



Complete Agenda
Asiant Cefnffyrdd Gogledd a Chanolbarth Cymru
North & Mid Wales Trunk Road Agent

North and Mid Wales Trunk Road Agency

2.00 pm, Monday, 27th February, 2017,

Committee Room 2, Gwynedd Council Offices, Cae Penarlâg,
Dolgellau, LL40 2YB

Agenda

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| <p>1. APOLOGIES</p> <p>2. DECLARATION OF PERSONAL INTEREST</p> <p>3. MINUTES OF THE PREVIOUS MEETING 16-5-2016</p> <p>4. JOINT COMMITTEE REPORT</p> <p>5. EXCLUSION OF PRESS AND PUBLIC</p> <p>The Chairman will propose that the press and the public be excluded from the meeting during the discussion on the following items because it is likely that exempt information is disclosed as defined in paragraph 14.10.2, no. 13</p> <p>6. ANY OTHER BUSINESS</p> <p>7. DATE OF NEXT MEETING</p> | <p>(Pages 2 - 5)</p> <p>(Pages 6 - 41)</p> |
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NORTH & MID WALES TRUNK ROAD AGENT JOINT COMMITTEE 16-05-16

**Held at 1.30pm, Monday, 16 May 2016
in Committee Room 2, Cae Penarlag, Dolgellau**

Present - Councillor Alun Williams (Ceredigion) (Chairman),

David Bithell (Wrexham), David Smith (Denbighshire)

Also Present – Dilwyn Williams (Chief Executive, Gwynedd), Huw Morgan, Strategic Director (Ceredigion), Steve Parker Head of Service (Denbighshire), Geraint Edwards (Head of ERF (Conwy) , Nigel Brinn, Head of Highways, Transport and Recycling (Powys), Darren Williams (Service Manager, Wrexham), Dave Cooil (Head of Agency, NMWTRA), Ian Hughes (Business and Statutory Operations Manager, NMWTRA), Lynda Humphreys (Administrator, NMWTRA), Andy Stewart, Route Manager (NMWTRA).

Apologies: Gwyn Morris Jones (Head of Service, Gwynedd), Paul Arnold, (Head of Service, Ceredigion), Dewi Williams (Head of Service, Isle of Anglesey), Cllr John Brunt (Powys), Cllr John W Jones (Gwynedd), Cllr David Cowans (Conwy), Cllr John Arwel Roberts (Anglesey), Cllr Bernie Attridge, (Flintshire), Steve Jones (Head of Streetscene, Flintshire)

1. Minutes of Meeting 28/9/15

Minutes received as accepted.

2. Matters Arising

Corrections to item 8 (i) should read March 2016 rather than 2015 and Admin functions will transfer to the Agency on 1/4/16.

3. Declaration of Personal Interest

None.

4. Joint Committee Report

An update was given by DRC.

Work allocation to LA Service Provider Units – DRC reported that the forecast turnover for 2015/16 is lower than 2014/15 levels largely due to an exceptionally mild winter. NMWTRA are currently reviewing fee levels to ensure PA identified management overhead costs are recovered. This will be monitored on an annual basis.

DRC confirmed that WG had secured a higher capital budget than anticipated and that the overall budget across Wales was £23m more on capital compared to this time last year.

Implementation of the Business Cases – NMWTRA have been progressing with the implementation and are generally on programme. Staffing arrangements have been addressed in a two stage process with a very limited number of posts now unfilled and subject to further advertisement. Overall staffing numbers have been reduced by approximately 19 taking into account Full Time Equivalent (FTE) staff embedded within PA's following completion of the model change.

Clarification regarding actual staffing numbers was raised by Cllr Bithell.

DRC explained that NMWTRA had identified approximately 60 FTE staff embedded within PA's that previously undertook those trunk road functions that had now transferred to NMWTRA. This was in addition to directly employed NMWTRA staff. As only 41 staff have been transferred there has been a net reduction in staffing levels of approximately 19.

RESOLVED:- Staffing level chronology to be sent to Committee members.

5. NMWTRA Update on the Audit and Benchmarking of Cyclic Maintenance

Presentation given by Andy Stewart.

A summary of the Cyclic Maintenance Benchmarking for NMWTRA was discussed. It compares financial years 14/15 with 15/16.

Dual c/w costs reduced by £30,000 (4% reduction)
Single c/w costs reduced by £180,000 (12% reduction)

The cost reduction achieved is in line with the target savings indicated to WG and has been achieved ahead of the indicated programme. The benchmarking process has been key in improving harmonisation of costs across PA's.

Dilwyn Williams made reference to private sector rates potentially looking more attractive than those for in-house delivery. DRC confirmed that this was not the case in all areas as in some cases private sector rates had been shown to be higher due to local market forces. It was acknowledged that the public sector rates as far as possible needed to be consistent across the whole Agency area.

NB commented that care was needed when interpreting benchmarking data.

Update given by Cllr Bithell re termination of the Amey Contract which ended March 2016 and WCBC's establishment of an in-house management capability to undertake highway maintenance and carry out small reactive works in order to maximise utilisation of their in-house workforce and in building resilience in their Operations team as from 1/4/16.

DRC reported that the Agency will review fee recovery once the 1st and 2nd cyclic maintenance outturn costs are received from all PA's.

6. Service Delivery Agreement 2016

The revised documents now provide a more detailed specification for trunk road works across Wales and should improve the level of consistency in interpreting the requirements of WG's Trunk Road Maintenance Manual (WGTRMM).

The revised SDA for Works was issued to Partner Authorities in January 2016 along with the SDA Consultancy which was issued in May 2016.

DRC reported that the Technical Administration SDA is now significantly lighter following transfer of core functions but there are some residual functions that are still required to be undertaken by PA's.

Intelligence based maintenance – DRC commented that implementation of this business case was one of the more significant challenges for 2016/17 and that NMWTRA were in discussion with PA's through a series of workshops. The intention is to try and retain as far

as possible historic levels of turnover and a balanced programme of work to ensure PA's resources were fully utilised and levels of fee recovery are sustained. This will involve undertaking maintenance functions not previously undertaken and or increasing levels of maintenance for example on structures routine maintenance.

7. Review Denbighshire Council Maintenance delivery arrangements

DRC gave an update on DCC's request to review its maintenance delivery arrangements and their wish to withdraw from providing routine and reactive maintenance functions for Trunk roads. DCC wished to continue to provide a winter maintenance and out of hours emergency response service.

The issue was discussed at the joint Heads of Service meeting on 11/5/16 and in accordance with the NMWTRA Partnership protocol expressions of interest in undertaking the above maintenance functions in DCC invited from all other PA's.

The interest expressed by other PA's is confirmed below:

Authority	A55	Singles	Not interested
Conwy	X		
Flintshire	X	X	
Wrexham			X
Powys		X	
Gwynedd		X	
Anglesey			X
Ceredigion			X

Meeting to be arranged in early June 2016 with interested PA's and DCC to progress to revised delivery arrangements.

NMWTRA will be preparing an Options Report with summary of route lengths and associated projected values to enable assessment of fee income and adjusted fixed costs contributions. First priority is to establish a cost effective optimised arrangement and as far as possible equitable shares so each authority with an interest picks up some network.

8. Finance

i) Budgets 2016/17 - Update given by IKH.

Revenue expenditure for 16/17 excluding winter maintenance and reactive maintenance fluctuations is expected to be similar to 2015/16.

Funding level being confirmed by WG and current indications are that overall revenue funding across Wales will be in the region of £66.5m with capital funding set at £28.65m.

Still awaiting Appendix J (Cyclic Maintenance) cost submissions from some PA's.

IKH indicated that it was intended that all PA's would be provided with indicative figures on revenue and capital spend through each PA in early June. IKH to action.

Additional / late capital funding raised by Cllr Smith. DRC reported that approximately £3.5m of additional capital was provided to NMWTRA in January 2016 and that a further £20m was identified across Wales during February but NMWTRA were unable to make use of any of this late funding due to lead times required to procure works and a lack of available roadspace.

Huw Morgan commented on the potential benefits of a 5 year programme for capital works. DRC explained that the planning function is now WG's responsibility and the Trunk Road Agents provide WG with asset condition data. WG then determine which schemes are prioritised, funded and subsequently delivered by their Agents. DRC commented that this issue had been raised at the Public Accounts Committee in March 2015 with a strong emphasis on the need for a 5 year programme to enable a more cost effective approach to capital delivery.

9. Any other Business

SDA – cyclic maintenance frequency programme

Cllr Bithell expressed his concerns regarding the changes to the intelligence led cyclic maintenance activities particularly the grass cutting regime and the effect on Wrexham's tourism. WCBC have a planned cut for 21/6/16.

DRC shared Cllr Bithell concerns along with committee Members.

DRC explained that the changes meant baseline WGTRMM requirements would be met and that the potential savings were significant and the decision was now in the hands of WG and that it was now a matter for WG Policy.

Resolved: That the Joint Committee would advise the new Minister of the concern and that Cllr Bithell would also write separately to the Minister on behalf of Wrexham CBC to express concerns to the changes in the intelligence led cyclic maintenance activities and their potential impact on the local economy with particular reference to the world heritage site.

10. Date of Next Meeting

Frequency of future meetings discussed. Agreed that biannual meetings was appropriate and that the next meeting would be held in Nov 2016 unless there are significant developments regarding the Agency review process that requires the attention of the Joint Committee in which case an interim Joint Committee meeting would be called.

RESOLVED: The next meeting will be held in Nov 2016. Dates will be circulated to Members.

Councillor Alun Williams conveyed his thanks on behalf of the Joint Committee for the information and advice provided by the Officers involved.

The meeting commenced at 1.37pm and ended at 3.00pm.



Asiant Cefnffyrdd Gogledd a Chanolbarth Cymru North & Mid Wales Trunk Road Agent

Joint Committee Report

27th February 2017



Yn gweithio ar ran
Llywodraeth Cymru
Working on behalf of the
Welsh Government

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1 Introduction

- 1.1 This report provides information on the topics which come under the particular terms of reference of the Joint Committee.

2 Work Allocation to Local Authority Service Provider Units

- 2.1 Work continues to be allocated to all Partner Authorities across the main functional areas of the Agency for Consultancy Services, Works and Technical Administration in accordance with the Agency protocols. See Table 1 overleaf.
- 2.2 Turnover for 2015/16 was lower than 2014/15 levels largely due to an exceptionally mild winter and reduction in CAT1 defect expenditure. In line with the open book approach for payments to Partner Authorities (PA) and in response to concerns raised by some PA's regarding fee recovery, NMWTRA have reviewed fee levels for 2014/15 and 2015/16 based on final claim submissions to ensure PA identified management overhead costs are recovered. The necessary adjustments and reconciliation payments that have now been made to Authorities are shown in Table 2.
- 2.3 Projected revenue expenditure for 2016/17 excluding winter maintenance and reactive maintenance (CAT1) fluctuations is expected to be similar to 2015/16 as indicated in Table 3. However, following implementation of the intelligence based maintenance regime business case, the makeup of the works activities will change.
- 2.4 NMWTRA will continue to monitor turnover and review the fee recovery on an annual basis. Management costs will also need to be reviewed in some Authorities due to changes in service delivery e.g. Denbighshire change in network maintenance role and Ceredigion withdrawal from provision of street lighting services. Benchmarking of PA Works Unit Management costs has been undertaken with a view to understanding the reasons for variation in costs between PA's. This has allowed us to consider whether PA surpluses or deficits are due to management costs or higher/lower levels of work throughput. A similar benchmarking process is proposed for the end of 2016/17 to assist with a review of the fee level.
- 2.5 Funding levels for 2016/17 are in the order of £45m on capital and £16.5m on revenue which at £61.5m overall is a considerable uplift compared to the overall expenditure in 2015/16 of £46.2m. The majority of the additional funding is within the capital budget and this is being targeted at major maintenance renewals (resurfacing) across the network.
- 2.6 Capital expenditure level is particularly important to Partner Authority Consultancy workload as well as the Agent's private sector supply chain. For 2016/17 WG have changed commissioning arrangements and now provide formal project briefs to NMWTRA for all capital commissions. This has caused an initial delay to projects being commissioned during April and May due to a bedding in process. However this has improved in year with briefs from WG now flowing fairly smoothly to NMWTRA.

It is recognised by both WG and NMWTRA that in order to avoid a gap in work streams and to maximise programme time in year that projects to be worked on early in the financial year need to be commissioned during March of the preceding financial year. It is anticipated that there will be significant improvement in commissioning arrangements going into the 2017/18 financial year.

Table 1 - 2015/16 Outturn costs as submitted as part of Final Claim

Partner	MUC / Tech Admin £1000	TO Service & Control Room £1000	Operations £1000	Inspection / Delivery £1000	Routine/ Reactive Maintenance £1000	Consultancy / Structures £1000	Framework and other External Payments £1000	Total £1000
Ceredigion	78	0	0	0	1,184	475	0	1,737
Conwy	70	0	0	0	3,203	909	0	4,182
Denbighshire	98	0	0	0	949	694	0	1,741
Flintshire	17	0	0	0	2,107	0	0	2,124
Gwynedd	366	0	0	0	3,057	2,589	0	6,012
Powys	338	0	0	0	5,402	1,622	0	7,362
Wrexham	20	0	0	0	1,713	139	0	1,872
NMWTRA	3,457	1,825	906	203	0	0	14,770	21,161
Grand Total	4,444	1,825	906	203	17,615	6,428	14,770	46,191

Table 2 - 2016/17 Committed costs as at 30/01/17

Partner	MUC / Tech Admin £1000	TO Service & Control Room £1000	Operations £1000	Inspection / Delivery £1000	Routine/ Reactive Maintenance £1000	Consultancy / Structures £1000	Framework and other External Payments £1000	Total £1000
Ceredigion	19	0	0	0	1,196	224	0	1,439
Conwy	34	0	0	0	2,979	0	0	3,103
Denbighshire	10	0	0	0	638	381	0	1,029
Flintshire	0	0	0	0	2,234	0	0	2,234
Gwynedd	44	0	0	0	2,745	1,723	0	4,512
Powys	89	0	0	0	4,917	948	0	5,954
Wrexham	0	0	0	0	1,270	0	0	1,270
NMWTRA	3,194	1,650	1,500	1,635	0	0	23,996	31,975
Grand Total	3,390	1,650	1,500		15,979	3,276	23,996	51,426

Table 3 - Review of Fee Recovery against PA Management and overhead costs 2014/15 and 2015/16

	CEREDIGION	CONWY	DENBIGHSHIRE	FLINTSHIRE	GWYNEDD	POWYS	WREXHAM	TOTAL
APPENDIX A - Works Unit management Costs (inc Employee, Premises, Transport, Supplies & Services, Central and Capital Recharges) 2014/15	145,113.00	201,461.00	111,338.17	166,999.00	283,007.00	422,601.00	80,293.00	1,410,812.17
ACTUAL FEE PAID 14/15	145,680.00	254,247.00	116,642.00	199,497.00	258,753.00	499,397.00	127,202.00	1,601,418.00
Total Variance Due +/- for 2014/15	567.00	52,786.00	5,303.83	32,498.00	- 24,254.00	76,796.00	46,909.00	190,605.83
Fee Reconciliation 2014/15	-	-	-	-	- 24,254.00	-	-	- 24,254.00
APPENDIX A - Works Unit management Costs (inc Employee, Premises, Transport, Supplies & Services, Central and Capital Recharges) 2015/16	190,161.57	260,867.00	122,745.58	165,083.85	282,495.98	458,863.38	83,874.00	1,564,091.36
ACTUAL FEE PAID 15/16	112,430.24	286,132.46	90,491.53	175,317.04	253,364.99	456,824.22	161,690.80	1,536,251.28
Total Variance Due +/- for 2015/16	- 77,731.33	25,265.46	- 32,254.05	10,233.19	- 29,130.99	- 2,039.16	77,816.80	- 27,840.08
Fee Reconciliation 2015/16	- 77,731.33	-	- 32,254.05	-	- 29,130.99	- 2,039.16	-	- 141,155.53
Fee Reconciliation - 14/15 and 15/16 - Payments to PAs	- 77,731.33	-	- 32,254.05	-	- 53,384.99	- 2,039.16	-	- 165,409.53

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3 Partnership Arrangements

3.1 Following completion of the Agency review process and acceptance of the submitted business cases NMWTRA have been progressing with the implementation of the business cases. The most significant Business Cases relating to changes to the Agency model and internalisation of core functions were completed during April and May 2016. Other Business Cases relating to operational efficiencies are beginning to yield the projected cost savings and implementation is generally on programme. An updated programme is included in Appendix A.

3.2 The staffing arrangements regarding implementation of the new Agency model have now been completed and current vacant posts are now attributable to normal levels of staff turnover. The changes have enabled a reduction in Full Time Equivalent (FTE) Staff of around 11% with a reduction from 168 to 150 as indicated in Appendix B. This allows for 10 FTE that continue to be embedded within PA's. Current indication based on Technical Administration claims to date is that the number of embedded staff within PA's has reduced below 10. This indicates that Technical Administration savings are likely to be higher than originally projected. This will be clarified when the final claim is completed.

3.3 Welsh Government Trunk Road Maintenance Manual (WGTRMM)

Welsh Government implemented a major revision to this manual in 2015 and continues to improve the documentation in consultation with both Trunk Road Agents. An updated 2016 version has been implemented which captures existing amendments to the 2015 version. However, WG has further work to undertake on the document particularly relating to environmental aspects including soft estate management. A further updated document is expected in 2017. The document currently includes changes that will provide cost savings in maintenance and inspection costs.

3.4 Service Delivery Agreement Implementation

In order to meet WG requirements for a harmonised / common Service Delivery Agreement (SDA) and to enable advantage to be taken of developing technology and improved working practices NMWTRA and SWTRA have developed necessary amendments to the SDA. A revised SDA has subsequently been implemented from April 2016. The SDA provides improved clarity in the implementation of the WGTRMM and will aid a more consistent approach in service delivery across PA's. NMWTRA and the PA's are now operating to the revised SDA's and whilst there have been a number of clarification requirements the SDA's are now fully implemented and PA's are generally achieving good levels of compliance in most areas. However, gaps in some PA's Quality Management (QMS) Systems which are a requirement of the SDA have been identified. NMWTRA is working with those PA's in order to address this.

3.5 **Benchmarking**

Extensive benchmarking has been undertaken and the ‘open book’ approach now being adopted has enabled a significantly improved level of harmonisation across PA’s. A joint presentation from NMWTRA and SWTRA was provided to WG senior managers including Director for Transport in July 2016. The presentation provided an update on the benchmarking work undertaken by NMWTRA and progress to date regarding implementation of the open book methodology in SWTRA. The presentation was very well received by WG particularly in regards to the high levels of transparency in costs that the system provides. A further updated presentation including benchmarking of fixed costs and management unit costs was presented to WG senior managers including the Director of Transport on 19th January 2017. This presentation was also well received.

Two key areas confirmed by the benchmarking exercise were:

- The alignment of cyclic maintenance costs within Powys, which were previously higher than other Partner Authorities.
- Cyclic maintenance costs in Wrexham following a change in the delivery model (post Amey arrangements).

Data provided by Powys, indicates that the significant improvements achieved have now stabilised and appears to be sustainable. Data provided by Wrexham also indicates that overall cyclic costs have reduced by approximately £50,000 (equates to 20%) following a change in its delivery model with works now being undertaken or managed directly by WCBC personnel. This now brings Wrexham costs closer to other Partners with comparable networks. An updated benchmarking report is presented separately.

3.6 **Changes to Service Delivery arrangements in Denbighshire**

3.7 During May 2016 DCC raised some concerns regarding the continued benefits to the Authority in delivering routine and reactive maintenance services to NMWTRA. After a short period of discussion between DCC and NMWTRA Heads of Service, by mutual agreement DCC withdrew from providing routine cyclical maintenance and reactive maintenance services. It has been agreed that DCC will continue to provide a winter maintenance service and out of hours emergency response service for single carriageways only.

3.8 Following a meeting with Partner Authorities who had expressed an interest in providing a routine and reactive maintenance service within DCC by agreement sections of the DCC Trunk Road network have been reallocated to Conwy County Borough Council, Flintshire County Council and Gwynedd Council. The above changes came into effect during June 2016. The details of the revised network allocation are shown in Appendix C.

- 3.9 The Partnership Risk Register has been reviewed and updated to identify risks to the NMWTRA Partnership and to demonstrate on-going actions being implemented in order to manage and mitigate risks wherever possible. The Partnership Risk Register is attached as Appendix D.

4 Satisfying WG Requirements with regard to the Agency Agreement

- 4.1 The TRMU is responsible for ensuring that WG requirements as specified in the Agency Agreement (WGMAA) are satisfied. No issues regarding delivery of WGMAA requirements have been raised by WG in the reporting period.

4.2 Agency Steering Group

There have not been any Steering Group meetings during the last reporting period.

4.3 Quality Management Systems (QMS)

An external Audit of the NMWTRA Quality Management Systems ISO 9001:2008 was undertaken by BSI during September 2016. The Audit also ensured compliance with ISO 14001:2004 “*Environmental management systems*” and BS 18001:2007 “*Occupational health and safety management systems*”. The Agent maintained all three accreditation standards however the audit did identify seven minor non-conformities. NMWTRA have identified the corrective actions and the timeframe required to resolve the issues raised by the BSI audit.

Further enhancement and development of the NMWTRA Quality Management System is scheduled for the next 12 months in order to meet the transition to the new BSI 14001:15 & 9001:2015 Standards.

An Investors in People (IIP) three yearly review was undertaken in June 2016 and NMWTRA successfully maintained its Accreditation. NMWTRA will maintain this accreditation for 3 years and during this period will be working with Investors in People to ensure compliance and a smooth transition to the new Investors in People 6th Generation Framework.

5 Performance

5.1 PA Works Units

Generally there are no significant issues with Works Unit performance as far as delivery is concerned. However, there has been a significant gap between committed expenditure and costs claimed by some Partner Authorities. This has largely been due to backlogs in closing out works instructions. NMWTRA has worked closely with those Partner Authorities and satisfactory levels of closed out works instructions are now being achieved. This should assist in improved budget management and allay concerns being expressed by WG.

5.2 PA Consultancies

Consultancy performance across all Partner Authority Consultancies is generally good, although it is recognised that capacity within many Partner Authorities is now fully utilised and in some cases, delivery has been delayed as a result. Communication between Partner Authority Project Managers and NMWTRA Project Sponsors has improved, resulting in early identification and management of those capacity and delivery issues. A performance and progress report is included in Appendix E.

5.3 Private Sector Frameworks

NMWTRA framework contracts continue to work well with good performance being achieved by contractors and consultants. This has proved to be particularly effective in quarter 4 with a substantial uplift in capital; expenditure and programmed works now being delivered.

The NMWTRA contractor framework is in the process of being renewed with tenders invited on 27th October through Sell2Wales. Contract award is anticipated in March 2017. Following operational experience under the outgoing framework the Lot structure has been simplified to improve commissioning arrangements. The revisions were presented to existing and potential suppliers through a 'meet the buyer' workshop held in August and met with their approval.

6 Continuous Improvement

- 6.1 The main focus of NMWTRA in the period May 2016 to date has been to implement the operational efficiency cost reduction measures associated with the submitted business cases. NMWTRA are currently on track to achieve the forecast savings and WG officers have provided further assurances that subject to achieving those savings the current public sector led model is considered to be sustainable in the long term.

7 Disputes under Clause 9.6 of the Partnership Agreement

- 7.1 Clause 9.6 of the Partnership Agreement sets out an escalation process for the resolution of disputes which may arise between the TRMU and PA's. Such disputes may be referred to the Joint Committee for determination if they remain unresolved.
- 7.2 There are currently no issues which have been escalated under this process for the Joint Committee's consideration.

APPENDIX A

Business case implementation programme

NMWTRA PROPOSED SAVINGS PROFILE 2014/15 - 2018/19													
Business Case	Savings Category	Brief Description	Progress against programme	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Business Case Total	2019/20	Success Criteria/Evidence	Outcomes to date/Savings Achieved
									£'m	£'m			
DELIVERY TIMESCALE													
BC04 - Technical Admin	Delivery Model Change	Internalisation and rationalisation of the delivery of Technical Administration functions into the Trunk Road Management Unit (TRMU).	Completed 1/4/16						-0.180	-0.180		Actual cost of delivering the revised Tech Admin SDA compared to the revised post business case savings budget.	The business case indicated a reduction of 3 FTE's to save £180k. Current indications are that savings will be substantially higher than this and could be in the region of £500k. The figures will be confirmed post final accounts 2016/17.
BC05 - Inspections	Delivery Model Change	Internalisation and rationalisation of the delivery of Safety, Detailed and Specialist Inspections into the TRMU.	Completed 1/4/16						-0.930	-0.930		To demonstrate that savings have been achieved we need to show that we can deliver a comparable level of inspections to the baseline year for the revised savings figure utilising the revised internalised model.	Current indications are that Inspection programmes are being met or exceeded and that savings are on target
BC06 - Area Custodian	Delivery Model Change	Internalisation of the maintenance client function into the TRMU.	Completed 1/4/16						-0.300	-0.300		This will be demonstrated by comparing historical FTE costs with revised FTE costs for 2016/17.	Currently on track. The figures will be confirmed post final accounts 2016/17.
BC07 - Consultancy	Revised Procurement model	Reduction in Multiplier from 2.1 to 1.9 to reflect market conditions.	Completed . Revised model implemented 1/4/15						-0.420	-0.420		The calculation of this figure will be based on the value of the consultancy work commissioned through PA's on an annual basis. In calculating the figure we have to assume a consistent level of efficiency and it covers option A and E payment methods. The savings will be calculated by extrapolating the difference between the 2.1 and 1.9 multiplier value. The value of these savings will be linked to the volume and value of commissions	For Option E commissions savings to date for 2016/17 commissions = £41k (based on adjusted multiplier) Option A savings are in the order of 15% (refer to Market testing report)
BC10 - Reactive Maintenance	Efficiency Savings	Improved approach to category defect repairs	To be delivered over 2016/17						-0.200	-0.200		Cost savings derived from operative effective salary multiplier. Indicative savings based on baseline expenditure on reactive maintenance. Actual savings will depend on in year expenditure which may be higher or lower than baseline.	Detailed reporting to follow.
BC11- TUPE		Allowance for pension liability and other costs as a result of TUPE	One off cost for 2016/17						0.720	0.720		Pension liability costs did not materialise as a result of Delivery model change and TUPE. Therefore one off saving against the savings profile.	One off saving for 2016/17 £720k
BC12 - Winter Maintenance	Schedule of Rates	Establishing a uniform and equitable methodology for sharing winter maintenance fixed costs between Trunk and County roads.	Completed 2014/15. On going continuous improvement through review and refinement.						-0.640	-0.640		This has already been demonstrated to EC Harris. Current fixed costs will be captured and compared to the pre savings fixed costs to demonstrate that they are still valid.	Cost savings of £640k pa achieved as from 2014/15
BC14 - Emergency Response	Delivery Model Change	Introduction of network wide Emergency Response Unit (ERU) arrangements for dual and single carriageways.	Substantially delivered 2014/15 ahead of programme Electrical assets addressed in 2016/17.						-0.040	-0.040			Cost savings per km reduced however service extended to a cover whole network. Overall cost savings neutral.
BC15 - Schedule of Rates	Schedule of Rates	Development of new SOR system which established a transparent methodology for identifying and sharing fixed cost overheads between Trunk and County i.e. overheads and risks were accounted for separately from unit rates and annual cyclical activities.	Completed 2014/15. On going continuous improvement through review and refinement.						-1.620	-1.620			SOR cost savings achieved since 2014/15 with some further cost savings being achieved through the benchmarking process.
BC18 - Street works	Delivery Model Change	Internalisation and rationalisation of the delivery of Technical Administration functions into the Trunk Road management Unit (TRMU).	Completed 1/4/16						-0.080	-0.080		Business case savings to be demonstrated by comparing historical costs to new team set up costs.	Cost savings on track
BC19 - Intelligence led Risk Based Maintenance	Efficiency Savings	Implementing a risk based approach to maintenance as agreed with WG.	Implemented April 2016 monitoring and review process being undertaken during 2016/17.						-0.840	-0.840		Calculating these savings will be done by comparing historical costs with the cost of the revised approaches and revised WGTRMM requirements and subject to any operational issues encountered.	First iteration of this approach now implemented. Out-turn costs and operational performance to be reviewed at year end.
BC20 - Intelligence led Risk Based Inspection	Efficiency Savings	Implementing a risk based approach to maintenance as agreed with WG.	Implemented April 2016 monitoring and review process being undertaken during 2016/17.						-0.300	-0.300		Calculating these savings will be done by comparing historical costs with the cost of the revised approaches and revised WGTRMM requirements and subject to any operational issues encountered.	First iteration of this approach now implemented. Out-turn costs and operational performance to be reviewed at year end.

APPENDIX B

NMWTRA Staffing Chronology

Timeline	Staff requirement	Staff numbers	Cumulative staff	Increase in Agent FTE	PA Embedded Tech Admin staff	PA Embedded Consultancy staff (Core services)	Total Staff
Total 11/12			75				
Apr-12	WG request to merge MWTRA and NWTRA to form NMWTRA. TUPE staff transfer from Powys CC to Gwynedd CC and restructure of North Wales Network Operations team	12	87	0			
Apr-12	Agreed internalisation of 100% dedicated Geotechnical Asset manager by TUPE transfer from Wrexham CBC. Agreed by WG at Agency Board to improve management control and accountability and cost saving.	1	88	0			
Apr-12	Additional post created to address anticipated SOR workload from Mid Wales. (Appointed Dec 2013 to reflect Mid Wales Area SOR implementation programme). Improved governance.	1	89	1			
Apr-12	Appointment of 2 additional A55 Assistant Route Managers to replace temporary posts following an evaluation period and to meet operational requirements.	2	91	0			
Nov-12	Expansion of Traffic Officer staff resources to provide 3 unit resilient service at the request of WG.	6	97	6			
Total 12/13			97		40	35	172
Jul-13	Appointment of 2 Rechargeable Recovery Officers based on internalisation of recovery and Development Control functions from LA's at WG request.	2	99	0	-2		
Dec-13	As part of NMWTRA Phase 2 restructuring an additional 2 new post and internalisation of 1 post to provide improved management and control and cost savings. Also to provide an improved level of governance for the bought in inspection service.	3	102	2			
Total 13/14			102		38	35	175
	Establishing the procurement and contracts manager post		1				
Total 14/15			103		30	35	168
Total 15/16			103		30	35	168
	TUPE transfer staff to WG		-11				
	TUPE transfer from PA's		6				
	Prior consideration group appointments from PA's		19				
	Other posts to be advertised		22		10		
Total 1/04/2016	Revised Structure as per Business Cases		139		10	0	149
	Additional Third Party Claims Officer - business case accepted by WG June 2016		1				
Total 27/06/2016	Revised Structure as per Business Cases		140		10	0	150

APPENDIX C

Denbighshire CC Network Re-allocation



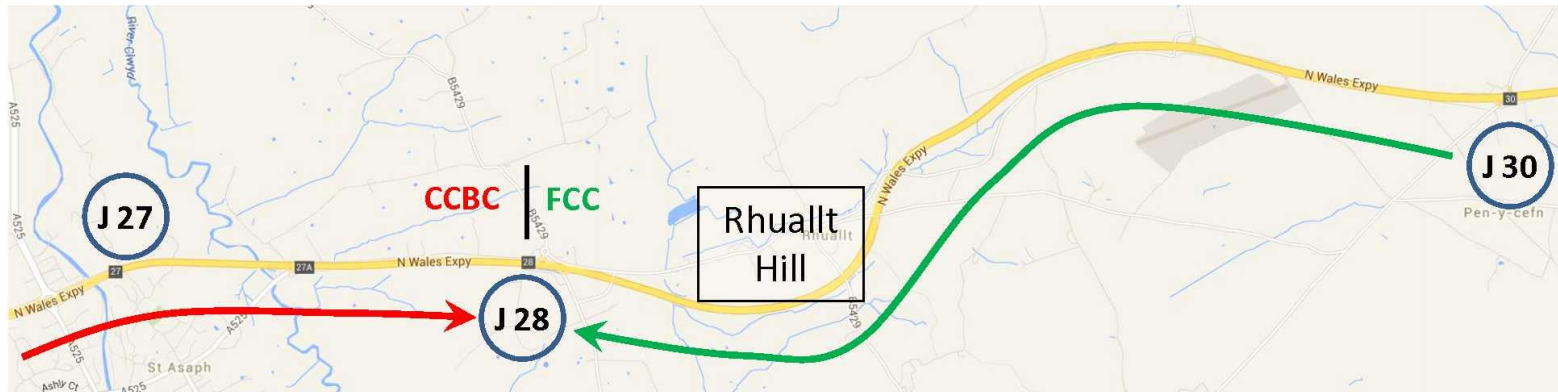
Asiant Cefnffyrdd Gogledd a Chanolbarth Cymru
North & Mid Wales Trunk Road Agent

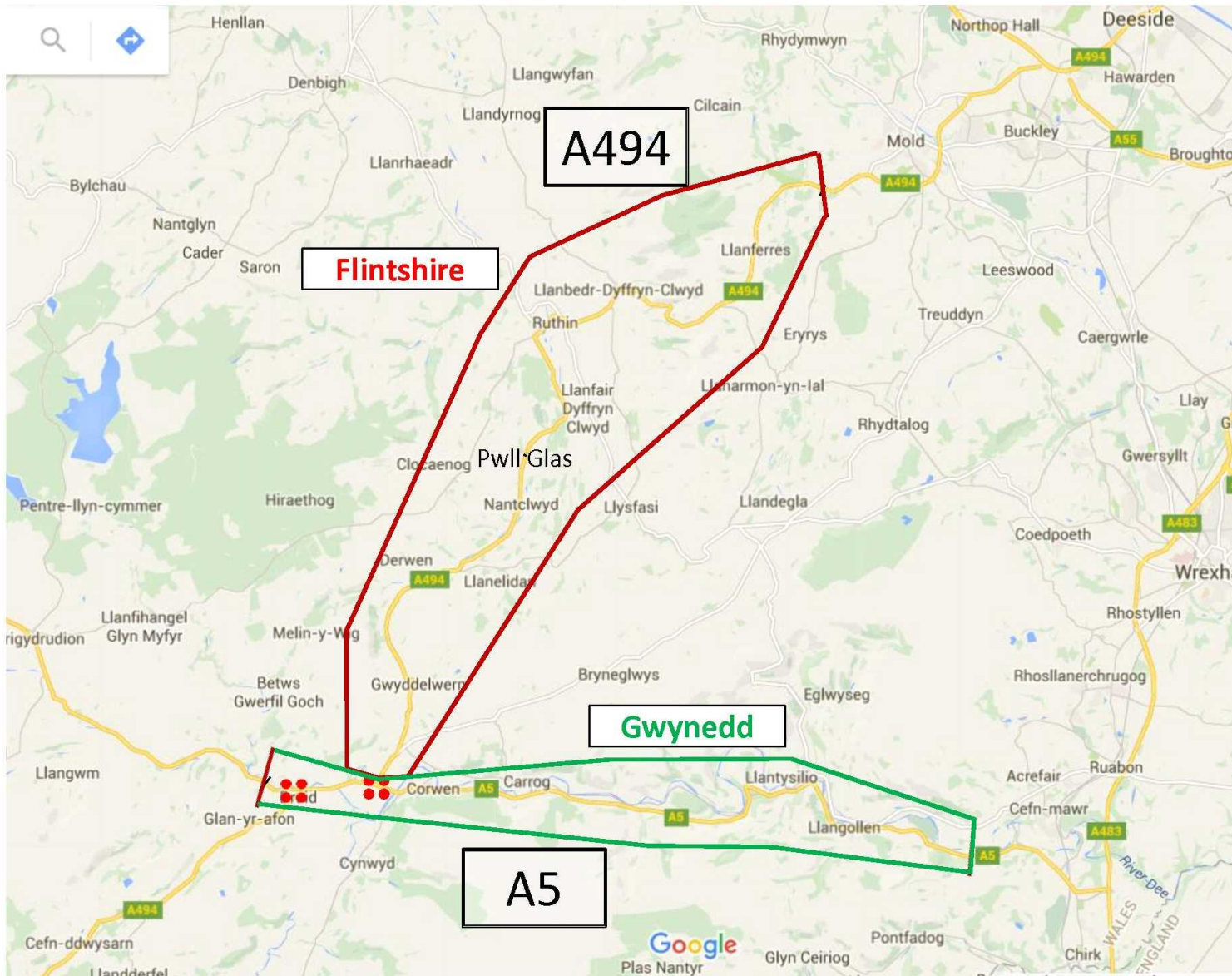
**Re-allocation of Denbighshire
Trunk Road Maintenance Activities**
October 2016

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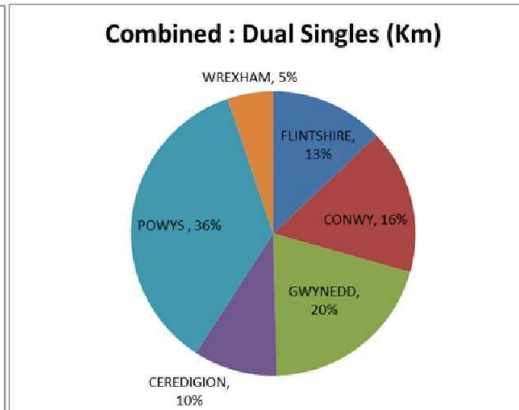
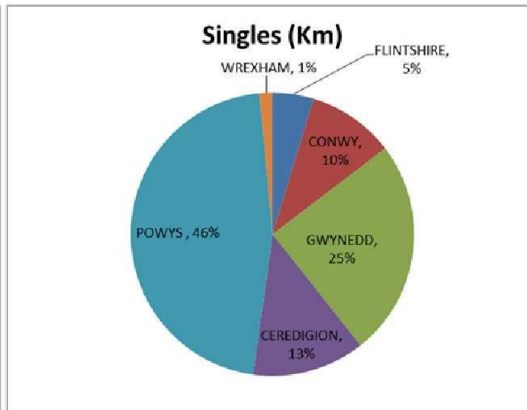
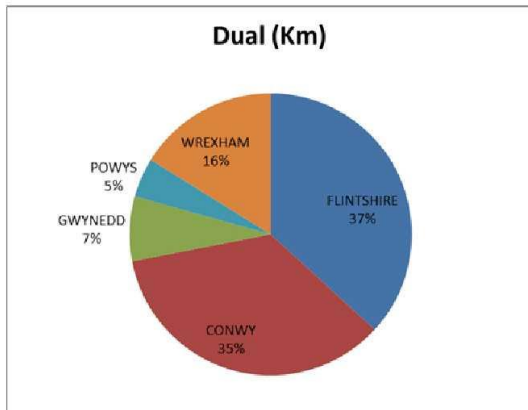
Network Length

	Dual (Km)		%
	Existing	Proposed	
FLINTSHIRE	102	114	37%
CONWY	87	109	35%
GWYNEDD	23	23	7%
CEREDIGION			
POWYS	14	14	5%
WREXHAM	50	50	16%
DENBIGH	34	0	0%
	310	310	

	Singles (Km)		%
	Existing	Proposed	
	10	42	5%
	89	89	10%
	196	221	25%
	115	115	13%
	415	415	46%
	13	13	1%
	57	0	0%
	895	895	

	Combined : Dual Singles (Km)		%
	Existing	Proposed	
	112	156	13%
	176	198	16%
	219	244	20%
	115	115	10%
	429	429	36%
	63	63	5%
	91	0	0%
	1205	1205	

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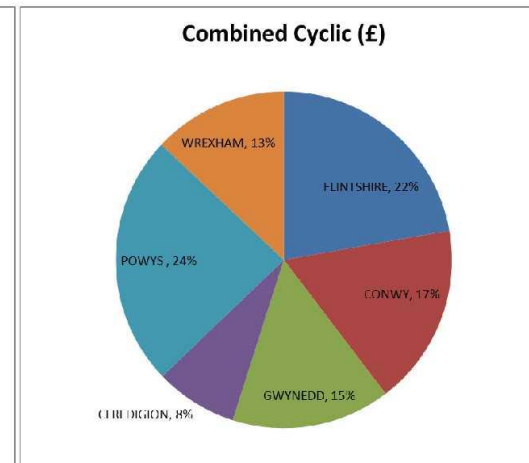
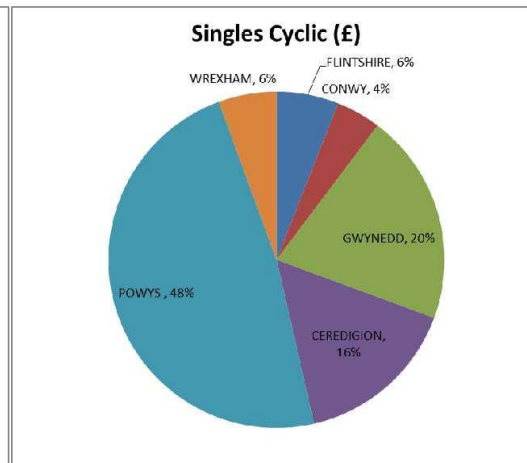
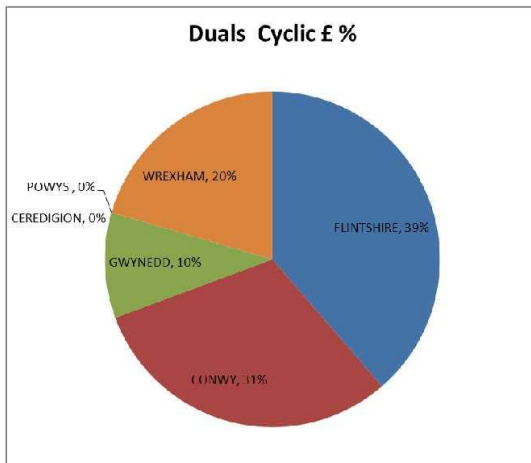
Planned Maintenance (based on 15/16)

	Duals £		%
	Existing	Proposed	
FLINTSHIRE	202,000	239,552	39%
CONWY	161,000	190,148	31%
GWYNEDD	63,000	63,000	10%
CEREDIGION	-	-	-
POWYS	-	-	-
WREXHAM	127,000	127,000	20%
DENBIGH	66,700		0%
	619,700	619,700	

	Singles £		%
	Existing	Proposed	
	16,000	37,525	6%
	27,000	27,000	4%
	108,000	127,475	20%
	99,000	99,000	16%
	301,000	301,000	48%
	35,000	35,000	6%
	41,000		0%
	627,000	627,000	

Combined		
277,077	22%	FLINTSHIRE
217,148	17%	CONWY
190,475	15%	GWYNEDD
99,000	8%	CEREDIGION
301,000	24%	POWYS
162,000	13%	WREXHAM
-	0%	DENBIGH
1,246,700		

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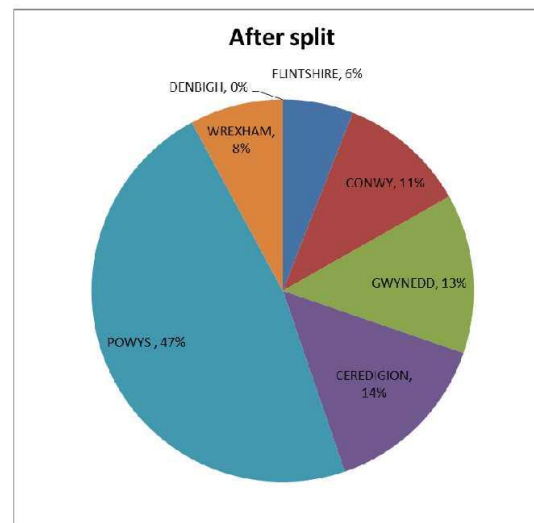
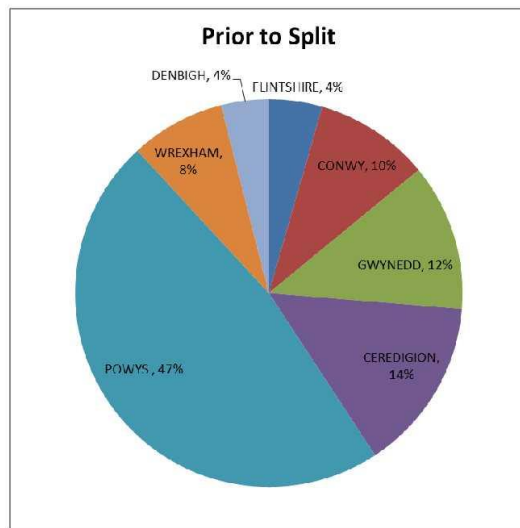


**Cat 1
(singles + duals)
£**

	Ave 2014-2016	Prior to Split
FLINTSHIRE	144,613	4%
CONWY	312,426	10%
GWYNEDD	398,057	12%
CEREDIGION	470,035	14%
POWYS	1,539,188	47%
WREXHAM	256,932	8%
DENBIGH	129,006	4%
	3,250,257	

Ave Cat (£) over 3 yrs
(figures include Duals & Singles)

Proposed (after split)	After split	
194,086	6%	FLINTSHIRE
352,385	11%	CONWY
437,631	13%	GWYNEDD
470,035	14%	CEREDIGION
1,539,188	47%	POWYS
256,932	8%	WREXHAM
	0%	DENBIGH
3,250,257		

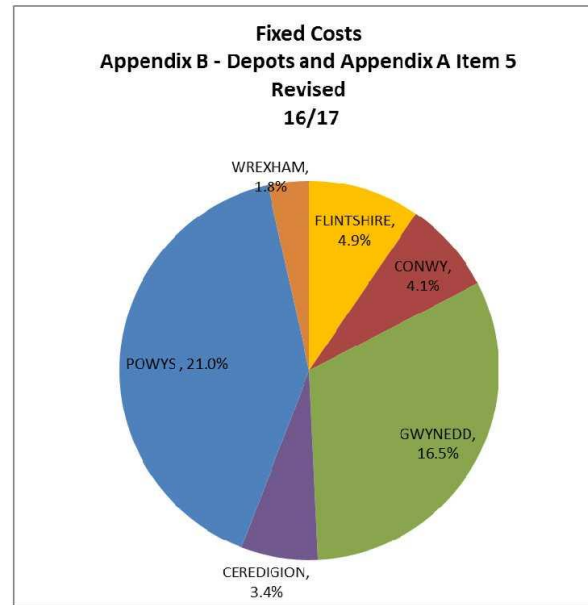
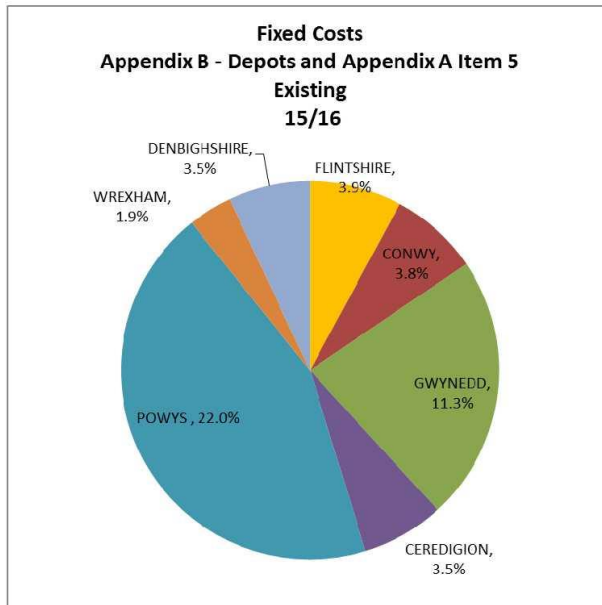


Fixed Costs

Costs for Appendix B - Depots and Appendix A Item 5

	Existing 15/16	Revised 16/17
FLINTSHIRE	36,171	47,205
CONWY	34,896	39,147
GWYNEDD	104,031	157,775
CEREDIGION	32,358	32,358
POWYS	201,616	201,616
WREXHAM	17,334	17,334
DENBIGHSHIRE	31,978	
	458,383	495,433

Appendix A- works Unit Management Costs :
Item 5 supply & services
B – Depot Costs



APPENDIX D

NMWTRA Partnership Risk Register 2016/17 - Reviewed by AMT October 2016

No	RISK	Probability	Impact	Risk Score: Prob x Impact	EFFECT OF RISK	RISK OWNER	RISK ACTION	MITIGATION TO DATE	Probability	Impact	Revised Risk Score following mitigation: Prob x Impact
2P	Failure to meet WG service delivery requirements.	4	4	16	1. Dependent upon the nature and extent of failure, potential WG actions are: a) Agency to implement corrective action plan b) Change of service provider for underperforming service areas c) Termination of Agency.	Lead and Partners	1. Maintain performance within required WG target levels.	1. Regular monitoring of performance by TRMU and WG. 2. Agency/WG Steering Group identifies and addresses potential problems. 3. Maintain compliance with Quality Management Systems. 4. Joint Committee scrutiny role. 5. Audit regime implemented. 6. Revised SOR implemented and confirmed as preferred procurement model by WG. 7. Robust inter PA and private sector benchmarking. 8. Fixed-fee commissioning implemented for consultancy services with appropriate market testing. 9. Satisfactory performance confirmed by external WG auditors. 10. Implementation of SDA 2016 improves clarity of requirements.	1	3	3
3P	Failure to meet WG Financial management requirements.	4	4	16	1. Failure to meet WG budgetary requirements 2. Potential significant reputational damage to Agency and PAs which could threaten the future of the Agency. 3. Inability to optimise budgets 4. Detrimental effect on PA cashflow 5. Diminishing opportunity for additional in-year funding from WG due to perceived underspend of existing budget.	Lead and Partners	1. Maintain performance within required WG target levels. 2. Address Works Ticket backlog and improve completions to achieve 80% target within 10 days	1. Commitment Accounting system established by TRMU 2. New SOR implemented combined with monthly invoicing. 3. Surety of cost in Schedule of Rates and priced briefs. 4. Audit regime implemented. 5. Implemented fixed-fee commissioning basis for consultancy services with payment on milestone completion. 6. Revised Technical Administration SDA implemented 7. Works Ticket backlog raised with PA Heads of	3	4	12
4P	Termination of Agency by WG as a result of political decision.	3	5	15	1. Termination of Partnership. 2. Potential significant loss of income. 3. Potential significant staffing implications. 4. Potential significant loss to local economy.	Lead and Partners	1. Sustain performance and reputation of Agency and PA provision. 2. Continuous improvement to demonstrate value for money. 3. Harmonisation of Schedule of Rates and delivery processes. 4. Adoption of best practice methods of working to improve efficiency of operations. 5. Deliver NMWTRA April submission cost reduction business cases. 6. Deliver WG stretched target cost savings. 7. Evidence and report cost savings to WG Auditors to be undertaken - pending WG decision	1. Major WG review completed. 2. NMWTRA April 2015 submission and business cases accepted by WG. 3. Key Agency Model change Business Cases have been implemented successfully April 2016 4. Secondary efficiency savings linked to Model Change now being realised.	1	5	5
6P	One PA withdraws from Partnership	2	3	6	Threat to service provision on Trunk Road network within the affected county.	Lead and Partners	1. Revised Partnership Agreement would be needed. 2. Would need to review extent of service provision by the departing PA. 3. Would need to reallocate work to other PAs or Private Sector supply chain. 4. TRMU would need to maintain continuity of service 5. Address Denbighshire partial withdrawal	1. Partnership Agreement Clause 12 covers this risk - revised Partnership Agreement can be agreed by the remaining Authorities. 2. Partnership Agreement Clause 6 covers cross border working. 3. Private Sector supply arrangements in place via Frameworks if needed. 4. Successful re-allocation of DCC network by agreement with Partners	2	3	6
7P	Significant dispute between Lead and Partners	2	2	4	Threat to service delivery	Lead and Partners	1. Follow escalation process	1. Partnership Agreement Clause 9 defines escalation process.	1	2	2
9P	Local Government Reform in Wales.	4	4	16	Significant change to supply chain structure and size and associated change processes may disrupt future service delivery	Lead and Partners	1. Revised Partnership Agreement would be needed. 2. Review extent of service provision by new Local Authorities. 3. TRMU would need to maintain continuity of service	1. Revised NMWTRA model is compatible with proposed new LA arrangements.	4	2	8
10P	Failure to make savings projected by Business Cases	3	5	15	1. Failure to meet Ministers savings requirements 2. Termination of WGMA and alternative procurement arrangements established	Lead and Partners	1. Implement change management processes 2. Establish new Agency Model 3. Establish new operating procedures	1. Engagement with Partner Authorities 2. Completion of TUPE / prior consideration group staff transfers 3. Substantial completion of open staff recruitment 4. All Business Cases on programme.	4	2	8
11P	Welsh Government requirements for local government regional partnerships / collaboration.	4	4	16	1. Potential change to supply chain structure and size and associated change processes may affect future service delivery 2. Potential impact on business continuity	Lead and Partners	1. Monitor proposals with Partner Authorities	1. Revised NMWTRA model is compatible with regional arrangements	4	2	8
12P	Compliance with Service Delivery Agreement	4	4	16	1. Risk from HSE/Police Road deaths investigation following fatal incident. 2. Risk of environmental prosecution. 3. Reputational risk to WG, NMWTRA and PA. 4. Non compliance with SDA.	Lead and Partners	1. Establish accredited Quality management systems for ISO 9001, ISO 14001, OHSAS 18001 and relevant Highway sector Scheme accreditations.	1. Some PAs fully compliant 2. Some PAs partially compliant. 3. Gap analysis being undertaken 4. NMWTRA providing assistance through working group and NMWTRA Health and Safety Manager.	3	4	12

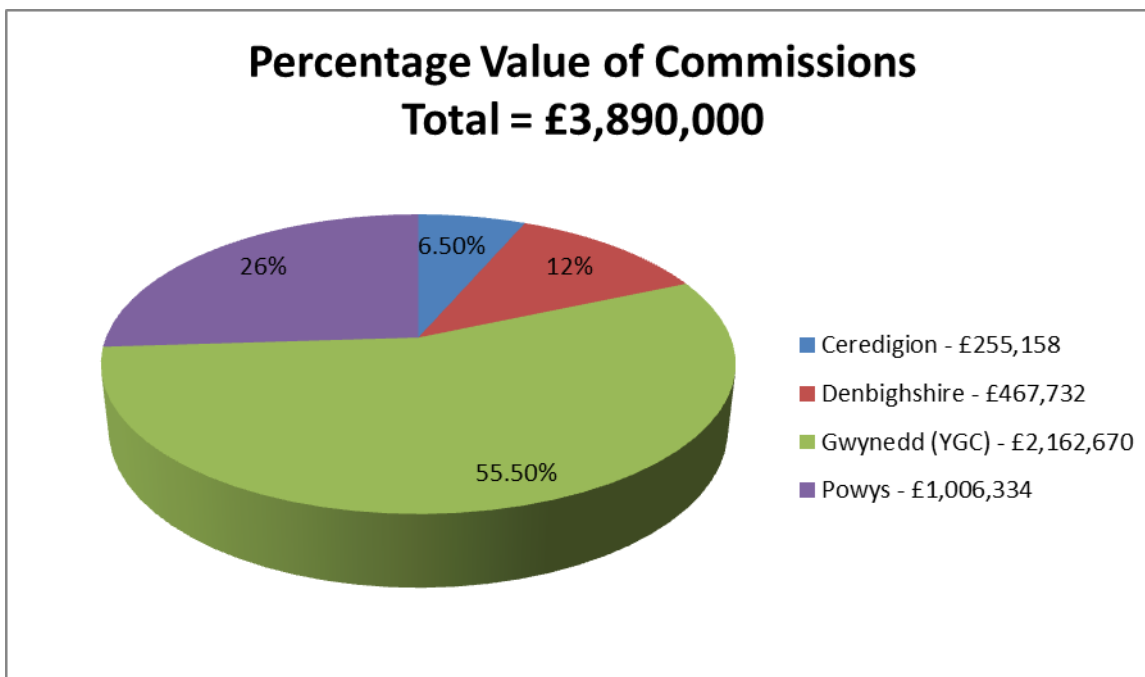
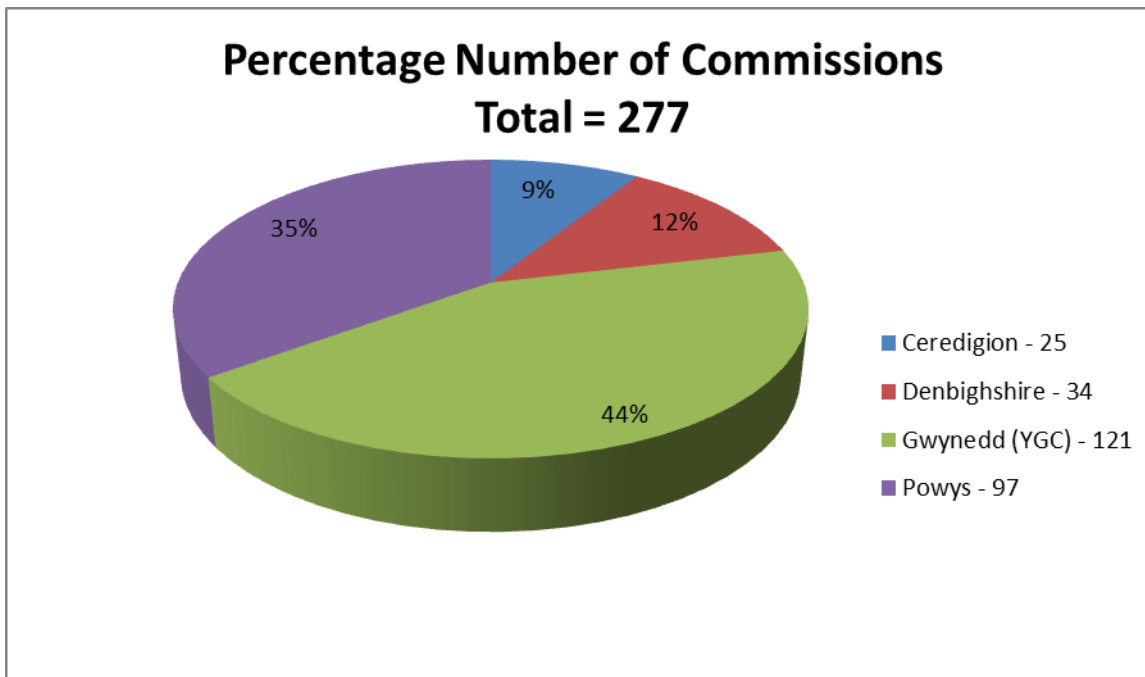
APPENDIX E

Partner Authority Consultancy – Progress and Performance Report

Partner Authority Consultancy – Project Review – up to 16:00 on Friday 27th January 2017

277 Project Commissions allocated to the Partner Authority Consultants; split as follows:

Partner Authority Consultant	Project Commissions	Cumulative Projects cost
Ceredigion	25	£255,158
Denbighshire	34	£467,732
Gwynedd (YGC)	121	£2,162,670
Powys	97	£1,006,334



Project Commissions Status

Ceredigion:

Of the 25 Project commissions, 23 are ‘approved’ and 2 are ‘awaiting consultant estimate’.

Denbighshire:

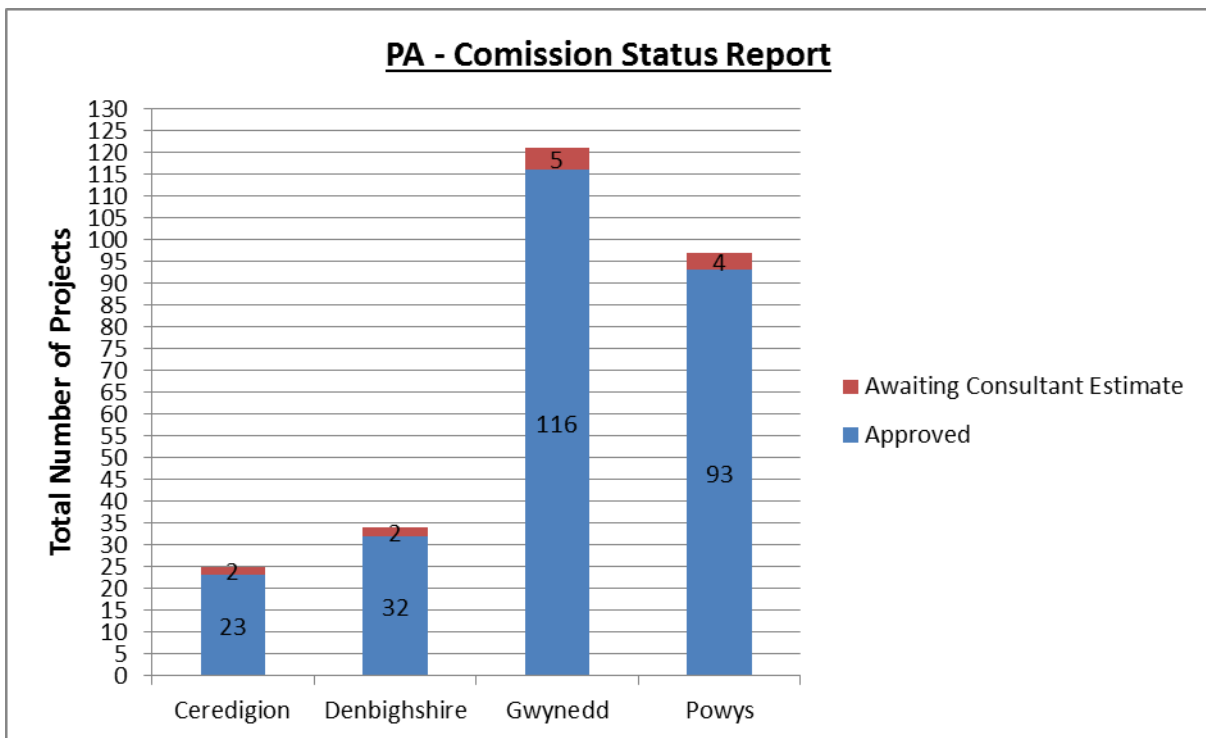
Of the 34 Project commissions, 32 are ‘approved’ and 2 are ‘awaiting consultant estimate’.

Gwynedd (YGC):

Of the 121 Project commissions, 116 are ‘approved’ and 5 are ‘awaiting consultant estimate’.

Powys:

Of the 97 Project commissions, 93 are ‘approved’ and 4 are ‘awaiting consultant estimate’.



Approved Project Status

Ceredigion:

Of the 23 approved schemes (£ 255,158), 9 are complete and 14 are ongoing; paid to date is £52,614 whilst unclaimed costs total £202,544.

Denbighshire:

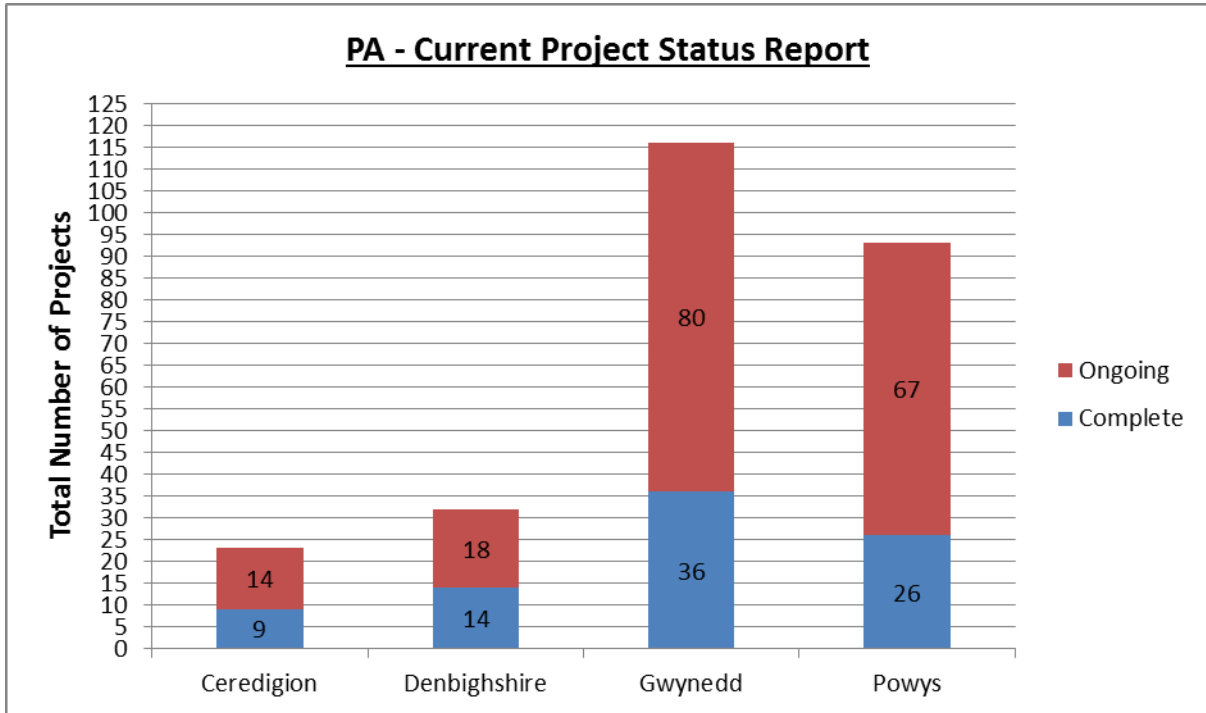
Of the 32 approved schemes (£467,732), 14 are complete and 18 are ongoing; paid to date is £230,886 whilst unclaimed costs total £236,846.

Gwynedd (YGC):

Of the 116 approved schemes (£2,162,670), 36 are complete and 80 are ongoing; paid to date is £910,120 whilst unclaimed costs total £1,252,550.

Powys:

Of the 93 approved schemes (£1,006,334), 26 are complete and 67 are ongoing; paid to date is £411,253 whilst unclaimed costs total £595,081.

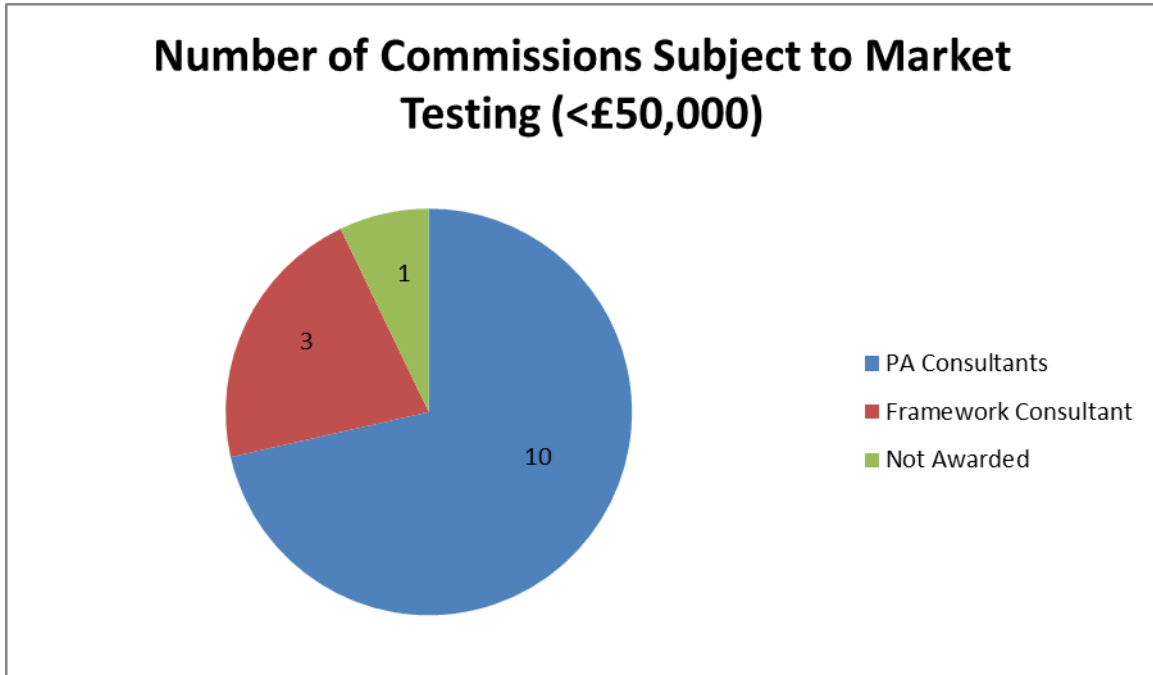


Market Testing:

In accordance with NMWTRA Submitted Savings Business Case BC07 – Consultancy, market testing has been conducted on capital design commissions in accordance with the following:

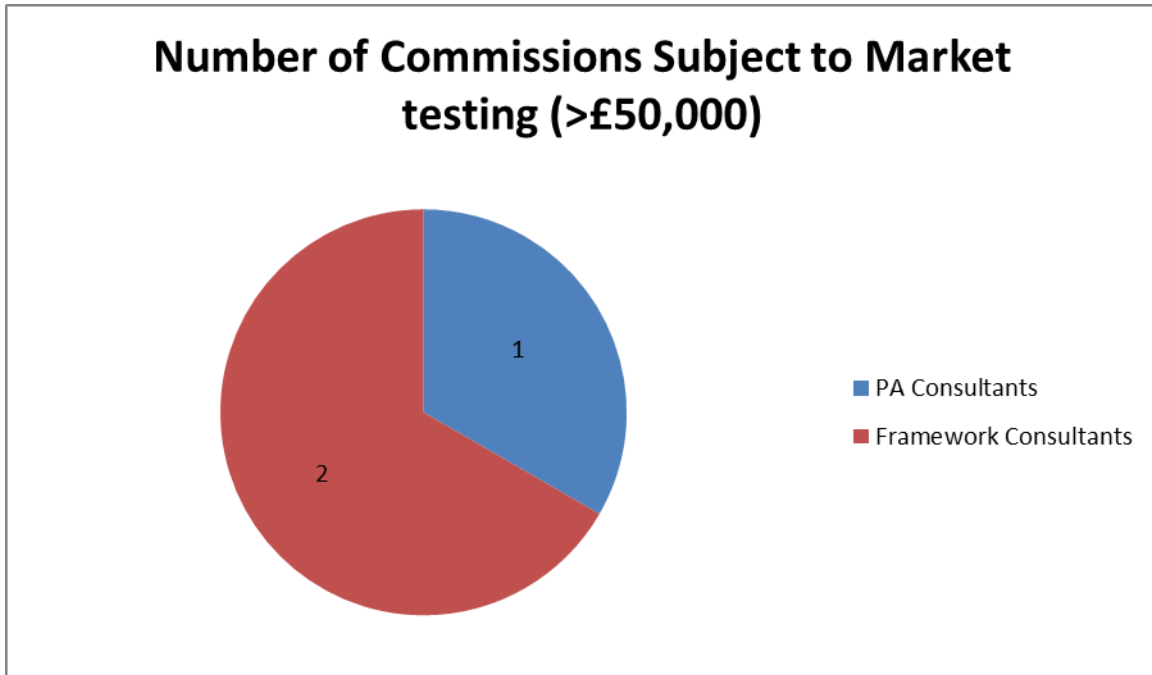
The results of those market tested commissions are:

<£50,000



Commission ref:	PA Consultant Fee Proposal	Framework Consultant Fee Proposal	Completed Cost	Forecast Cost to completion	Comment
2.1.1	£13,473	Declined to tender		£13,473	Project Ongoing
2.1.2	£5,076	£7,519		£4,576	Project Ongoing
2.1.3	£4,605	£6,357	£5,745		Project Ongoing
2.1.4	£4,746	£5,447		£12,450	Additional Scope
2.1.5	£4,568	£8,173	£4,909		Project Ongoing
2.1.6	£4,809	£8,476	£4,809		Project Ongoing
2.1.7	£9,030	£10,370	£9,030		Project Ongoing
2.1.8	£9,228	£17,561		£11,350	Project Ongoing
2.1.9	£9,228	no submission	£18,350		Additional Scope
2.1.10	no submission	no submission			re-tendered
2.1.11	£14,939	no submission		£14,939	Project Ongoing
2.1.12	£4,679	£2,928		£2,928	Project Ongoing
2.1.13	£7,169	£2,619		£2,619	Project Ongoing
2.1.14	no submission	£13,000		£13,000	Project Ongoing

>£50,000



Commission ref:	PA Consultant Fee Proposal	Framework Consultant Fee Proposal	Completed Cost	Forecast Cost to completion	Comment
2.2.1	£36,155	Consultant No.1 £39,257		£36,155	Project Ongoing – Cost Quality Assessment for Award
		Consultant No.2 £42,600			
		Consultant No.3 £42,992			
		Consultant No.4 £47,065			
2.2.2	No submission	£77,442.29		£77,442.29	Project Ongoing – Cost Quality Assessment for Award
		£74,788.52			
2.2.3	Tender Process ongoing				

APPENDIX F

Joint Committee Terms of Reference (Extract from Partnership Agreement 2012)

9 The Joint Committee

- 9.1 The Authorities shall form a joint committee (The North and Mid Wales Trunk Road Agency Joint Committee) for the purpose set out in clause 9.2
- 9.2 The Joint Committee shall be responsible for supporting the Lead Authority and Service Provider Units in meeting the requirements of the Agency Agreement and its terms of reference shall be:-
- 9.2.1 to monitor work allocation to Service Provider Units
- 9.2.2 to ensure that the TRMU satisfies Welsh Government requirements with regard to the Agency Agreement
- 9.2.3 to monitor performance of Service Provider Units
- 9.2.4 to receive reports on the management of the Partnership arrangements, and to take any necessary action to ensure that the operation of the Partnership is satisfactory
- 9.2.5 to monitor arrangements and proposals to enable continuous improvement of the service provided to the Welsh Government under the Agency Agreement
- 9.2.6 to consider issues referred to the Joint Committee under clause 9.6.
- 9.3 Meetings of the Joint Committee
- 9.3.1 The Inaugural Meeting shall take place as soon as practicable following the signing of this Agreement. The Joint Committee shall thereafter meet at intervals agreed by the Joint Committee but at least once in every Financial Year and
- 9.3.2 the first meeting of the Joint Committee in any Financial Year shall take place before 30th September in that year
- 9.3.3 the time and venue for meetings of the Joint Committee shall be determined by the Chairman.
- 9.3.4 the provisions of paragraph 3 of Part 1 of Schedule 12 to the 1972 Act (calling of extraordinary meetings) shall apply to this Agreement subject to the variation that references to “five members” in that paragraph shall be construed as references to “Four Authorities”
- 9.4 Constitution of the Joint Committee
- 9.4.1 The Joint Committee shall consist of eight (8) councillors one (1) from each of the Authorities. Deputies will be allowed when the appointed member for an authority is unable to attend.
- 9.4.2 Each Authority shall have one vote. Unless otherwise stated decisions shall be made by simple majority of votes. The quorum shall be at least one member from each of five Authorities.
- 9.4.3 Save as varied by this Agreement the Standing Orders of the Lead Authority shall apply to the proceedings of the Joint Committee and that Authority shall be responsible for the administrative arrangements in connection with the convening of meetings of the Joint Committee.
- 9.4.4 The proper officer of the Joint Committee for the purposes of the 1972 Act shall be the Chief Executive of the Lead Authority and the Scheme of Delegation of the Lead Authority shall apply so far as it is relevant.
- 9.5 Chairman and Vice-Chairman
- 9.5.1 The Chairman and Vice-Chairman of the Joint Committee in any year shall not be from the same Authority.
- 9.5.2 The Chairman and Vice-Chairman may be consulted on amendments or variations to the Agency Agreement and on the entering into of further Agency Agreements

9.6 Role of Officers

- 9.6.1 The Chief Officers shall ensure service delivery in accordance with this Agreement and any other agreements between the Lead Authority and Service Provider Units, and in accordance with the Agency Agreement
- 9.6.2 The Agency Manager shall act as reporting officer to the Joint Committee assisted as necessary by the Chief Officers
- 9.6.3 If any Chief Officer has reason to consider that the TRMU is procuring services in a way which is inconsistent with this Agreement he shall be required in the first place to raise the matter with the Agency Manager in order to resolve the issue;
- 9.6.4 If the Agency Manager considers that a Service Provider Unit is not fulfilling the requirements of this Agreement he shall raise the matter in the first place with the Chief Officer responsible for the Service Provider Unit in order to resolve the matter
- 9.6.5 If the issues raised in sections 9.6.3 or 9.6.4 remain unresolved, then the Chief Officer for the Service Provider Unit and the Corporate Director of the Lead Authority will consider the issue and seek to resolve the matter.
- 9.6.6 If, having considered the matter the issue remains unresolved the Chief Officer or the Corporate Director may refer the matter to the Joint Committee for determination.