due weight.

Below are set out a list of issues that, in the view of the RHA, should be factored into the National Transport Plan, and which affect whether the spending priorities of the Welsh government to the trunk road network will prove to be efficient and cost effective, and in the long term will boost the economy in Wales.

Congestion and road capacity

Members of the RHA have expressed concern about congestion and lack of capacity on certain routes, given that hauliers make many of the longer journeys on the trunk road network in Wales and so have a keen interest in any efforts to that seeks to improve routes and increase capacity. Commercial vehicles also make many local deliveries moving goods over shorter distances on the “last mile” or “last leg” deliveries.”

Our members report unreliable journey times and traffic congestion, particularly during rush hour, as being common on the existing M4, and so we have already supported plans to redevelop the M4 Corridor around Newport by building a new section of 3-lane motorway to the south of Newport. It is our view that the road cannot cope well with current traffic levels, and so future growth in traffic will present serious capacity problems if no action is taken.

The RHA has supported the introduction of a variable speed limit system in 2011 of the M4 between Junctions 24 and 28 to improve traffic flow in the short term. We note that the system has resulted in a reduction in accidents and welcome this trend. However in the view of the RHA the building of a new road would address capacity and safety concerns more fully.

We would hope that as part of the review of the operation of the trunk route network, efforts are made to identify congestion hot-spots as well as the rat-run routes that are used by trucks when main roads are too busy, so that any new infrastructure development can act to relieve existing problems.

Dealing with and minimising congestion can help reduce carbon emissions and air pollution.

Consolidation centres and freight parks

Planners need to think about whether and where it is appropriate to create freight consolidation centres close to urban areas that allow large trucks coming off the motorway system to deliver goods, which are then taken on to their ultimate destination by smaller commercial vehicles. If properly planned, such centres can work well.

However we would not like to see significant numbers of local depots close to accommodate one exclusive freight consolidation centre as this might negatively affect the diversity and flexibility of provision within the area.

Lorry parking and loading

We would also like to see planners take more seriously the need for provision of secure lorry parking sites, particularly near interchanges and major retail or industrial sites. At present, there is a shortage of sites, creating issues in terms of security of load and driver and road safety.

It is essential that drivers should have easy access on long journeys to refreshments and bathroom facilities. If such facilities are not available, then drivers may stop at inappropriate locations that cause inconvenience to local residents and other road users.

The tachograph rules require drivers to take regular rest breaks and so the development of comprehensive facilities can only be of benefit to the haulage industry and local residents alike.

The lack of secure facilities also means that drivers and their loads are at greater risk of crime, as high value loads have to be parked at the roadside. With the planned closure of facilities such as public toilets across the country, due to local authority spending cuts, the situation is likely to get worse.

We urge you to insist that such parking areas have bathroom facilities incorporated which visiting truck drivers are allowed to use. Unfortunately it is the case that even after long journeys some customers refuse to allow HGV drivers to use staff toilets. Such an attitude leads to discomfort and inconvenience for drivers who may then use lay-bys or other inappropriate sites to relieve themselves.

We would also like to emphasise that as well as parking facilities, trucks need loading and unloading provision at high street shopping centres for example, and any lack of adequate provision can also cause difficulties for other traffic, pedestrians and for the shop owners being served by hauliers.

Delivery Restrictions/Quiet deliveries

We would ask that consideration is given to the lifting of any night-time delivery restrictions that force truck operators to use the roads at the most congested times. If vehicles can deliver to retail premises and depots in off-peak hours then trucks will not be on the roads at the busiest periods and so there should be air pollution reduction and carbon saving, as well as road safety benefits. The Noise Abatement Society ran a number of quiet delivery trials in 2009/11, which

demonstrated that such initiatives could work very well. Details of the scheme can be found by clicking on the link.

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/4007/quiet-deliveries-demo-scheme-final-project-report.pdf

The Department for Transport has produced quiet deliveries good practice guidance for local authorities, as well as hauliers, which you can find by going to the link below.

<https://www.gov.uk/government/publications/quiet-deliveries-demonstration-scheme>

Freight Priority Lanes

We would ask that a study is made of introducing priority freight lanes in the area. Freight priority lanes also called “no car”, “high-occupancy vehicle” or “essential-user” lanes permit trucks to use bus lanes at certain times of day, which increases capacity for other road users in normal traffic, at the same time as ensuring that lorries carrying essentials do not become snarled-up in heavy traffic. Where congestion is an issue, particularly in the proximity of retail and commercial premises, some councils have agreed to include goods vehicles amongst priority road-users. We would like to emphasise that priority lanes help to ease congestion, reduce emissions, and make freight delivery more efficient.

Segregated cycling infrastructure

We acknowledge that the existing roads infrastructure in Wales has not been designed to accommodate cycling as an integral and significant part of the transport system. We would welcome moves to make standard the consideration of the needs of cyclists as a part of the roads design process.

We understand that in countries where more people cycle routinely, it is common to have cycle routes completely segregated from other road traffic. The RHA would support the allocation of resources to the development of viable networks of cycle routes that are separated from motorised traffic.

Traffic management, Signage and Intelligent Transport Systems

We hope that new road development in Wales will make use of the most up-to-date technology for traffic management.

We know that that inappropriate routing of traffic, including HGVs, through some areas is a problem. We suggest that technology now offers many ways in which all traffic can be successfully managed. However investment in intelligent transport systems, proper signage, traffic light sequencing technology, as well as major investment in town centre by-pass routes is needed before these benefits can be realised.

We would like to see proposals included to upgrade IT systems in order to provide improved real time travel information. Hauliers have themselves already embraced the use of intelligent transport technologies which help in the efficient running of their businesses.

We would also like to say that the positioning of road signs is important. Good signage helps drivers to find correct places to park and load, but also to avoid the risk of trucks, for example, hitting low bridges because signs are in the wrong place or because the bridge sign gives

insufficient notice for the driver to divert before approaching the bridge. Bridge strikes can result in massive disruption whilst the driver tries to turn the vehicle round or gets stuck.

Multi-modal goods transport

We would ask any new transport authority to bear in mind that regardless of which transport mode is used, road will remain an essential component of any future road haulage strategy, since trucks usually undertake “last mile” or as the National Transport Plan says “last-leg” deliveries once goods are unloaded from rail, air or water freight terminuses.

National Assembly For Wales

Public Accounts Committee Inquiry

Value for Money of Motorway and Trunk road Investment



1. Sefydliad Siartredig Priffyrdd a Chludiant Gogledd Cymru
2. The Freight Transport Association is one of Britain's largest trade associations, and uniquely provides a voice for the entirety of the UK's logistics sector. Its role, on behalf of nearly 14,000 members, is to enhance the safety, efficiency and sustainability of freight movements across the supply chain, regardless of transport mode. FTA members operate over 200,000 goods vehicles - almost half the UK fleet - and some 1,000,000 liveried vans. In addition, they consign over 90 per cent of the freight moved by rail and over 70 per cent of sea and air freight. FTA works with its members to influence transport policy and decisions taken at local, national and European level to ensure they recognise the needs of industry's supply chains. FTA remains available to discuss any aspect of this submission.
3. The Association is grateful for the opportunity to respond to the National Assembly for Wales, Public Accounts Committee Inquiry into the Value for Money of Motorway and Trunk Road Investment.
4. The Freight Transport Association is not in a position to comment on the effectiveness of the Welsh Governments planning and costing of individual schemes or Trunk Road Agents, however over the course of the past year FTA members have reported (via a quarterly survey) that they believe the performance of the road network in Great Britain has deteriorated with a reduction in reliability of 55 per cent on the motorway network and 45 per cent on urban roads reported in Q4 2014.
5. The freight industry is heavily reliant on the transport infrastructure that it uses, performing to a consistently high standard. Distribution networks, delivery routes and schedules have been designed to achieve availability of sufficient goods at the point of consumption by business or consumers without the need for extensive and expensive stock holding. Operators build resilience into their operational planning to accommodate regularly encountered journey time unreliability and seasonal changes in network performance.
6. Efficient and effective road networks are crucial for the logistics industry to be able to support the needs of UK businesses. More than 80 per cent of goods go by road and as the economy recovers, the demands placed on the road network will only increase.
7. FTA members have been critical regarding the failure to communicate planned road works, It is essential that development / repairs to the route network which results in significant closures and diversions are communicated to users. Communication is key to ensuring a smooth transition ahead of and during works. Information needs to be accurate and concise. Failure to meet this requirement could result in congestion, with increased vehicles emissions, additional mileage, missed deliveries, refused loads or a failure to meet guaranteed delivery times.
8. It is essential therefore that when road works are planned or new roads built, road users know where to access this information or have already been informed. The Traffic Wales website currently highlight works but it should also inform users of future planned works so that alternatives can be sort and where necessary provide further information on alternative arrangements for large vehicles. We believe the two Trunk Road Agents in Wales should provide more information on planned closures or provide clear links to sites like Traffic Wales where this information can be found.
9. The Freight Transport Association receive and are notified of planned developments on the Trunk Road network and respond accordingly after consultation with our members, this provides the Association with the opportunity to input into this process and works well. Delivery of projects and evaluation are then subject to a robust analysis using the WelTaG process which also provides further opportunity for stakeholder input.
10. The Welsh Government website provides stakeholders with an opportunity to find some information on the progress of trunk road schemes however this does need to be regularly updated.
11. FTA believes that a smarter approach to road financing should be adopted with the development of a funding strategy that covers short, medium and long term aims. This money must be secure from other pressures. Long term planning is essential.

12. In England the FTA work very closely with the Highways Agency and Government. The newly formed Strategic Highways Company (Highways England) will go live this year taking over responsibility for operating, managing, maintaining and improving the strategic roads from the Highways Agency. And for the first time England and the new company will benefit from a 'Road Investment Strategy' which sets out a stable, long term investment plan for strategic roads, providing a clear vision , performance standards and delivery expectations to be met by the by the new company. It is too early to say that this approach has worked however FTA believe that the Welsh Government must adopt best practice and potentially this modal for Wales.

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Freight Transport Association

Yn rhinwedd paragraff(au) vi o Reol Sefydlog 17.42

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Eitem 7

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