

The Welsh Government's approach to delivery of major trunk road projects is generally satisfactory. As regards the planning and costing of schemes, our main comment would be to avoid 'stop-start' delivery of projects, as this leads to significant waste. As an example, there is one trunk road scheme in the recently published National Transport Plan which had previously advanced to publication of the statutory orders some years ago before being 'shelved' and the orders withdrawn. Quite apart from the fact that a number of incidents have occurred on that part of the network in the meantime, which would probably not have occurred had the scheme proceeded, the need to carry out renewed environmental surveys, and address revised design standards and procedures that have been introduced since the previous scheme was prepared, means that some £500,000 of work has been abortive, representing perhaps 5% of the total project cost. A similar situation may well apply to schemes such as the M4 at Newport and others.

There have been problems in recent years with cost escalation during the construction phase of schemes, but this has largely been due to the fact that, during the recession, contractors were submitting unrealistically low tenders for work, purely in order to maintain their cash flows, and then attempting to cover the losses they would otherwise incur through contract claims. In the improving market such tactics are unlikely to be employed, but it might be worth Welsh Government considering greater emphasis on quality over price in assessment of tenders, as there is clear evidence from previous projects that too great a focus on tender prices leads to both higher out-turn capital costs and higher whole-life costs. Recent tender processes have tended to suggest that Welsh Government is already making progress in this direction.

As regards the forward programme of trunk road schemes, we would emphasise the importance of a clear pipeline of work, which allows the industry (both contractors and consultants) to maximise efficiency in delivery of schemes. We would also like to see a focus on 'medium sized' projects, perhaps in the £5M to £10M range, which would allow Welsh SMEs to take a lead role, and develop experience both for the business and individual employees. At present, with the focus on rather larger projects, these businesses can only find a role in road projects as second or third tier in the supply chain, which stifles their ability to develop.

We believe the Trunk Road Agents, through the collaboration with local authorities, have delivered value for money in the routine maintenance and improvement of the network. However, there is a risk that the significant financial pressures now being placed on local authorities will starve them of the resources to develop. We are seeing evidence of training budgets being cut to the bone, so that staff development is minimal, and this comes at a time when many greatly experienced staff are being lost through voluntary redundancies and yet the need for training is even greater, with the need to develop capability in the application of BIM (Building Information Modelling). The same financial pressures are stifling investment in technology (both hardware and software) so that the delivery processes are failing to keep pace with developments in current best practice.

There is a lack of publicly available information on the routine maintenance and management of the network in terms of costs and performance. We are aware that audits are carried out for Welsh Government, but do not believe the reports of such audits are in the public domain and consequently it is difficult to comment. We presume there is some benchmarking of typical costs against alternative delivery models such as the Highways Agency's MAC or ASC contracts.

On the basis of the limited information available, we would tend to suggest that, while there may be advantages in retaining the management and maintenance functions within the public sector, the current model of delivery of both white and blue collar services by departments of local authorities does not seem to be sustainable in view of the wider pressures on those authorities.