

**Report To:** Cabinet

**Date of Meeting:** 20<sup>th</sup> March 2012

**Lead Member/Officer:** Stuart Davies, Head of Highways & Infrastructure Services

**Report Author:** Mike Hitchings, Head of Operations – Highways and Infrastructure

**Title:** North and Mid-Wales Trunk Road Agency – New Partnership Agreement (2012).

---

**1. What is the report about?**

The management and maintenance of trunk roads in Wales has been undertaken for a number of years by local authorities on behalf of the Welsh Assembly Government (now Welsh Government) through an agency agreement.

The North Wales Local Authorities agreed to form a North Wales Partnership, with Gwynedd Council acting as lead partner, to enable Gwynedd to enter into a formal agreement with the then Welsh Assembly Government. The relationship between the partner authorities is covered by a Partnership Agreement, which was agreed in 2005.

In order to reflect changing circumstances which have occurred in partner numbers since 2005 and latest developments as included in this report, there is now a need for a new North and Mid-Wales Trunk Road Agency Partnership Agreement to be agreed.

**2. What is the reason for making this report?**

That Members are aware of the background, latest developments and current situation relating to the North Wales Trunk Road Agency, and the need for a new Partnership Agreement in respect of the North and Mid Wales Trunk Road Agency.

**3. What are the Recommendations?**

That Cabinet confirm that Denbighshire County Council continues to take part in the partnership and enter into the new Partnership Agreement in principle as per the draft at Appendix 2 herewith, (but subject to any amendments recommended by the Head of Highways and Infrastructure Services and confirmed by the Head of Legal and Democratic Services).

#### **4. Report details.**

##### *BACKGROUND INFORMATION*

4.1 Responsibility for the trunk road network lies with the Welsh Government, the management and maintenance of these trunk roads has historically been undertaken by local authorities on the Welsh Government's behalf.

4.2 The map in Appendix 1 shows the network of trunk roads in North and Mid Wales.

4.3 In 2005, the then Welsh Assembly Government, decided that it wished to deal with fewer Local Authorities and centred its operations around 3 areas, one each for North, Mid and South Wales.

4.4 The North Wales Local Authorities agreed to form a North Wales Partnership of the 6 authorities with Gwynedd Council acting as lead partner to enter into the formal agreement with the Welsh Assembly Government.

4.5 Gwynedd Council therefore entered into an agency agreement in 2005 with the Welsh Assembly Government on behalf of the partnership. Each partner authority then agreed to undertake the management and maintenance of the trunk road in their area in order to fulfil the obligations of that agency agreement.

4.6 The current agency agreement with the Welsh Assembly Government was due to expire in October 2010 but as they wanted to undertake a review of the current arrangements, the arrangements were extended until April 2012.

4.7 The review was driven by the Welsh Assembly Government's wish 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.

4.8 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.

4.9 As part of this review the North Wales local authorities formulated an evidence paper noting the benefits which accrued to the Welsh Assembly Government from the current arrangements and also the benefits which accrue to the wider highway network. Gwynedd Council's officers also met with the individuals undertaking the economic assessment to underline the importance of the current arrangements to local economies and the extent and nature of posts which would be lost if the current arrangements were dismantled.

4.10 The benefit to Local Authorities of retaining the current arrangements cannot be over emphasised both in terms of local employment and the

economies of scale afforded to the county roads network. The Corporate Directors of every Authority agree on this issue.

#### *Latest developments*

4.11 Immediately before the last Assembly elections, the Minister at the time wrote to Gwynedd Council as agent to state that he had come to a final decision on the issue, and announced that he intended to continue with the current arrangements subject to capability, capacity, performance and value for money.

4.12 This is of course good news as we can continue to share overhead recovery and retain local employment.

4.13 However, the Minister also stated that he wished to reduce the number of agencies and announced that he intended to terminate the Mid-Wales agency agreement. Gwynedd Council made representations that it would be beneficial for the Trunk Road areas to be co-terminous with the Consortia of Taith and TRACC, and that the Mid-Wales Agency should join that of North Wales and he agreed with this view. This is also good news as it gives the North Wales entity greater resilience as it is now roughly the same size as that of South Wales.

4.14 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 new agency agreement.

#### *The new Agency Agreement*

4.15 It was felt that the previous agency agreement was not fit for purpose as it was based on the commercial arrangements operational in England rather than the partnership approach adopted in Wales. Discussions on the new agency agreement have centred on ensuring that it reflects current practice.

4.16 However, both the North Wales and South Wales agencies are trying to ensure that a potential risk loophole contained in the previous agreement is closed. Previously liability following legal action was ambiguous whereby a partner authority could be held liable for an action arising out of a defect, which had not been actioned upon due to funding limitations by the Welsh Government.

4.17 As a result of this issue and problems experienced by the Welsh Government itself, there have been considerable delays in completing the new agency agreement. Gwynedd Council will be required to sign this and officers are pursuing the Welsh Government officials to finalise the documentation.

4.18 Despite the fact that it is unlikely that the new Agency Agreement will contain anything different in any material respect from the current Agreement

(apart from mitigating the risk referred to), it would not be appropriate for this authority to sign the new Partnership Agreement until the new Agency Agreement is agreed

#### *The new Partnership Agreement*

4.19 The new arrangements are due to take effect on 1 April 2012 as the current agency agreement expires on that date.

4.20 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.

4.21 The latest draft of the revised Partnership Agreement is attached as Appendix 2 and was considered at a meeting of the North Wales Trunk Road Joint Committee on the 29 February and the Mid Wales Trunk Road Agency Joint Committee on 5 March.

4.22 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.

4.23 The Partnership Agreement largely replicates the clauses of the previous North Wales agreement 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.

4.24 The reality of course is that the operation of the Agency has worked well over the past few years 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.

4.25 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.

These have been included in order to clarify the difference between the Joint Committee's functions and those of Taith / Tracc.

4.26 The Joint Committee was established 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.

4.27 Issues relating to transport policy are the prerogative of Taith and Tracc and this issue has caused some confusion in the past.

4.28 As noted in 4.18 above it would be inappropriate for any partner authority to agree to the Partnership Agreement without having formally approved 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.

**5. How does the decision contribute to the Corporate Priorities?**

Links to the Corporate Plan and Risk Register

*Any equalities, sustainability and biodiversity implications  
(If this proposal affects employees and/or our customers, an Equality Impact Assessment should be carried out)*

None.

*Effect/Impact on existing policies and procedures*

None.

**6. What will it cost and how will it affect other services?**

Continued local employment and economies of scale.

**7. What consultations have been carried out?**

The lead member Cllr Sharon Frobisher has been consulted about the proposal

**8. Chief Finance Officer Statement**

*Please include the statement of the Chief Finance Officer here, if one is required (statements are mandatory for reports to Cabinet, Council and for delegated decisions).*

**9. What risks are there and is there anything we can do to reduce them?**

Assuming the principal terms and conditions of the new Agency Agreement is the same as the previous arrangement, , the financial aspects and risks involved are largely those currently in operation.

In fact if the new agreement closes the loophole noted in 4.16, the risks to the authority will be reduced.

The greatest financial risk is if we decided not to take part in the partnership agreement as we would then lose the benefits of sharing over-heads and lose the benefits to the local economy.

**10. Power to make the Decision**

*Section notes: This refers to the statutory basis [duty or power] which enables*

*the decision to be taken e.g. Section XXI of the ABC Act 1936. Please liaise with the Legal Department if unsure of the relevant Act / Sections in operation.*