

Cynulliad Cenedlaethol Cymru	National Assembly for Wales
Pwyllgor yr Economi, Seilwaith a Sgiliau	Economy, Infrastructure and Skills Committee
Blaenoriaethau ar gyfer Pwyllgor yr Economi, Seilwaith a Sgiliau	Priorities for the Economy, Infrastructure and Skills Committee
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## Priorities for Economy, Infrastructure and Skills Committee

### Introduction

CITB Cymru Wales welcomes the opportunity to inform the priorities for the Economy, Infrastructure and Skills Committee of the National Assembly for Wales. During the previous National Assembly term, the Enterprise and Business Committee was a crucial arena for the debate around Welsh public policy as it relates to employment and the labour market and we hope the new committee can continue this work.

### A National Infrastructure Commission for Wales

The 'Compact' between Welsh Labour and Plaid Cymru included a commitment to establish a National Infrastructure Commission for Wales (NICW). CITB Cymru Wales believes the creation of NICW could liberate a sector bursting with potential. However, there is precious little detail as to what would constitute NICW and what its remit would be. Given the body's potential impact on key projects such as a third crossing over the Menai, the South Wales Metro and the M4 Relief Road, CITB Cymru Wales would like to see the Economy, Infrastructure and Skills Committee examine the proposals in detail.

### The Infrastructure Pipeline

CITB Cymru Wales' annual Construction Skills Network report has highlighted the opportunities in Welsh construction. The report suggests that the sector has the potential to grow at an annual rate of 7.1% over the next five years.<sup>1</sup> However, this is dependent on the UK economy's current growth trajectory. So forecasts could be downgraded if major projects are delayed or uncertainties around the EU referendum result affect wider consumer and business confidence.

A number of high profile projects including: the proposed M4 Relief Road, Swansea Bay Tidal Lagoon, and approximately £2bn of rail electrification investment, highlight the potential in Wales.

Despite this positive outlook, significant uncertainties remain on a number of high-profile projects. For instance, uncertainty remains around the role of European Structural Funds in the delivery of infrastructure projects. New Nuclear Build is also subject to ongoing discussions which could impact on the timescales for delivery.

There is also the question of producing a suitably skilled workforce able to deliver these projects. At the peak of activity on Wylfa Newydd alone, approximately between 8,000 and 10,000 construction workers are expected to be onsite, a figure which illustrates the scale of the skills challenge facing the Welsh construction sector.<sup>2</sup>

### What issues need to be considered?

It is estimated from our Construction Skills Network data that approximately a third of construction output in Wales in 2014 was publicly funded. At present, the Wales Infrastructure Investment Plan is the guiding document for Welsh Government's infrastructure pipeline. The Welsh Government has achieved a significant amount through its *Wales Procurement Policy Statement*. It ensured that Welsh contractors win 75% of all major construction awards through Sell2Wales. However, numerous challenges, and opportunities remain.

Consideration should therefore be given to the following issues in establishing NICW:

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<sup>1</sup> Given the economic impact, CITB is revising our skills forecast for 2016-2020, which will be available in late September. This will include a revised estimate of construction jobs the sector is expected to create.

<sup>2</sup> Horizon Nuclear Power. 2016. *Main Construction Phase – Preliminary overview briefing*

- **A commitment to long-term planning** – A high degree of uncertainty surrounds many infrastructure projects such as the proposed M4 Relief Road and the Swansea Bay Tidal Lagoon. This makes it difficult for construction firms to plan their recruitment and upskilling approaches. Part of NICW's remit should include the production of a long-term pipeline of projects with a clear evidence-base and realistic assumptions on timescales. This should develop the work of the Wales Infrastructure Investment Plan and should be published and updated at regular intervals.
- **The publication of a National Infrastructure Plan for Skills** – Training an apprentice in the construction sector typically takes three years and requires significant investment in time and resources from both the employer and the apprentice. NICW should produce a National Infrastructure Plan for Skills, drawing on Labour Market Intelligence to forecast requirements and avoid gaps in demand. CITB Cymru Wales has the capacity to facilitate this process through our Labour Forecasting Tool which has been deployed in the UK Government's corresponding plan.
- **Clear lines of reporting and accountability to the National Assembly** – NICW should have clear governance arrangements that allow for reporting directly into a relevant committee of the National Assembly for Wales. Early dialogue on infrastructure priorities in this way would ensure the evidence-base behind projects is sound and that any issues are identified early, helping to provide certainty.
- **Construction expertise on the Commission's board** – Expertise in the construction sector will be a prerequisite for success if NICW is to directly commission and finance public infrastructure projects. This would help build in knowledge of the sector to all work commissioned and would also serve to assure realistic estimations of costs and timescales for project delivery.
- **Publication of an annual remit letter setting out key priorities** – In setting out the remit for NICW, the Cabinet Secretary for Infrastructure (or sponsoring Minister) should publish an annual remit letter setting out key priorities for the body. This should include examination of wider priorities that could benefit from a long-term approach such as investment in home energy efficiency schemes and affordable housing.
- **A duty to comply with Welsh Government procurement policy** – Best practice in procurement should be built in to NICW through its statutory responsibilities. CITB Cymru Wales notes the current consultation on procurement legislation and would like to see NICW aligned with the priorities set out in that document. This is particularly pertinent in relation to Community Benefits policy; with large construction-related capital spend being a significant driver of Community Benefit outcomes.

CITB Cymru Wales would welcome the opportunity to discuss these matters further with the committee as it forms its forward work programme.

### **About CITB Cymru Wales**

CITB Cymru Wales is the sector skills council and industry training board for the construction sector in Wales. Through the CITB Cymru Wales Committee and three regional forums, we work in partnership with government, industry, and education providers to maximise opportunities for skills, training and development within the Welsh construction sector, and to provide the right skills, in the right place, at the right time to support economic growth.