

Welsh Parliament Finance Committee

By email to SeneddFinance@Senedd.Wales

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Welsh Government Draft Budget Proposals 2023-2024

I refer to the Committees of the Welsh Parliament seeking information to inform their scrutiny of the Welsh Government's 2023-24 Draft Budget proposals.

On behalf of the Institution of Civil Engineers (ICE Wales Cymru) we 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. Wales needs a clear 'Vision for Infrastructure'. Further development of the Wales Infrastructure Investment Plan (WIIP) is required.

The focus for the 2023 / 2024 budget should be on:

Resilience:

We 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.

Transport.

The Committee should consider if Wales has safe, affordable, integrated, accessible and sustainable transport networks that support 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 continues to cause great concern and will lead to lack of jobs and economic downturn together with a possible shortfall of energy. With the current focus on establishing more local forms of energy generation, this project should be re-addressed.

Investment in sustainable forms of energy should be prioritised – to coincide with the Welsh Government's Towards Zero Carbon policies and the current energy crisis. 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, yet Wales suffered from drought situations in 2022. 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 not just the current productivity lag, but to improve infrastructure delivery and yield economic growth for the future:

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. 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

In previous years we recommended the need to transform Wales digital environment, this was highlighted by the 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 is a transition to a mix of some office and some home working. Reliance on the provision of high-speed broadband in the urban communities and less provision in rural Wales is not acceptable – and productivity should be improved.

Specific questions

In response to the specific consultation questions:

1. What, in your opinion, has been the impact of the Welsh Government's 2022-23 Budget, including funding related to the recovery of the pandemic?

Have Welsh Government business support policies been effective as the economic outlook for 2023-24 continues to worsen?

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. The pausing of new road construction has and will continue to be of real concern.

2. How should/could the Welsh Government support the economy and business following the pandemic, Brexit and inflationary and other economic pressures? – How financially prepared is your organisation for the 2023-24 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

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 south - the M4 corridor around Newport are growing and urgent action is needed. In north Wales, investment in the A55 corridor is needed as it gives access to Holyhead and Ireland.

The Institution of Civil Engineers has gone through a fundamental restructure and is now well prepared for 2023-24. The increased switch to 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.

3. With inflation and costs of living issues continuing to escalate, what action should the Welsh Government take to help households cope with this latest crisis? – How should the Budget address the needs of people living in urban, post-industrial and rural communities and in supporting economies within those communities?

Response: Congestion, pollution and safety issues on the strategic highway network continues to cause concerns particularly as traffic volumes increase after the pandemic. Energy concerns (availability of supplies and cost) are major problems. Wales needs efficient, effective and affordable transport networks in all parts of Wales and must recognise the limitations imposed by weather, topography and demographics.

4. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious?

Response: There is a need to prioritise the construction and availability of electric vehicle charging points across Wales – not just in the conurbations but across all of Wales. Alternative sources of energy must also be established (e.g. hydrogen).

5. Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?

Response: There are four 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. Some communities may need practical assistance and help.

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.

Fourth, 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. There is a lack of available civil engineering skills in Wales, and the lack of civil engineering degree apprenticeships is causing a drain across the border to England.

6. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation?

Response: These funds should be used to invest in the skills and infrastructure of Wales.

7. The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?

– Welsh Government policies to reduce poverty and gender inequality. Is enough support being given to those people living in relative income poverty?

Response: The Institution of civil engineers is committed to changing the current gender imbalance in civil engineering and would welcome funding initiatives in this area. Investment in infrastructure would bring positive benefits for all.

– How/whether the approach to preventative spending is 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. This I would suggest is a major area for improvement. Spending on local roads (maintenance, renewal and improvement) has been neglected for years and many are in a parlous state. Bridges collapse and repairs/ renewal are delayed.

– How resources should be prioritised to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

Response: Health (NHS) is always a priority but spending in these areas should be balanced with the other areas identified.

– The sustainability of NHS, social care, further and higher education, local government and other public services more generally. Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning.

Response: ICE offers no comments on these issues.

– Whether there has been adequate investment from the Welsh Government in basic public sector infrastructure.

Response: Continuing spend on the basic infrastructure is needed

– Support for children and young people whose education, development, and mental health and well-being have been affected by the pandemic. Is there enough infrastructure investment targeted at young people?

Response: ICE offers no comments on these issues.

– Whether it is clear how evidence and data is driving Welsh Government priority setting and budget allocations.

Response: Spending on transport is being shifted from the maintenance, renewal and improvement of the road network to 'sustainable' transport. This requires high and ongoing subsidies (capital and revenue) and is putting the resilience of the road network at risk.

– Is support for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?

Response: ICE offers no comments on these issues.

– 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 wellbeing 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. We would like to see appropriate investment in all parts of Wales, not just in the densely populated South, in order to deliver the goals of the WCFG Act and reduced carbon emissions.

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Notes:

Founded in 1818, the Institution of Civil Engineers (ICE) is a UK-based international organisation with over 93,000 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.