

Ieuan Wyn Jones AC/AM
Dirprwy Brif Weinidog /Deputy First Minister



Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Eich cyf/Your ref:
Ein cyf/Our ref: MB DFM 0441 09

Angela Burns AM
Chair, Finance Committee
National Assembly for Wales
Cardiff Bay
Cardiff
CF99 1NA

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Dee Angela

I recently wrote to you, in response to your letter of 1 April, with the information I agreed to provide during the Committee meeting on 18 March. In your letter you requested additional information to assist you with your inquiry.

The enclosed annexes provide the additional information you requested on the Trunk Road Forward Programme. Annex 1 provides the expenditure on trunk road programmes completed since 2001/02. Annex 2 and 3 explain overspend on two schemes. These schemes are the only ones to have an overspend in excess of 10% of the original cost.

You also requested a copy of the Phase 2 report from the Ministerial Advisory Group, which sets out the Group's recommendations concerning the transport network in Wales. The Group was established to advise Ministers on policy and strategic direction on economy and transport issues. I am currently considering their report, and as such it represents policy in development. When I have completed my assessment, I will decide whether or not to publish a summary of the Group's work. If I decide to publish the summary, I will let you have a copy.

I hope you find this information helpful in your inquiry.

Ieuan

Ieuan Wyn Jones
Gweinidog dros yr Economi a Thrafnidiaeth
Minister for the Economy and Transport

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

English Enquiry Line 0845 010 3300
Llinell Ymholiadau Cymraeg 0845 010 4400
Ffacs * Fax 029 2089 8198
PS.DeputyFirstMinister@wales.gsi.gov.uk

Trunk Road Forward Programme – Schemes completed since 2001-02

Scheme	Start Date	Completion Date	Estimated cost at start of works (£m)	Final outturn / latest estimate (£m)
A477 Sageston - Redberth	November 2000	September 2002	11.6	11.4
A465 Tredegar – Dowlains Top	January 2002	December 2004	36.1	47.4
A470 Lledr Valley Stage 2	August 2002	January 2005	20.6	21.5
A494/A550 Deeside Park - Drome Corner	May 2003	November 2004	17.2	18.6
A477 Nash to Bangeston	March 2004	September 2005	8.0	8.6
A465 Abergavenny - Gilwern	February 2005	May 2008	33.2	55.8
A479 Talgarth Relief Road	January 2006	November 2007	11.4	12.9
A550 Deeside Park – A5117 (contribution to Highways Authority Scheme	June 2006	TBC	4.0	5.0
A470 Blaenau Ffestiniog - Cancoed	August 2006	October 2008	16.0	16.0
A5 Pont Melin Rug	October 2007	September 2008	6.4	6.0
A470 Llanrwst to Hafod	January 2008	February 2009	5.1	4.8
Scheme currently in progress				
M4 Castleton to Coryton Widening	February 2007		86.1	88.5

A465 Dualling Tredegar to Dowlais Top – Section 4**Response to Finance Committee regarding overspend**

Unforeseen circumstances resulted in increased costs, these included:

- Provision of a second temporary bailey bridge serving the community of Tafarnaubach. The original alternative route, during closure of the existing bridge, was deemed too long and inconvenient, taking traffic through a sensitive area outside a local school;
- Remedial works to an existing side-slope that failed shortly after opening the scheme, including a full geotechnical investigation and design and installation of some 90 ground anchors approx. 20m long;
- Unexpected increases in the cost of fuel and bitumen (due to rapid increase in world oil prices) and aggregates (new tax);
- Miscellaneous extra instructed works in response to detailed local conditions, changes in third party and Local Authority requirements, etc., together with the attendant costs for disruption of the main works;
- Costs arising from late removal of mobile phone mast from works area by operator;
- Widening of an overbridge, provision of 2 lengths of cycle track within the earthworks of the scheme and substantial amendment to the design of a retaining wall to accommodate the requirements of Sustrans for National Cycle Route 44, following the introduction of Assembly's 'Walking and Cycling Strategy';
- Revision in the design and construction of a river culvert following withdrawal of consent for use of Armco design;
- Increase in cost due to change in standards for street lighting;
- Increases in supervision costs for lengthened construction works period, including the post-completion remedial side-slope work; and
- Redesign and extra works following changes to Environment Agency's design requirements for maximum drainage outfall flows.

A465 Dualling Abergavenny to Gilwern – Section 1**Response to Finance Committee regarding overspend**

This contract was procured under the Institute of Civil Engineering (ICE) New Engineering Contract (Ed. 2) Target Cost version, where the contract is awarded at the tendered Target Cost. Target Cost is based on the estimated cost of carrying out the indicated works, taking into account foreseeable risks. The client then pays the actual cost, with costs above the Target Cost being shared with the contractor on a tiered basis.

The major elements causing the cost increase on this contract were:

- Costs of taking into account changes in Design Standards issued at the beginning of the contract;
- Miscellaneous extra instructed works in response to detailed local conditions, changes in third party and Local Authority requirements, etc., together with the attendant costs for disruption of the main works.
- Costs associated with investigating and drawing up remedial proposals for the River Usk Bridge upon finding that it was sub-standard;
- Costs of extra mitigation works (including provision of a bat bridge over the dual carriageway) and ecological monitoring following European upgrading of the River Usk cSAC and Usk Bat Sites cSAC to full SAC status just before award of the contract;
- The cost of major delay and disruption to the contract works caused by a 4 month delay by Dwr Cymru in completion of the diversion of a major high pressure water main;
- The cost of dealing with, and consequent delay from, the discovery of a deep seated pocket of contamination within the works;
- Payment of extra fees to British Waterways because of delays in reopening the Brecon Canal following construction of a new bridge over it; and
- Increases in supervision costs for lengthened construction works period, due to contractor's underestimate and delays and disruption from the execution of instructed additional works.