



Llywodraeth Cymru
Welsh Government

PUBLICATION, DOCUMENT

Wales infrastructure investment strategy: integrated impact assessment

An integrated impact assessment (IIA) on the impact of the Wales infrastructure investment strategy.

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1. What action is the Welsh Government considering and why

The challenges facing Wales require us to transform our approach to infrastructure investment and delivery. To prepare Wales for the future, we need to ensure that our infrastructure investments can respond to the climate and nature emergencies; tackle inequality, consider the needs of the most vulnerable; grow the economy and create jobs; and deliver the greatest possible impact with our limited resources. Delivering this transformation requires change at all levels in terms of how investments are planned, approved, delivered and managed.

The Wales Infrastructure Investment Strategy (WIIS) is our second 10-year, cross-governmental infrastructure strategy, designed to set a framework for all our infrastructure investments. In a change from the previous Wales Infrastructure Investment Plan, and to reflect the integrated and indivisible nature of Wales's well-being, the WIIS is an outcome-based strategy, built around the 4 domains - economic, social, environmental and cultural – of the Well-being of Future Generations (Wales) Act.

The chapters of the WIIS are dedicated to each of the 4 well-being domains while infrastructure sectors, such as Transport and Housing, are reflected in each of these chapters rather than having discrete chapters based on sectors. By taking a thematic approach, the strategy recognises that whilst investment in a particular sector may deliver more strongly against one theme than another, there are often clear secondary and tertiary purposes of investment that need to be captured effectively. This also recognises the interrelationships between different areas of infrastructure and the outcomes they deliver.

The strategy takes a broad approach to the definition of infrastructure. It includes capital grants, loans, and investment in “green” infrastructure such as

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woodlands, as well as the traditional built environment. It also considers the levers to maximise our investment capacity if our capital budgets are constrained, including infrastructure investment funded through revenue budgets, such as our Mutual Investment Model (MIM), and use of our capital borrowing powers.

The WIIS provides a framework for infrastructure investments across all Welsh Government departments. It is not a list of investments or programmes of investments, and it will not achieve change on its own. Rather, it sets the outcomes which investment in infrastructure should enable, as opposed to what that infrastructure should be, as well as how we intend to work to achieve those outcomes. The infrastructure investments made by Welsh Government departments under the strategy will be subject to Integrated Impact Assessments to ensure that the unique impacts are identified, considered, and mitigated where required. For these reasons, this impact assessment is at a comparatively high level.

Long term

Infrastructure is long-term – the investment decisions taken today will affect the lives and livelihoods of the citizens of Wales for decades to come and therefore the outcomes in the WIIS must remain relevant for a long period of time. We also need to think about how we future proof infrastructure, not just in their physical condition from environmental changes such as floods and hot temperatures, but in their use. The outcome-based approach of the WIIS therefore recognises that the use of infrastructure can change over time as global and local drivers and trends change what we need infrastructure to do.

In contrast to the long-term outcomes that the strategy supports, it is recognised that the evidence base and technological solutions for given projects – and our budgets – can change quickly. For this reason, the outcomes in the WIIS have been set without reference to specific infrastructure investments. A series of

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plans – Infrastructure Finance Plans (IFP) – will be published throughout the term of the strategy. By setting shorter term IFPs to underpin the WIIS, we will retain the ability to review the evidence and make the most effective investments to achieve the long-term outcomes of the WIIS.

Prevention

The outcomes set out in the WIIS are themselves drivers of the prevention agenda. For example, reducing greenhouse gas emissions, reducing unsustainable consumption of natural resources, reducing social inequality and promoting community cohesion are all explicit objectives that our infrastructure investments must work to achieve.

Over time, and through the infrastructure investments made under it, the strategy will support us in preventing problems. It will allow us to balance the need to achieve value for money from our infrastructure investments with a commitment to generating wider benefits to society and the economy whilst minimising damage to the environment.

Integration

Being an outcomes-focused strategy, the framework set out in the WIIS for prioritising our future infrastructure investments has been designed to ensure these investments meet multiple objectives and deliver multiple benefits beyond simply addressing user needs, such as preserving biodiversity, reducing pollution, or regenerating deprived areas. In some cases, historic infrastructure investment has prioritised criteria which did not necessarily support these wider outcomes. For example, investment decisions for transport infrastructure tended to be made based on customer journey time savings and associated productivity increases, whilst the wider benefits such as improved health and wellbeing outcomes may have been under-emphasised.

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The WIIS therefore recognises the inter-dependence of what we deliver and the fact that achieving one objective can have a positive impact on other objectives. For example, investments in housing, nature and active travel can have an impact on improving long-term health outcomes.

The cross-cutting principles chapter of the WIIS represents important baseline requirements that all future infrastructure investment proposals must meet. These cross-cutting principles, such as ensuring investment delivers against our decarbonisation objectives, place-making agenda, and demonstrating our commitment to social justice – for example, through adopting gender budgeting approaches – will be embedded by all Welsh Government departments when infrastructure investments are designed.

A strategic framework for prioritising investment can only be as effective as the proposals it is prioritising. The WIIS therefore requires improvements in the way that Welsh Government departments plan, design and develop their infrastructure proposals. As well as tackling the climate and nature emergencies, these include:

- demonstrating a coordinated and integrated approach has been taken in their planning, design and development, and
- fully embracing the opportunities for co-location of key services to maximise delivery of outcomes.

Collaboration

The WIIS provides a framework for infrastructure investments across the whole of the Welsh Government. The responsibility for designing, developing and delivering the investments therefore lies across all Welsh Government departments. Development of the strategy was an iterative and collaborative approach with officials across the Welsh Government. Furthermore, in line with the cross-cutting principles of the WIIS, and Five Ways of Working, all Welsh

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Government departments are expected to collaborate in developing their specific investments under the WIIS to maximise the opportunity to deliver integrated solutions.

Involvement

The strategy was developed through engagement and workshops within the Welsh Government, including ensuring the outcomes of the WIIS are aligned with key strategies, such as Net Zero Wales. Recognising the particular interests which key stakeholders have in our infrastructure investment, the Future Generation Commissioner's officials have been engaged, as well as representatives from the Welsh Local Government Association and the Design Commission for Wales.

Impact

The WIIS will not deliver any impacts on its own. The strategy provides the framework to ensure our limited resources are prioritised to those infrastructure investments which offer the greatest impact. The infrastructure investments made by Welsh Government departments under the strategy will be subject to integrated impact assessments to ensure that the unique impacts are identified, considered, and mitigated where required.

Costs and savings

Costs associated with the publishing the WIIS are limited to staff costs for the development, publication and monitoring of the strategy, and are met from existing budgets.

Application of the WIIS in prioritising our infrastructure investments, should, in

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the longer term, improve the value derived from our infrastructure investments through the delivery of outcomes across the 4 well-being domains.

Mechanism

No legislation is proposed. The WIIS is a strategic framework setting out the outcomes which investment in infrastructure should enable over the next 10 years. The primary lever in delivering the WIIS is the action undertaken to ensure that the suite of infrastructure investments made by departments under the strategy deliver the outcomes identified. This will include adopting the “cross-cutting principles” set out in the WIIS, which aim to ensure that infrastructure proposals have been planned and designed collaboratively, and will deliver integrated solutions, which are long-term, low-carbon and have a focus on prevention.

The Delivery chapter of the WIIS sets out a requirement for robust evaluation of infrastructure investments. The Welsh Government has developed a common approach for departments to bring together those evaluations. It is derived from guidance in The Magenta Book: central government guidance on evaluation and The Green Book: appraisal and evaluation in central government. The approach will require Evaluation Reports to be produced by Welsh Government departments at Investment Area level. These evaluation reports will bring existing assurance and other evidence managed by departments into a single document to assess how those Investments Areas are contributing towards the outcomes of the WIIS.

2. Conclusion

The WIIS is an outcome-based strategy, built around the 4 well-being domains - economic, social, environmental and cultural – of the Well-being of Future

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Generations (Wales) Act, and therefore contributes positively towards all of the national well-being goals. The strategy will not deliver any benefits on its own – it is the infrastructure investments made under the WIIS that will realise these benefits. These investments will be subject to Integrated Impact Assessments, as necessary, which will consider the people most likely to be affected by them.

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