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## Finance Committee

### Welsh Government Draft Budget Proposals 2020-2021

I refer to the Committees of the National Assembly seeking information to inform their scrutiny of the Welsh Government's 2020-21 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.

#### **Transport.**

The Committee should consider if Wales has a safe, affordable, integrated and accessible transport network that supports local and regional economic growth, productivity and a vibrant society:

and establish the budget for this area.

#### **Energy:**

Energy security is one of the key issues facing Wales and the UK today. 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:
- and establish the budget for this area.

The decision to ‘park’ 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.

### **A Welsh Office of Digital Innovation**

A primary goal of government is the efficient delivery of government services. To further this goal, Wales must change the way it approaches service delivery and technology investments. Tens of thousands of the Welsh population interact with government services every day: civil engineers are required to complete online applications for projects, civil engineering students compare financial and education options, and small civil engineering business owners apply for business support.

Too often, outdated tools and complex systems make these interactions cumbersome and frustrating. Additionally, manual processes and the lack of digital service delivery often require individuals to take time off work and go to a physical office to interact directly with government staff. The Welsh Government must actively seek to understand what users want to ensure government is more accessible and intuitive. An Office of Digital Innovation could lead a digital revolution.

The Office would build on what has been learned about digital innovation. It could use design, technology, data, and behavioral insights to work iteratively with Welsh Government departments to deliver better services for Wales. It will also bring its tools to refocus efforts through discovery and rapid prototyping. The Office would have the authority to develop service delivery policies, standards, and procedures for nationwide use in assessing service delivery models and underlying business processes from an end-user perspective.

The Office would work with departments and stakeholders to design and deliver better products and services, leveraging data and real user experiences as guides. It will strive to understand government programs as well as the people who deliver and utilise them, and work to improve service delivery in line with iterative software development approaches. In addition to driving improved service delivery on individual projects, it will position the government to deliver better user experiences. It will champion innovative approaches to procurements, contracts, standards, and how work gets done. It will escalate and help resolve issues that inhibit better services. It will be a proponent of openness, simplicity, and common standards.

Scaling user-centred digital services requires a significant cultural change across Wales. The Office could take a deliberate and focused approach to building a continuous improvement customer-focused culture. It could provide practical training that will include understanding users, working iteratively, improving processes, and leading cultural changes.

The Office could also include additional information technology training for government staff in agile and other modern development methods to improve successful service delivery with a focus on continuous improvement. The transformation of the Welsh Government's operations and programs is essential to bringing government closer to the people and building user-friendly service delivery models. A Government investment of this nature will focus on modernising service delivery at all levels where Welsh people engage with government services.

In response to the specific responses to the consultation questions:

*1. What, in your opinion, has been the impact of the Welsh Government's 2019-20 budget?*

**Response:** There is now concern that the steady progression of Wales out of the financial depression of previous years is now over. 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. What expectations do you have of the 2020-21 draft budget proposals?*

**Response:** as above, continued investment in the infrastructure of Wales must continue. However, it is more than likely that the next year's budget will in reality be more of the same with no linked strategy. The cancellation of the M4 Corridor around Newport Project - despite the Planning Inspectors' positive recommendations will lead to a downturn in the economy of Wales as companies will choose to invest elsewhere (i.e. across the border in England).

*How financially prepared is your organisation for the 2020- 21 financial year, and how robust is your ability to plan for future years?*

**Response:** The Institution of Civil Engineers is very well prepared for 2020-21 and indeed future years. There is an increasing importance of professional skills and qualifications together with a growth in [Professional] Apprenticeships.

*3. 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?*

*- Approach to preventative spending and how is this represented in resource allocation? (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early), particularly in relation to the financing of local health boards and health and social care services.*

**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.

- *Welsh Government policies to promote economic growth, reduce poverty, gender inequality and mitigate welfare reform.*

**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.

- *The Welsh Government's planning and preparedness for Brexit.*

**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.

There are important trade routes between the UK generally through Wales. Wales should be a facilitator in these routes and improve the port infrastructure. Wales should also continue to receive suitable funds to offset any losses in the level of current European funds. In conclusion, there is a need to protect the best interests of the Welsh economy.

Wales should be planning for the unknown. Scenario modelling should currently be undertaken. Should a Welsh Investment Fund be set up to replace some of that money previously received from the EU? Do we consider placing a tariff on one of our greatest assets – water? Do we charge England for our Water?

- *How the Welsh Government should use taxation and borrowing powers, particularly in relation to the Welsh Rate of Income Tax.*

**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.

- *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.

- *The Welsh Government policies to strengthen the economy and promote innovation.*

**Response:** The Welsh Government recognises the clear and strong links between the economy of Wales and the condition of the Infrastructure of Wales – and invests in the vital infrastructure.

ICE Wales Cymru calls for a continuation of these policies. The Welsh Government promotes innovation, ICE Wales Cymru gives a forum for innovative ideas and topics to be promoted via its Learned Society meetings. ICE Wales Cymru is pleased to work with the Welsh Government in providing a platform for these. There is a need for the funding of Apprentice courses to progress beyond level 5 to degree and higher degree level.

*- How the Future Generations Act is influencing policy making.*

**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.

*- In declaring a “climate emergency”, is it clear how the Welsh Government intends to respond and resource that challenge*

**Response:** ICE Wales Cymru is very concerned that the climate emergency declaration influenced the decision to cancel the M4 Corridor scheme despite the Public Inquiry considering the overall environmental issues and recommending that the M4 CAN should be built. ICE Wales Cymru supports the towards zero carbon initiative, but each project should be considered on its merit and it must be recognised that not all these matters are within the remit of the devolved powers.

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**Notes:**

Founded in 1818, the Institution of Civil Engineers (ICE) is a UK-based international organisation with over 92,000 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.