

North & Mid Wales Trunk Road Agency

Background

1. Responsibility for the trunk road network lies with the Welsh Government, but since the time of the former County Councils before local government reorganisation in 1996, the management and maintenance of these trunk roads has been undertaken by local authorities on the Welsh Government's behalf.
2. The map in Appendix 1 shows the network of trunk roads in North and Mid Wales.
3. In 2005, the Welsh Assembly Government as it was at the time, decided that it wished to deal with fewer authorities and decided that it wished to centre its operations around 3 areas, one each for North, Mid and South Wales.
4. The current agency agreement with the Welsh Assembly Government was due to expire last year but as they wanted to undertake a review of the current arrangements, we were asked to extend the arrangements until April 2012.
5. The review was driven by a desire by the Welsh Assembly Government to establish whether the arrangements operating in England (whereby the trunk roads are managed and works undertaken by the private sector) could be providing better value for money.
6. An evaluation of the financial benefits of the two types of arrangement was commissioned along with an examination of the wider economic benefits accruing from the current arrangements.
7. As part of this review the benefit to local authorities of retaining the current arrangements was emphasised both in terms of local employment and the economies of scale afforded to the county network. The Corporate Directors of every authority were at one on this issue.

Latest developments

8. Immediately before the last Assembly elections, the Minister at the time announced that he intended to continue with the current arrangements subject to capability, capacity, performance and value for money.
9. This is of course good news as we can continue to share overhead recovery and retain local employment.
10. However, the Minister also noted that he wished to reduce the number of agencies and announced that he intended to terminate the Mid- Wales agency agreement. He subsequently decided that the Trunk Road areas should be co-terminus with the Taith and TRACC areas and that the Mid Wales Trunk Road Agency should join the North Wales arrangements.
11. It was proposed that the new arrangements would come into effect in April 2012 and discussions have since centred on merging the two trunk road units (which Gwynedd Council have been managing) and establishing the nature of the new agency agreement.

The new Agency Agreement

12. The experience of implementing the previous agency agreement has established that it was not fit for purpose (as it was based on the commercial arrangements operational in England rather than the partnership approach adopted in Wales), and discussions on the new agency agreement have centred on streamlining the new agreement and ensuring that it reflects current practice.
13. However the current agencies are trying to ensure that a potential risk loophole contained in the previous agreement is closed, whereby a partner authority could be held liable for an action arising out of a defect which it had identified but which had not been actioned due to lack of funding by Welsh Government.
14. As a result of this issue and problems arising from difficulties being experienced by the Welsh Government itself, there have been some considerable delays in establishing the new agreement which Gwynedd Council will be required to sign and at the time of writing this report it has still not been finalised. Gwynedd Council's officers are pursuing the Welsh Government officials to obtain the final version.

15. Despite the fact that it is unlikely that the new agreement will contain anything different in any material respect from the current agreement (apart from mitigating a risk which we are currently carrying), until the new agency agreement is available it would not be appropriate for this authority to sign the new Partnership Agreement.

The new Partnership Agreement

16. However, the new arrangements are due to take effect on 1 April 2012 as the current agency agreement expires on that date.
17. Gwynedd Council have therefore taken the view that they can delay no longer and have formulated a revised Partnership Agreement to ensure that it can be in place as from 1 April 2012.
18. The latest draft of the revised Partnership Agreement is attached as an appendix and was considered at a meeting of the North Wales Trunk Road Joint Committee at its meeting on 29 February and the Mid Wales Trunk Road Agency Joint Committee on 5 March.
19. It notes the rights and obligations of each partner to the agreement and the exact detail of what each partner has agreed to provide is contained in a Service Provider Schedule which has been the subject of discussions between the Trunk Road Unit's officers and this authority's officers.
20. The Partnership agreement largely replicates the clauses of the previous agreements but differs in the fact that it now contains the Mid Wales authorities as well as the North Wales authorities and contains some minor amendments.
21. The reality of course is that the operation of the agency has worked well over the past few years in both North and Mid Wales to the mutual benefit of all parties involved and these adjustments have been included in order to iron out minor issues which have arisen over the past operating period.
22. The duties of the Joint Committee (established under the provisions of the partnership agreement) have also been clarified and an escalation process

- included in order to iron out any problems in an effective and efficient manner.
23. These have been included in order to clarify the difference between the Joint Committee's functions and those of Taith / Tracc.
 24. Essentially, the Joint Committee exists in order to ensure that we meet the obligations of the Agency agreement (that is to say fulfil the Welsh Government's needs as the principal to the agreement) and to ensure that Gwynedd Council as lead authority treats the partners in a fair and equitable manner.
 25. Issues relating to transport policy are the prerogative of Taith and Tracc and this issue has caused some confusion in the past.
 26. As noted in clause 15 above it would be inappropriate for any partner authority to agree to the Partnership agreement without having formally seen the agency agreement , the obligations of which the partner authorities are agreeing to implement, but we need to be in a position to move quickly once the agency agreement has been made available.

Financial and risk considerations

27. Assuming the underlying nature of the new agency agreement is the same as the previous arrangement, whereby we undertake management and works activity in relation to the trunk road network and that we get paid to undertake that service, the financial aspects and risks involved are largely those currently in operation.
28. In fact if the new agreement closes the loophole noted in clause 13 above, the risks to the authority will be reduced.
29. The greatest financial risk is if we decided not to take part in the partnership agreement as we would then lose the benefits to our own ability to share overheads and potentially lose the benefits to the local economy.

Appendix 2

