



**Finance Committee
Welsh Parliament
Cardiff Bay
Cardiff CF99 1SN**

Institution of Civil Engineers
Cambrian Buildings
Mount Stuart Square
Cardiff Bay CF10 5FL

Sefydliad y Peirianwyr Sifil
Cambrian Buildings
Sgwâr Mount Stuart
Bae Caerdydd CF10 5FL

1 November 2021

t/ffon [REDACTED]
e/ebost [REDACTED]
ice.org.uk
@ICEWalesCymru

By email to SeneddFinance@Senedd.Wales

Welsh Government Draft Budget Proposals 2022-2023

I refer to the Committees of the Welsh Parliament seeking information to inform their scrutiny of the Welsh Government's 2022-23 Draft Budget proposals.

On Behalf of the Institution of Civil Engineers (ICE Wales Cymru) I believe that as our quality of life depends on infrastructure; that there would be little economic activity without energy generation and distribution, water supply and disposal, transportation by rail, road, sea & air and waste management that Wales needs a clear 'Vision for Infrastructure'. Further development of the Wales Infrastructure Investment Plan (WIIP) and the National Infrastructure for Wales are crucial to the delivery of sustainable and effective infrastructure in Wales. The National Infrastructure Committee for Wales has a remit for 5 years + issues and ICE will be pleased to work with the Commission on these issues.

The focus for the budget should be on:

Resilience:

I consider that the lack of overview of the vulnerabilities of Wales' infrastructure networks has created gaps in our approach to defending critical infrastructure. The interdependence of our infrastructure assets must be recognised with increased levels of information sharing and joint forward planning.
and establish the budget for this area.

Transport.

The Committee should consider if Wales has a safe, affordable, integrated, accessible and sustainable transport network that supports local and regional economic growth, productivity and a vibrant society together with supporting the Active Travel Act and the Towards Zero Target 2050:
and establish the budget for this area.

Energy:

Energy security is one of the key issues facing Wales and the UK today. – recognising the limit on devolved powers in this area.

The Committee should consider if Wales:

- Has sufficient supply of electricity to avoid interruptions.
- Is reducing the production of harmful emissions.
- Is promoting energy efficiency measures
- Has the necessary grid connections:

and establish the budget for this area.

The decision to cancel the Wylfa Newydd project is of great concern and will lead to lack of jobs and economic downturn together with a possible shortfall of energy.

Investment in sustainable forms of energy should be prioritised – to coincide with the Welsh Government's Towards Zero Carbon policies. Wales has a long coastline with the second highest tidal range in the world, opportunities to capture the potential energy should be maximised with tidal lagoons, barrages, wave and tidal energy.

Water and wastewater:

Wales has great potential to harness and benefit from its invaluable supply of water. Water is not only essential for communities, but for business and industry alike. The Committee should consider:

- How to produce innovative low carbon ways to transfer water across river catchments.
- How to Invest in and improve the existing water network – improving efficiency and security of service. Reservoirs must be upgraded to meet future water demand with a long term strategic plan for water resources in Wales.
- How to promote Wales' plentiful water supplies linked to inward development – domestic and commercial opportunities. Availability of water can be a business differentiator in some sectors.
- How to help the public to view water as a valuable resource to improve water:

and establish the budget for this area

Flood Risk management:

Effective flood risk management requires collaboration across a range of stakeholders. The Committee should consider:

- The development of a long-term capital and maintenance programme.
- Strategies to improve property and building resilience and create flood resilient communities:

and establish the budget for this area.

Waste management:

There must be a fundamental shift in the way waste is addressed. The Committee should examine how:

- Waste can be treated as a resource
- Wales can shift to a circular economy

and establish the budget for this area.

Skills:

The committee should examine if Wales has the right skills in place to address the current productivity lag, to improve infrastructure delivery and yield economic growth:

and establish the budget for this area.

Infrastructure Pipeline:

Wales needs a joined-up infrastructure vision for Wales, looking forward twenty-five years and developed through engagement with governments, clients, investors, operators and delivery teams.

I consider that effective engagement takes place with the construction sector and others involved in the development and delivery of infrastructure in Wales, as indicated by the establishment of an Infrastructure Commission for Wales and that its initial focus should be on development of infrastructure vision and pipeline (WIIP) together with a supporting understanding of skills/resources required. It would be useful for the committee to review work to date around the WIIP and engagement with the sector with a view to determining best practice and improvements for the future.

Digital Environment

Last year we recommended the need to transform Wales digital environment, this is now highlighted by the ongoing COVID pandemic. High speed, reliable and fast broadband is now urgently required to be rolled out across all of Wales. Working from home is clearly here to stay, albeit there will be a transition to a mix of some office and some home working. Reliance on the provision of high speed broadband in the urban communities is not acceptable.

Specific questions

In response to the specific consultation questions:

1. What, in your opinion, has been the impact of the Welsh Government's 2021-22 budget including funding related to COVID-19?

Response: There is now great concern not just with the impact of COVID19 but many civil engineering companies in Wales have very limited forward programme. There is an increasing demand on funding across all sectors and services; continued investment in the infrastructure of Wales must continue as there is a well-established proven link between the economy of a country (Wales) and the condition of its infrastructure.

2. How do you think Welsh Government priorities for 2022-23 should change to respond to COVID-19?

Response: whilst the priority must be in addressing the safety and health of the Nation, in view of the impact on the economy and businesses in Wales, continued investment in the infrastructure of Wales must continue. The problems exhibited in the M4 corridor around Newport are growing and urgent action is needed.

3. How financially prepared is your organisation for the 2022-23 financial year, and how can the budget give you more certainty in planning and managing budgets given the ongoing volatility and uncertainty?

Response: The Institution of Civil Engineers has gone through a fundamental restructure and is now well prepared for 2022-23. The increased switch to a virtual platforms has proved to be very successful. There is an increasing importance of professional skills and qualifications together with a growth in [Professional] Apprenticeships. Continued investment in infrastructure (and the skills of civil engineers) is required.

4. Given the ongoing uncertainty and rapidly changing funding environment do you think there should be changes to the budget and scrutiny processes to ensure sufficient transparency and Ministerial accountability?

Response: Transparency and scrutiny of budgets and decisions taken is vital, some of the current COVID 19 actions taken are not fully defined nor transparent.

5. Does the Fiscal Framework adequately reflect the impact of the public health emergency in Wales compared to other UK countries and do you support increasing the annual and/or overall limits, £150 million and £1 billion respectively, to current Welsh Government capital borrowing within this Framework?

Response: The existing devolution settlement is unfair on Wales and additional funds are required.

6. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below, particularly in light of the COVID-19 situation and how these should be reflected in the 2022-23 budget?

- How resources should be targeted to support economic recovery and what sectors in particular need to be prioritised.

Response: Continued investment in the maintenance of the infrastructure of Wales is required to avoid future degradation and erosion. Planned asset management spending is necessary to avoid extremely costly reconstruction. Preventative spend should consider better asset management and the better use of data. Undertaking a lowest cost procurement strategy will not result in better value and lower longer-term preventative spend requirements.

- To what extent alleviating climate change should be prioritised in supporting economic recovery.

Response: There are three points that should be considered in respect of this specific area,

First ICE Wales Cymru has a main priority of addressing Climate Change and meeting the Zero Carbon targets.

Secondly, the impact on climate change has a major bearing on Flood Risk Management - all forms not just coastal. Whilst continued investment is clearly a priority, in several coastal locations some form of adaptation is required to the way in which shoreline being managed and there is complexity associated with managing change and how it may affect communities, where the very simple terms, such as managed realignment, funding for adaptation is required and where flooding has occurred, a change made to the style and format of rebuilding.

Third, Wales is rich in sustainable potential energy supplies – tidal, wave, wind and PV; these opportunities must be maximised with additional Planning powers devolved to give the Welsh Government power over its policies.

- How resources should be prioritised to address the pressures felt in sectors that need to “catch-up”, such as Health and Education.

Response: Health and Education is always a priority but spending in these areas should be balanced the other areas identified.

- Welsh Government policies to reduce poverty and gender inequality.

Response: All Welsh Government Departments need to work coherently in delivering this strategy. Money spend in infrastructure may have a better return in providing jobs and long term prosperity, leading to better health. Vital sectors would include transport, water, flood risk management, sanitation and energy.

- Approach to preventative spending and how is this represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

Response: Continued investment in the maintenance of the infrastructure of Wales is required to avoid future degradation and erosion. Planned asset management spending is necessary to avoid extremely costly reconstruction. Preventative spend should consider better asset management and the better use of data. Producing a policy on Building Information Management will deliver enhanced preventative spend. Undertaking a lowest cost procurement strategy will not result in better value and lower longer-term preventative spend requirements.



- Sustainability of public services, innovation and service transformation.

Response: This is a vital area as we move into climate change and the need to make considerable changes to the modal split of transport movements - more walking, cycling and using public transport. The budget should be spent on issues that support and direct the Welsh economy in a sustainable manner

- How evidence is driving Welsh Government priority setting and budget allocations.

Response: The Welsh Government need to provide case studies and examples of how evidence is driving policy. It is necessary to develop and maintain the Welsh Infrastructure. ICE would be delighted to assist in the development of the evidence base and work with the National Infrastructure Commission for Wales to this goal.

- How the Welsh Government should use taxation powers and borrowing.

Response: These funds should be used to invest in the skills and infrastructure of Wales. Wales should look at the potential for Development Taxation, for example the Welsh Government taxes development following an initial catalyst investment in infrastructure to allow development to occur.

- What specific support for businesses, economic growth and agriculture related to post EU transition.

Response: It is vital that funds are secured to invest in the vital infrastructure of Wales – the Nation had received major structural funds and alternative sources of funds will be required; there are major issues relating to the skills agenda including funding for education & research, the ability to resource the necessary skills; and issues related to rules and regulations: simplistically Wales / the UK should examine the impact of European Legislation and adopt those with a positive benefit to Wales and discard those with a negative impact.

- What are the key opportunities for Government investment to support 'building back better' (i.e. supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations Act)?

Response: ICE Wales Cymru is a strong supporter of the Wellbeing of Future Generations Act and would be delighted to see the evidence when available. There should be better use of data and having that data open to scrutiny will allow a better understanding of the long term effects and trends of the Future Generations Act. Infrastructure should be 'fit for purpose' with long term sustainability in-built in the design, including whole life costs.



Eur Ing Keith Jones BSc DMS C Eng C Env FICE FCIHT FCMi

Chartered Civil Engineer / Peiriannydd Sifil Siartredig

Chartered Environmentalist / Amgylcheddwr Siartredig

Director Wales / Cyfarwyddwr Cymru

Notes:

Founded in 1818, the Institution of Civil Engineers (ICE) is a UK-based international organisation with over 95,000 members, ranging from students to professionally qualified civil engineers. As an educational and qualifying body, with charitable status under UK law, we support our members throughout their careers, and help society to have trust and confidence in infrastructure professionals. Under our Royal Charter, ICE has become recognised worldwide for its excellence as a centre of learning, a public voice for the profession and a leading source of expertise in infrastructure and engineering policy.