Llywodraeth Cymru
Welsh Government

Wales Infrastructure Investment Plan – Mid-point Review 2018

Building prosperity for all

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Project Pipeline Update — published separately

Foreword

A lot has changed since my predecessor Jane Hutt published the *Wales Infrastructure Investment Plan* (WIIP) in 2012. At that time, a decade of growth in our capital budgets was ending and we were witnessing the start of the longest sustained period of austerity in living memory. That decade-long period of rising capital budgets had enabled us to make significant inroads into reversing generations of decline in essential public infrastructure in Wales pre-devolution.

As we publish this mid-point review of the WIIP, our capital budget, excluding financial transactions, will be 20% lower in real terms at the end of the decade than at its peak in 2009-10, as a result of the UK Government's ongoing and damaging policy of austerity. At the time of writing, there are few signs of austerity ending, despite the damage it has done to public services and the wider UK economy.

The financial outlook remains uncertain – forecasts for UK growth have been revised to show a widening gap between the UK and other developed countries. Following an up-turn in the world economy at the start of 2018, the UK is lagging behind all the G7 nations.

This has been compounded by the many unanswered questions, which surround the future of the UK outside the European Union (EU). Since the WIIP was published in 2012, we have, of course, had the referendum and the decision to leave the EU.

However, despite the difficult economic climate and the broader political climate, in the six years since the WIIP was published, we have achieved an enormous amount and delivered an ambitious infrastructure programme, including new schools, hospitals, roads and active travel schemes and more than 17,000 affordable homes.

Our infrastructure plans for the remainder of the lifetime of the WIIP are no less ambitious and include our flagship commitments to deliver our target of 20,000 affordable homes (bringing our total delivered through the WIIP to more than 30,000); the South Wales Metro; Cardigan Integrated Care Centre; improvements to the A55; superfast and the next generation of broadband and, subject to the outcome of the public inquiry, an M4 relief road.

The Welsh Government has invested £9bn capital funding in infrastructure in Wales between 2012 and 2018. We have boosted our capital investment through a combination of European funding and innovative finance.

We will continue to build on this, last year, I launched the Mutual Investment Model, which will attract a further £1bn of capital investment, delivering the new Velindre Cancer Centre, sections 5 and 6 of the A465 Heads of the Valleys road and a significant part of Band B of the 21st Century Schools and Education programme.

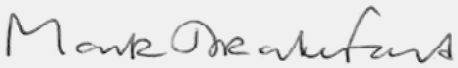
Our new borrowing powers will also help us to deliver large-scale strategic investments, which would otherwise be unaffordable using our core capital budgets alone.

This mid-point review of the WIIP is an opportunity to look back at what we have achieved since 2012 and to set out our plans for the remainder of the period covered by the WIIP.

It also provides a timely opportunity to consider the future direction of our infrastructure investment, in light of the wider economic, political and social changes including how we realise the full potential of the *Wellbeing of Future Generations (Wales) Act 2015* and *Prosperity for All*.

We must start thinking about and planning now for the Wales we want in 10 years' time, especially if we are to maximise the impact of our investment. This phase of work will be carried out and completed over the next few years and will inform the development of the next WIIP, which we plan to publish early in the Sixth Assembly.

Finally, I would like to thank my predecessor Jane Hutt for the work she did to develop the WIIP, its goals and priorities, which have guided our infrastructure investment in Wales, for Wales.



Cabinet Secretary for Finance

Chapter one – Context

This chapter sets out the context for the mid-point review of the **Wales Infrastructure Investment Plan (WIIP)**; in particular, the changing economic, political and social landscape since the plan was published in 2012.

Background

In the years since the UK Government introduced its policy of austerity, the Welsh Government has acted to provide much-needed stimulus to create and sustain economic growth and support vital public services. As part of this work we published the WIIP in 2012, a 10-year ambition for infrastructure investment across Wales with a particular focus on growth and jobs. The plan set out our vision and goals for the future; our priorities and the steps we would take to deliver these. This provided the framework against which to prioritise, scope, and coordinate the delivery of our major infrastructure investments.

We have made significant progress since 2012 in the delivery of the WIIP's goals and priorities. The Welsh Government has increased levels of investment and targeted those projects which deliver lasting benefits for Wales, despite this being the longest period of sustained austerity in living memory.

We have achieved this by making full use of our capital budget; we have secured new borrowing powers and have developed new innovative finance schemes, including the Mutual Investment Model (MIM). We have improved the control and public visibility of our infrastructure investments and maximised the value for money they provide.

Further detail about the progress we have made in delivering the WIIP is set out in chapter two, including the benefits which have been realised for communities and businesses throughout Wales.

There have been a number of significant events since the WIIP was published in 2012. At the time of publication, we committed to revisit the plan as economic, political and social circumstances evolved so it continues to provide an effective investment framework for Wales and remains integrated and aligned with Welsh Government commitments.

The current landscape

Taking Wales Forward and Prosperity for All

After the 2016 National Assembly election, we published the programme for government *Taking Wales Forward* and our national strategy, *Prosperity for All*. These signalled the Welsh Government's priorities and the way we would work to respond to the Wellbeing of Future Generations (Wales) Act 2015 to deliver the greatest impact with reducing resources.

We recognise the need to work differently by working more collaboratively and in a more integrated way, taking a long-term view to prevent problems arising. This is more imperative than ever against the backdrop of ongoing financial uncertainty and austerity. We also recognise the inter-dependence of what we deliver and the fact that achieving one objective can have a positive impact on other objectives, for example, securing employment makes it more likely people will enjoy good health and education enhances people's employment opportunities.

Economic outlook

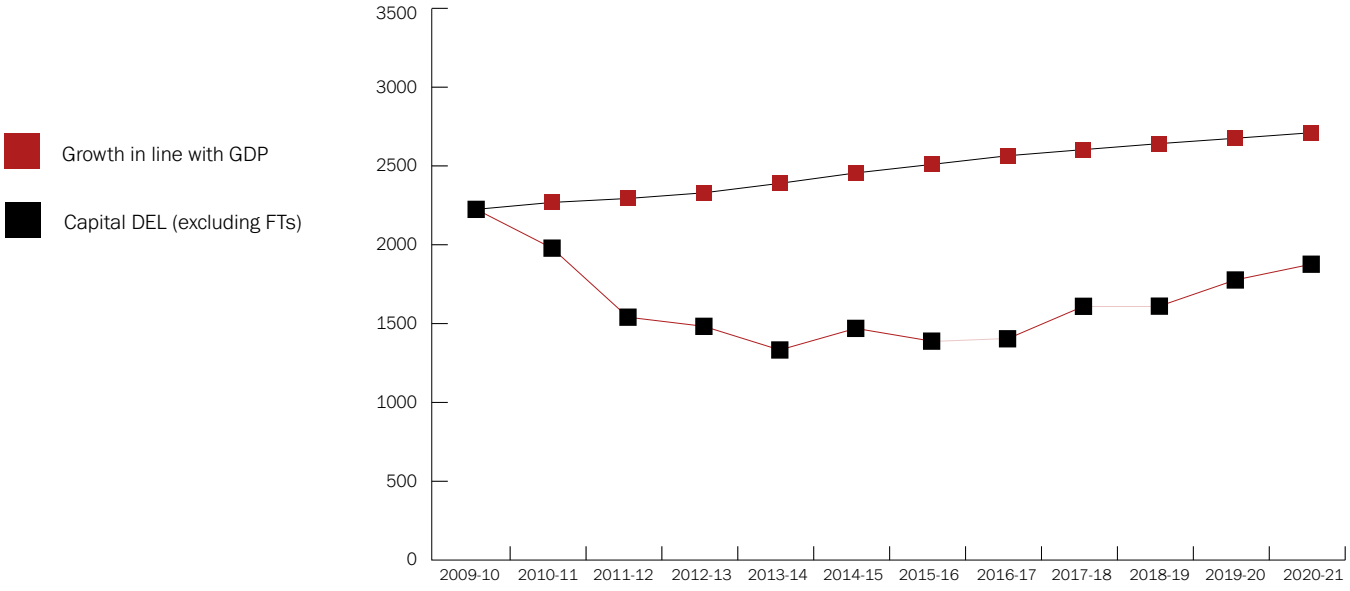
Austerity continues to be a defining feature of public expenditure. Following the economic downturn of 2010, the UK economy's recovery has been sluggish and growth has been slow, particularly following the referendum to leave the European Union (EU). This is in contrast to the global economic outlook, which has been improving much faster than that in the UK.

The impact of austerity has been felt on the Welsh Government's overall budget, which, by the end of this decade, will have fallen by 7% in real terms since 2010-11 (excluding financial transactions). As figure one shows, there have been recent real-terms increases in the Welsh Government's capital budget, but it still remains below where it was in 2009-10.

If the capital budget had kept pace with growth in the economy since 2010-11, the Welsh Government would have had an additional £800m to spend on capital projects in 2020-21.

Financial uncertainty looks set to continue – the Chancellor of the Exchequer announced in the Spring Statement 2018 that there will be a Spending Review in 2019 – and the impact of leaving the EU on public spending is unlikely to be fully understood until then.

Figure one – Welsh Government capital DEL excluding financial transactions (real terms, 2018–19 prices)



Decision to leave the EU

The decision to leave the EU poses different challenges and opportunities for every aspect of Welsh life. The Welsh Government continues to take every opportunity to play a constructive part in discussions with the UK Government in relation to the negotiations to leave the EU. We have set out our priorities for the UK's future outside the EU in the White Paper *Securing Wales' Future* and in December 2017, we published a policy paper setting out our approach to developing a regional investment policy. It is crucial we ensure Welsh interests are represented and we have a proper opportunity to plan for and shape Wales and its relationships with Europe and the wider world in the new post-Brexit era.

Other challenges

There are other wider socio-economic challenges. Many parts of Wales have high levels of economic inactivity, with low levels of qualifications and limited employment opportunities. Recent trends in house-building indicate the number of properties available may not keep up with the rise in households. Meanwhile, we are starting the transition to a low-carbon global economy and we need to take advantage of this in Wales to increase our competitiveness, while also building resilience in the face of climate change.

The challenges of the coming decade are many and sizeable but Wales' size and population means we can be smart and work together to turn them into exciting opportunities for inclusive, fair and sustainable economic growth.

Chapter three sets out how we are building on our achievements since the WIIP was published. To maximise the impact of our investments, we are adopting new ways of working and aligning our investment plans with the commitments in *Taking Wales Forward and Prosperity for All*.

Annex one sets out the pipeline of capital investments covering the next three to five years, providing information about Welsh Government projects; local government-funded schemes and private investment in the water, energy and rail sectors.

Looking forward

These changes and the continuing challenges ahead mean we cannot stand still. We need to ensure our infrastructure ambitions meet the needs of the present and future generations.

The Welsh Government's *Economic Action Plan* sets out how we will grow our economy, spread opportunity, strengthen our foundations, build competitive places, and future proof our economy. We are in the process of establishing a National Infrastructure Commission for Wales and we are consulting on our preferred option for our new land use plan, the National Development Framework.

Together these will provide a strategic picture of our national and regional infrastructure needs and opportunities to help us take decisions through the WIIP to ensure our investments are aligned and targeted to where they can have maximum impact.

Chapter four sets out our plans for the future, building on the successful delivery of the WIIP's goals and priorities to date and the actions we will take to help us deliver infrastructure investment to create the Wales we want.

Our ambition is to ensure our infrastructure is resilient and integrated and contributes to a growing Welsh economy and delivering prosperity for all.

Chapter two: Delivery of the Wales Infrastructure Investment Plan

This chapter explains the progress we have made in delivering the goals and priorities in the **Wales Infrastructure and Investment Plan** (WIIP) since its publication in 2012 and, in particular, the benefits which have been realised for communities and businesses throughout Wales.

Progress in delivering the WIIP

Following the publication of the WIIP in 2012, the Welsh Government has invested £9bn of capital funding to improve and develop infrastructure across Wales.

We have also developed a series of innovative financing initiatives to complement our established capital investment programme, which will generate an additional £2bn of investment in Wales.

Investment and delivery has been structured around the priorities originally identified in the WIIP:

- Improving transport networks.
- Improving telecommunications networks.
- Supporting the development of the energy industry in Wales.
- Investing in housing and regeneration.
- Delivering more efficient and economical public services.
- Improving the quality of the educational estate.
- Developing our enterprise zones.

The investments we have made through the WIIP to date, for example by developing the north-south and east-west transport links, have helped to open up parts of Wales to attract and grow business and give communities better access to public services, training, employment and recreation. Other developments, such as superfast broadband, are nationally-important programmes. In other areas, specific projects are supporting and contributing to regional growth and wellbeing.

Our strategy for the successful delivery of the WIIP identified four goals:

1. Create a system that identifies and prioritises nationally-significant infrastructure schemes across departmental responsibilities, focusing resources on the highest priority investments, which deliver the most benefit in line with sustainable development.

We have adopted an approach for the appraisal and prioritisation of schemes for capital allocations, which is outcome-driven and evidence-based, with clear prioritisation that promotes the best use of available resources.

This approach has been further strengthened by the application of the five-case business model for the preparation of business cases – this means proposals are evaluated to determine their strategic fit; economic benefits and value for money; commercial attributes; affordability and deliverability.

Approach to setting capital budgets

In strengthening our approach to prioritisation, we have reviewed and changed how we set capital budgets. Previously, budgets were set by rolling forward historic budget baselines, adjusting to absorb real-terms reductions and retaining funds centrally to allocate during the year, in line with our strategic investment priorities set out in the WIIP.

At the start of this Assembly term, we carried out a review of all capital investment plans; identifying legal commitments as a first priority, followed by flagship commitments and those programmes which deliver maximum benefits over the longer term.

We also undertook a review of the available evidence of the impact, effectiveness and value for money of capital programmes across government. This included evaluations and impact studies from Wales and similar programmes elsewhere. The summary evidence was peer-reviewed by the then Public Policy Institute for Wales (PPIW), which independently endorsed the broad findings and extent of the evidence base. This evidence was used to inform the allocation of resources across Ministerial portfolios.

As a result of this work, capital funding was allocated on a programme basis over a four-year period (2017-18 to 2020-21) in the 2017-18 Budget; a small amount of central funding was retained to respond to pressures and to allocate to priorities as delivery and funding profiles were developed. Allocating capital budgets over a four-year horizon has given more certainty to the construction sector; investors and businesses and provided greater flexibility within government to manage priorities leading to better investment decisions.

Prioritising infrastructure investments

Departments prioritise their capital infrastructure investments according to government priorities and well-being objectives. Plans are monitored to ensure they remain responsive to the changing profile of needs across Wales.

Within the health portfolio, the Welsh Government works with NHS organisations to identify priorities for the NHS all-Wales capital programme to ensure investment decisions are made in the most efficient and effective manner. Health boards and NHS trusts assess local need, which in turn underpin their capital investment priorities, which are identified in their respective integrated medium term plans. The NHS all-Wales capital programme is based on these priorities, subject to the rigorous appraisal of business cases, provided by the infrastructure investment board, which makes recommendations to the Health Secretary.

NHS organisations are also allocated discretionary capital, accounting for around 25% of the health capital budget every year. This funding is designed to cover other capital investment and maintenance requirements.

The 21st Century Schools and Education programme targets investment at those schools and colleges in the poorest physical condition. It delivers sustainable, cost-effective buildings, which are the right size, in the right location, with the right facilities to deliver educational services. The programme is also designed to optimise the use of infrastructure and resources to deliver public services for communities.

The programme is delivered in partnership with local authorities, further education institutions and others which prioritise the projects for delivery. There is a robust process for approval of business cases, which involves a detailed assessment by an internal scrutiny group and consideration by a high-level investment panel which makes recommendations to the Education Secretary.

The programme of investments funded within the economy and transport portfolio is closely aligned with the *Economic Action Plan* and seeks to grow the economy and reduce inequality. The potential to lever in additional funding from public and private sector sources is also taken into consideration.

Direct financial support to business is targeted at investments which focus on the long-term and prepare business for the future. Property investments are informed by regional needs and Welsh Government's priorities and programmes such as the Ministeral Taskforce for the South Wales Valleys. Transport interventions focus on economic growth; tackling poverty; sustainable travel and safety and improving access to employment and services.

Key investments Case Study

Adult Acute Mental Health Unit, Llandough

The £88m adult mental health unit – Hafan y Coed – replaced services provided at Whitchurch Hospital and complements the Llanfair Unit already based at University Hospital Llandough. It provides specialist services for people who need addiction therapy, neuropsychiatry, intensive care, supportive recovery services and associated services. Hafan y Coed is a 135 bed-unit, supports improved patient recovery, and means fewer people need to be cared for out of area. It opened in January 2016.

The unit serves people living in Cardiff and the Vale of Glamorgan and the purpose-built accommodation incorporates assessment/triage and treatment services. It also accommodates the crisis service, day services for addiction and neuropsychiatry, and a Mental Health Act Tribunal suite.

Key Investents Case Study

Holywell Learning Campus, Flintshire

Holywell Learning Campus is a £31m project, funded with £15.5m from the 21st Century Schools and Education programme. This saw the closure of three older schools in the area – Ysgol Perth y Terfyn infant school, Ysgol y Fron junior school and the old Holywell High School – and the amalgamation of the pre-existing infant and junior schools.

The new building was developed on the existing Holywell High School site and opened in September 2016 creating a three to 16-year-old learning campus consisting of the three-storey Ysgol Uwchradd Treffynnon (secondary school) and the one-storey Ysgol Maes y Felin (primary school). The campus (Galliford Try) won the Constructing Excellence in Wales Sustainability Award 2017.

The site was particularly challenging and required a design which would fit extremely uneven ground. The demolition of the old high school left a huge amount of waste. 90% of on-site demolition waste was reused and 6% of the remaining waste recycled. More than 50,000 tonnes of site soil was reused for landscaping, representing 99.9% of soil reuse on site.

Key benefits:

- £77m social return on investment; every pound spent represents £3 of wellbeing value to society.
- 76% of the budget was spent within 30 miles and 93% of the subcontractors were SMEs. The project team worked closely with subcontractors to promote local investment, cascading the commitment down the supply chain. A one-team approach to sustainability encouraged each team member to identify ways in which they could contribute to the agenda.
- 55 employment opportunities and 19 apprenticeships.
- A diverse programme of educational and community activities helped to inspire young people and boost their employability, including careers fairs, safety talks, site visits, mentoring for local students, Building Information Modelling (BIM) workshops, and celebration events such as slate laying, steel-beam signing and time capsules.

The project provided the local community with a modern and inspiring learning environment for its learners as well as community hub facilities for external local groups. The two schools are unique in that although separate they form a three to 16-year-old learning environment to support our young learners through their learning journey.

Robust internal governance arrangements are in place to challenge and scrutinise business proposals and make recommendations to the Economy and Transport Secretary. The investment panel considers applications up to and including £1m; the Wales Industrial Development Advisory Board (WIDAB) considers applications for support for more than £1m and the Media Investment Panel (MIP) considers creative sector applications of more than £1m.

2. Increase the resources invested in prioritised strategic infrastructure over the next 10 years beyond expected budgeted levels.

Additional capital funding

Over the course of the last Assembly term (2011 to 2016) we allocated an additional £1.6bn of Welsh Government capital funds to support key projects which deliver against WIIP priorities. This funding was over and above mainstream departmental capital budgets and enabled investment of:

- More than £410m to improve transport networks.
- £20m to improve telecommunications networks.
- More than £110m to support the development of the energy industry in Wales.
- More than £520m invested in housing and regeneration.
- £220m to help deliver more efficient and economical public services, the majority of which has been directed towards NHS Wales.
- More than £160m to improve the quality of the educational estate.
- More than £230m to develop our enterprise zones and support economic development.

Our published spending plans from 2018-19 to 2020-21 set out a further £6.5bn capital funding to be invested across Wales. This includes drawing on the new borrowing powers available to Wales as a result of the fiscal framework agreed with the UK Government in December 2016.

Innovative Finance

The Welsh Government has, in line with the WIIP's goals, developed a pipeline of innovative finance schemes to complement the capital budget and meet the government's ambitious plans for public sector infrastructure investment in Wales.

Operational schemes include:

- The Housing Finance Grant scheme, launched in September 2013, has provided £120m of new funding to the sector. The scheme has been extended with an additional £260m, and will deliver, in total, more than 2,500 affordable homes across Wales.
- The Coastal Risk Management programme will deliver £150m investment over the programme's lifetime in schemes led by local authorities. Design and development work is under way for schemes including East Rhyl, Mumbles, Porthcawl, Aberavon and Aberaeron. Additional revenue funding of £2.4m in 2019-20 is the start of a long-term revenue stream through the Local Government Borrowing Initiative for the programme.
- Around £340m of investment via the Local Government Borrowing Initiative, enabling around £170m of investment to improve highways and around £170m of investment into Band A of the 21st Century Schools and Education programme to accelerate its delivery.

We have also developed the Mutual Investment Model (MIM) – an innovative form of public private partnership, which will deliver more than £1bn of infrastructure projects – the new Velindre Cancer Centre, sections 5 and 6 of the A465 Heads of the Valleys road and Band B of the 21st Century Schools and Education programme.

In 2017, the Welsh Government became a co-owner of Local Partnerships LLP, a limited liability partnership established by HM Treasury and the Local Government Association. Local Partnerships has a commercial remit to support local public services procurement, investment programmes, public service delivery, and asset management in local communities. We now have direct access to commercial expertise, helping to build commercial capability and to deliver more efficient outcomes on major infrastructure projects.

City and Growth Deals

Significant additional resources have been secured as a result of our successful bids to ensure Wales benefits from the UK Government's city and growth deals policy.

The Cardiff Capital Region City Deal has delivered an investment fund of £1.2bn over a 20-year period for the region, which covers 10 local authorities in South East Wales. Over its lifetime, it is anticipated that the city deal will deliver up to 25,000 new jobs and will attract an additional £4bn of private sector investment.

Led by the Welsh Government, a key priority for investment agreed in the deal in 2016 will be the delivery of the South Wales Metro, with a total investment package of £734m (£503m from the Welsh Government, £125m from the UK Government and potentially up to £106m from European funds). It will transform the way people travel around the region by providing faster, more frequent and joined-up services using trains, buses and light rail.

Led by the city region a further £495m (£375m from the UK Government and £120m from local authorities) is available to prioritise in line with the goals of the city deal. Early priorities for investment through the city deal include:

- £38m to support the development of a compound semiconductor industrial cluster creating more than 2,000 jobs. This is backed by £12m of Welsh Government funding.
- Agreement in principle for a £180m re-development of Cardiff's main transport hub, including £40m of funding to create a new central transport interchange.

The £1.3bn Swansea Bay City Region Deal was the second deal to be signed in Wales which, over the next 15 years, aims to boost the local economy by £1.8bn and generate almost 10,000 new jobs. Supported by £125m from the Welsh Government, it is made up of 11 major project proposals to deliver world-class facilities in energy, smart manufacturing, innovation and life sciences, with major investment in the region's digital infrastructure and workforce skills and talent underpinning each.

Discussions are continuing with the UK Government and North Wales region on proposals for a North Wales Growth Deal and discussions are also underway about a possible Mid Wales Growth Deal.

European Union (EU) funding

EU structural funds and support from the European Investment Bank (EIB) have played an important role in supporting infrastructure investment in Wales.

A total of £721m of EU funds has been either spent by, or committed to, infrastructure projects since April 2012. This consists of:

- £355m for infrastructure projects across Wales, driving a total investment of £658m, between April 2012 and December 2015 through the 2007-2013 EU structural funds programmes;
- £366m of EU funds for infrastructure projects across Wales, driving a total investment of £740m, since January 2014 under the latest round of EU structural funds, covering the 2014-2020 period (spending until 2023).

Key Investments Case Study

West Rhyl coastal defence scheme

The original coastal defences in West Rhyl were built between 70 and 100 years ago and this scheme was developed following an assessment, which revealed that if there was no investment there would be a risk of property damage in the region of more than £200m.

The final phase of this £15.7m coastal defence scheme was completed in October 2015 and included funding from the European Regional Development Fund and Denbighshire Council.

The scheme has reduced the risk of coastal flooding to around 2,700 properties, including 560 businesses, and provided additional benefits by securing land for retail redevelopment. The work around the river and harbour has already benefitted Rhyl, with increased visitor numbers to the area

Key Investments Case Study

The Mill, Cardiff

The Mill is a £100m housing development which will see a derelict industrial site in west Cardiff transformed into an 800-home urban village

The project will provide much-needed homes for sale and rent to a wide range of households on a 53-acre site in Canton which was once occupied by the Arjo Wiggins paper mill. A thousand jobs are expected to be created during construction, together with a significant number of apprenticeships and other training opportunities for the local community.

This new development by Tirion Group Limited (TGL) with partners Lovell Partnerships Limited and Cadwyn Housing Association will provide more than 50% affordable homes on the site without any need for a social housing grant. The project will provide a major contribution to the regeneration of the area and will include new community facilities within the neighbourhood centre and a riverside park that will include a new section of the Ely Trail. In addition, as part of the project, flood defence works have removed more than 600 existing homes in Canton homes from the risk of future flooding from the river Ely.

To date, more than £30m has been committed to the regeneration of the site which includes private sector funding from Principality for working capital, infrastructure, and construction finance. The construction of both the open market and the affordable homes is well underway and both are proving to be very popular. The first families took occupation of their new homes in December 2017.

Key Investments Case Study

Swansea Bay Innovation Campus

Swansea University's £450m Bay Campus started construction in 2013 and is situated on a 65-acre site in Neath Port Talbot on the eastern approach into Swansea. Recognised as one of Europe's leading knowledge economy projects, this major development has been made possible by £50m funding from the Welsh Government, £35m from the European Regional Development Fund and £60m from the European Investment Bank.

The campus provides academic, student accommodation and research space. While development work will continue until 2020, the majority of work has been completed during the first phase of construction and was opened in September 2015.

The campus was constructed in less than 26 months and is already delivering a significant impact for the region with Swansea University seeing a 20% intake in student and staff numbers, and a 120% increase in new research projects awarded since 2012.

Swansea University's second phase developments commenced in January 2016. The phase two developments involve both the Bay Campus and Singleton Park Campus which includes the Computational Foundry, the development of student residences; the reintroduction of a chemistry department and the co-location of Natural Resources Wales.

Key Investments Case Study

Menai Science Park

The Menai Science Park is a £20m project funded by the Welsh Government (£10m) and the European Regional Development Fund. The park will support the economy in North Wales by developing knowledge-based enterprises.

Menai Science Park Ltd (M-SParc) is a wholly-owned subsidiary of Bangor University and will focus on low carbon energy, the environment and ICT sectors. M-SParc's 30-year vision is based on creating highly-skilled long-term employment opportunities for local people, developing a knowledge-sharing environment and creating an economic hub.

The science park, which is an important element in Bangor University's strategic ambition to develop science within the region, will create a bridge between such companies and the university's extensive science research and teaching activities. The project aims to create a unique cluster economy to encourage hi-tech industry and scientific research partnerships in North West Wales.

The project focused on community benefits in particular, supporting professionals to develop skills, encouraging women into the construction industry and providing opportunities for young people who are not in employment, education or training. The project also supported the Constructing Excellence in Wales Enabling Zero Waste initiative.

These investments include £16.4m for the Welsh Government's £22m Wales Station Improvement Programme phase two, which rebuilt, upgraded and refurbished a number of train stations in Wales including Port Talbot Parkway, Aberystwyth, Rhyl and Pontypridd.

More than £40m is being invested in upgrading the A55 including the design and construction of junctions, slip roads and bridges. The funding will also support the widening of 2.1km of the A55. A further £23m is being invested in the A40 in Pembrokeshire to support the construction of 2.5 km of new highway to the north of Llanddewi Velfrey and 2.5km of improved highway west of Ffynnon Wood. The project also includes improved facilities for non-motorised travel via new cycle tracks and new bridleway.

£38m of EU funding is also supporting the Welsh Government's £110m Building for the Future programme to regenerate town centres and surrounding areas across Wales by refurbishing or redeveloping derelict or under-used land and buildings and bringing them back to life.

The EIB has also been a major investor in Wales, complementing EU funding programmes including investing in major projects such as the Swansea Bay Innovation Campus and improving access to finance for businesses via the Development Bank of Wales.

Development Bank of Wales

The Development Bank of Wales will contribute to infrastructure development in Wales. It will bring together a range of public and private funds of more than £1bn, strengthening our ability to invest in Wales' long-term future. The Development Bank will help businesses – particularly small and medium enterprises – access the finance needed to start up, strengthen and grow. It will seek to unlock economic potential in Wales and enhance the local economy by providing sustainable, effective finance and helping businesses find the right partner to attract in private finance. The Development Bank will also improve the integration of high-quality advice and support by working closely with Business Wales.

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3. Reduce the costs of maintaining and delivering infrastructure and maximising the value for money provided by our investments.

We have standardised our approach to business assurance and scheme delivery across the Welsh Government and the wider public sector. This includes taking a more consistent approach to business case development and appraisal; developing and improving the use of our procurement and community benefits policies, strengthening our asset management; improving better monitoring of investments and taking a new approach to management and control of major schemes.

To achieve this we have:

- Established a **Better Business Cases network**. The network shares best practice across the public sector, providing intra and cross-sectorial support and developing expertise. It is jointly owned by the Welsh Government and HM Treasury and is the UK best practice approach for developing infrastructure spending proposals in the public sector and became a globally-accredited product in 2012. The Welsh Government plays a lead role in the governance of the programme, chairing the standards and management boards and the international steering committee. We have also provided better business case training to 6,500 delegates and, in 2017, we published updated guidance in 2017.
- Provided greater assurance and control through a risk assessment process applied to WIIP pipeline programmes and projects by an **integrated assurance hub**. The hub ensures there is independent assurance of programmes and projects such as Office of Government Commerce (OGC) Gateway reviews. The OGC Gateway process assesses the programme/project at key stages in

its lifecycle against a number of factors, including the capacity to deliver on time, within cost and quality and to realise the programme/project's stated benefits.

- Driven the integration of **community benefits** policy into the WIIP, supporting the delivery of employment and training opportunities in Wales. Our community benefits approach achieves positive outcomes across the Welsh public sector and has opened up supply chain opportunities enabling local businesses to win valuable sub-contract works. In 2017-18 construction contracts or frameworks were worth £1.2bn with 76% of suppliers to those contracts or frameworks based in Wales – this figure is an increase of 1% on the previous year.

  The latest community benefit data reported by the housing sector to Value Wales shows the outcomes from contracts with a total value of more than £738m: 83% of this value has been re-invested in Wales helping 1,440 people into employment or training with more than 39,228 weeks of training provided.

  Our major transport projects continue to deliver a range of community benefits during their delivery. On the project to dual the A465 Heads of the Valleys road, 70% of the project spend has been with Welsh companies; 75% of the workforce is from Wales, including 65 apprentices. The Welsh Economy Research Unit (WERU) at Cardiff University undertook an assessment of impact of the project's spend during the delivery period on the Welsh economy. WERU's assessment provides an understanding of how spending is linked to flows of goods and services around Wales and how construction spend leads to socio-economic benefits in surrounding local authority areas. The work completed to date shows every £1 spent generated more than £1.70 of benefit to the Welsh economy.

- In January 2018, we produced updated **guidance to support the sourcing of steel from Wales and the UK in construction and infrastructure projects in Wales**. This guidance supports the Welsh public sector to respond to recommendations in the Welsh Government's, *Public Procurement of Steel – A report into the future Welsh public steel requirements and the capacity and capability of the steel sector (2016)*. It focuses on improving the approach to steel procurement to signal future demand, ensuring quality and not lowest cost is the driver and that there is supply chain transparency. We are already seeing the results of this approach, for example, the Eastern Bay Link road project funded by the Welsh Government sourced 89% of the steel reinforcing bars used in the construction of the road from Wales.
- Introduced the ground-breaking **Wales Procurement Policy Statement**, first published in 2012 and revised and strengthened in 2015, which underpins our approach to public procurement in Wales. Wales is now recognised as an exemplar within the UK and Europe for its progressive procurement policy.

  We have demonstrated our ongoing policy of using public procurement to support ethical business practices to help ensure Wales is a good place to work and do business. The Welsh Government was the first in the UK to take action against blacklisting, issuing guidance in 2013 and following it with further guidance on employment practices in publicly-funded projects in 2014, promoting measures to ensure workers in Wales are treated fairly and with respect. These steps led to the development of the **Code of Practice on Ethical Employment in Supply Chains** in 2016, which ensures workers involved in public sector supply chains are treated fairly.

Key Investments Case Study

A483/A489 Trunk Roads, Newtown, Powys

£95m is being invested by the Welsh Government to improve the A483/A489 trunk roads at Newtown which form part of the strategic north-south and east-west transport corridors linking North and South Wales and Mid Wales and the West Midlands in England.

Newtown is a pinch point on the network and the junction of the A483 and A489 regularly suffers from traffic congestion. As a result, further development of Newtown is being hampered. A wider economic impact assessment of the proposed Newtown bypass to the local economy concluded that the bypass would eliminate the main inhibitor to economic growth in Newtown.

The scheme improves north-south links and by removing large, high-sided heavy goods and agricultural vehicles from residential areas and providing overtaking sections along the bypass, safety and security will be greatly improved. The scheme will also relieve traffic congestion, which will improve access to jobs and services, which in turn would contribute to relieving the economic constraints in Newtown.

In February 2016, following a public local inquiry, construction began. More than 50% of the earthworks have been completed and all of the bridge structures are under construction. Construction is on course to be completed in late 2018 to early 2019.

There has been a strong emphasis on local recruitment, employment and training including apprenticeships as part of the scheme. To date, more than £21m has been spent with businesses in Wales providing goods and services. Of that, £6m has been spent with SMEs based in Wales.

Key Investments Case Study

Ysgol Bro Teifi, Llandysul, Ceredigion

The Welsh Government's 21st Century Schools and Education programme requires new buildings to maximise energy efficiency and reduce carbon emissions.

An example of this is Ysgol Bro Teifi which opened in September 2016 and is the first purpose-built Welsh medium school in Wales for students aged three to19. The £29.7m school is jointly funded by the Welsh Government and Ceredigion Council.

The project brought together four primary schools and a secondary school onto a new site and has resulted in more energy efficiency

- annual electricity usage reduced from 308 kWh/m^2 to 38.29kWh/m^2 – a decrease of 88%.
- annual fossil fuel usage reduced from 134 kWh/m^2 to 81.03kWh/m^2) – a decrease of 40%; and
- a reduction in carbon emissions (from 582,673kg/ CO_2 per annum to 370,944Kg/ CO_2 per annum) – a decrease of 36%.

The code is accompanied by a toolkit containing practical guides on each topic and is designed to help to ensure its commitments are applied proportionately so they do not disadvantage smaller organisations.

- In January 2018, the Welsh Government put in place policy and guidance to support fair and prompt payment throughout public sector supply chains via a new **Project Bank Accounts** policy. This enables public sector bodies to directly pay small firms and sub-contractors in the supply chain for work completed, rather than them having to wait to be paid by main contractors.
- The **Joint Bidding Guide** has been put into practice on two major construction framework agreements established in 2015. The £21m Caerphilly Council Welsh Housing Quality Standard External Works programme and the £500m Rhondda Cynon Taf Council South East Wales Schools Capital working group collaborative construction framework. By following the guidance and in particular ensuring early market engagement and appropriate lotting strategies, both authorities ensured local businesses were aware of the range of works needed, contract opportunities and joint collaborative bids would be welcomed. A new consortia was established of Wales-based businesses, which has won places on the frameworks and has successfully tendered for contracts under those framework agreements.
- Continued to develop our approach to **asset management** including:
  - Increasing the quantity and quality of the information about public sector assets held on the Electronic Property Information and Mapping Service (e-PIMS) database. The scale of property information held has expanded significantly from 11,500 in March 2012 to 23,300 in April 2018 and has been developed to include a wider group of partners including registered social landlords.
  - Launched the Space Cymru in January 2015, a publicly-accessible database, which highlights the availability of public sector land and property assets.
  - All land and property assets directly owned by the Welsh Ministers are now managed in accordance with the principles and objectives set out in the Welsh Government's Corporate Asset Management Strategy 2016-21.
  - We are working with the cross-sector National Assets Working Group to enable and influence public sector organisations to adopt a collaborative approach to asset management. The Cwm Taf Pilot Study demonstrated how the land and buildings asset base could be used to support economic growth.
  - The 2010-15 Welsh Government Location Strategy achieved gross savings of £19.3m and the 2015-20 strategy is on schedule to deliver further gross savings of circa £3.5m.

New and improved infrastructure has also resulted in carbon savings. An example of this is our 21st Century Schools and Education programme. Each project is expected to achieve:

- an overall rating of excellent under the Building Research Establishment Environmental Assessment Methodology (BREEAM) assessment framework. BREEAM applies to new-build structures or standalone buildings, which benefit from their own direct services (water, gas, electricity);
- an EPC energy efficiency rating of A by incorporating suitable design features to improve energy efficiency within the building and, where appropriate, using materials from sustainable sources; and
- a recycling target of 15%.

A post-construction assessment has been developed with Constructing Excellence in Wales (CEW) to enable evaluation and feedback on the school building's performance to drive further improvements.

4. Establish and maintain a new monitoring system of major strategic infrastructure expenditure in Wales, improving control and public visibility.

Following the publication of the WIIP in 2012, regular project pipeline updates have been published – the latest is presented as an annex to this review. Project pipeline updates provide an ongoing picture of planned infrastructure investment in Wales and support private and public sector investment decision making; facilitate strategic planning and promote collaboration. They also provide visibility to stakeholders.

Working with public and private partners, we are improving the pipeline for each update. The first, which was published in 2012, listed 73 Welsh Government schemes with a total value of around £4bn. Since then, the project pipeline has been strengthened and extended to include details of infrastructure investment across Welsh Government, local authorities and private investment in the energy, rail and water sectors. We have also focused on improving the accessibility of the information, publishing the pipeline online in different formats. The latest version has been refined further to improve the quality and presentation of the information.

Engagement with our partners and stakeholders has been a vital component of the progress that has been made and has culminated in the current pipeline providing improved detail about more than 350 schemes with a value of around £42bn.

The WIIP and associated pipeline capture details of nationally-significant projects (of more than £15m); however, a significant proportion of our capital infrastructure is delivered through smaller-scale projects. Data is captured from all Ministerial portfolios to provide a monitor of current capital investment (of more than £500k) across Wales.

This information informs our understanding of where and how our infrastructure projects are progressing and helps to shape our future investment programmes.

Delivering outcomes for Wales

Key investments

Although there have been incremental increases to our capital budget, if we exclude financial transactions capital, the budget will be 20% lower in real terms by 2019-20 than it was at its peak in 2009-10. The nature of our capital budget has also changed – greater restrictions have been placed on the use of capital by the UK Government. In 2018-19, 15% of our capital budget is in the form of financial transactions capital, which can only be used for loan and equity investments and must be repaid to HM Treasury.

Health

- We have invested £1.6bn in the NHS all-Wales capital health programme to develop and maintain the NHS Wales estate. Significant schemes include the development of the Noah's Ark Children's Hospital, Llandough Adult Acute Unit, significant ongoing works at Ysbyty Glan Clwyd and phase 1b of Morriston Hospital.
- We have also invested more than £48m to maintain a modern ambulance fleet.

Environment

- We have invested £173m in flood and coastal erosion schemes around Wales, including £16m from the European Regional Development Fund. Significant schemes include Colwyn Bay Waterfront, West Rhyl, Lower Swansea Valley and Borth.
- We announced the Coastal Risk Management Programme in December 2014 to support a £150m capital value programme of investment in coastal risk management projects.

The programme has been established to respond to the challenges of climate change and manage current and future risks.

Energy

- £750m has been generated from the Welsh Government's Waste Infrastructure Programme, delivered through public private partnerships, to support local authorities to deliver sufficient treatment capacity for food and residual waste to meet landfill diversion and statutory national recycling targets. Our municipal recycling levels in Wales are the best in the UK, the second best in Europe and the third best in the world.
- The Warm Homes Nest scheme – with a total investment of more than £240m to March 2017 – has provided advice to more than 98,000 householders and improved the energy efficiency of some 45,000 homes of those on low incomes or living in the most deprived areas of Wales.

Education

- £1.3bn of the £1.4bn allocated to Band A of the 21st Century Schools and Education programme has been invested to date. The Welsh Government has invested £590m to date, made up of capital support of £440m and revenue support via the Local Government Borrowing Initiative of £150m. Local authorities and further education institutions have invested £616m. This represents the largest investment in our schools and colleges since the 1960s.
- More than 160 projects have been approved with 100 already completed. These include Holywell Learning Campus, in Flintshire; Ysgol Bae Baglan in Port Talbot; Eastern High School in Cardiff, and the first purpose-built Welsh-medium school in Wales for three to 19-year-olds at Llandysul, Ceredigion.

Housing

- During the last Assembly term, we invested more than £1.2bn capital and £120m revenue funding to deliver more than 11,500 affordable homes. We have a target to deliver a further 20,000 affordable homes by 2020-21. To do this we have committed a further £1.7bn capital and £260m revenue funding.
- Of the £1.7bn, £714m has been allocated (in 2017-18 and 2018-19) to deliver and improve thousands of homes across Wales across a range of programmes, including the Social Housing Grant; Rent to Own; Help to Buy; the Integrated Care Fund and the Innovative Housing Programme.

Transport

- We have invested £1.8bn in transport schemes, including the ongoing delivery of the dualling A465 of the Heads of the Valleys Road; continued A55 corridor improvements and building the Newtown bypass.
- The Welsh Government has allocated around £13m a year to support improved active travel infrastructure across Wales, which delivers the aspirations of the Active Travel (Wales) Act 2013; including support for the 16-mile Tywi Valley cycle route in Carmarthenshire. In December 2017 an extra £9m was allocated across Wales to active travel projects, including the Nextbike scheme in Cardiff, which is expected to be the largest bike hire scheme in Wales.

Key Investments Case Study

Brechfa Forest West onshore wind farm

This 57MW wind farm, owned by Innogy, is currently under construction 10km north east of Carmarthen. The 28-turbine wind farm is being constructed in woodland managed by Natural Resources Wales (NRW) and is due to be completed by June 2018.

Once fully operational in summer 2019, the wind farm will generate enough renewable electricity to meet the needs of approximately 38,800 average UK households annually.

Brechfa Forest West wind farm will deliver a community fund of £459,200 a year. This index-linked funding will be available for the lifetime of the wind farm – expected to be up to 25 years – resulting in a total fund of more than £11m to re-invest in the community.

The project is one of several developed as part of the Welsh Government's approach to maximising the benefits to Wales from the public estate. NRW's energy delivery programme aims to integrate energy development into the sustainable management of the Welsh Government woodland estate, working with developers to deliver a significant contribution to the Welsh Government's renewable energy targets.

The Energy Parks approach is also encouraging solar, hydropower and storage technologies in addition to onshore wind.

Key Investments Case Study

Colwyn Bay waterfront

The £11m scheme was the first of its kind to benefit from an amalgamation of funding and a joint approach between the flood and coastal erosion risk management scheme and regeneration funding. This resulted in savings of more than £2m, enabling a larger project to be funded and a multi-use coastal defence and regeneration scheme linking promenade improvements to the delivery of a water sports centre (Porth Eirias).

A multi-solution sand and rock armour at different locations was used, which led to the creation of a new permanent beach. Key features of the project include a new restaurant and café, which have secured celebrity chef Bryn Williams as the tenant. A new business enterprise has created a water sports training centre with boat storage and extensive changing and drying facilities and additional teaching and meeting space. The building also generates its own electricity through two wind turbines.

The scheme also includes a new slip way for boat launching, car, trailer and bike parking, an accessible viewing platform on the roof of the building, children's play equipment, a newly-designed prom, which offers beach accessibility along its whole length and additional seating and a new sea wall.

Economic Development

- We have invested £221m in enterprise zones (including £130m for transport schemes, such as the Llangefni link road and dualling of the A40).
- We have also invested £185m in next generation broadband (£30m from the Welsh Government, the remainder from the UK Government and EU funding) providing superfast services to 691,000 premises, improving access to the internet for businesses and households. Since 2013, the availability of superfast broadband across Wales has more than doubled and Ofcom has reported Wales has the highest availability of superfast broadband among the devolved nations.

Regeneration

- In the last Assembly term, the Vibrant and Viable Places programme was the Welsh Government's flagship regeneration programme, investing £124m.
- To date the programme has attracted an additional £320m investment delivered 1,851 jobs; supported 7,768 people into work and built 914 affordable and 961 market homes.
- An additional £20m has been invested in 32 towns through a Town Centre Loan programme, which will attract up to £60m of investment over the next 15 years as the loans are reinvested.

Chapter three: Our investment plans and priorities

This chapter sets out how we are continuing to build on the work achieved since the WIIP was published and its original goals and priorities, while also aligning our investment plans for the remainder of this Assembly term with the commitments in the programme for government **Taking Wales Forward** and in our national strategy **Prosperity for All**. We are also working with the Welsh public sector to contribute to our shared wellbeing goals.

Investment priorities for this Assembly term

Taking Wales Forward and Prosperity for All

The core goals and principles of the WIIP are as relevant now as they were when we published our vision in 2012. It is more important than ever that we maximise all the levers available to us to boost capital funding and prioritise our investment in ways that deliver the most benefit in line with our priorities.

We are taking steps to re-align our infrastructure investment with *Taking Wales Forward* and *Prosperity for All*, focusing on those areas which will make the biggest difference to the people of Wales.

This includes the five priority areas identified in *Prosperity for All*, which we believe will make the greatest contribution to long-term prosperity and wellbeing – housing; social care; early years; mental health; skills and employability. These reflect the periods and circumstances in people's lives when they may be most in need of support and when the right help can have most impact on their life course.

The Wellbeing of Future Generations (Wales) Act 2015

How we allocate funding to capital projects is, and will continue to be, based on achieving the best value for the investment we make, recognising that different parts of Wales have different needs which change over time. This is not just about economy, efficiency and effectiveness but about how our infrastructure decisions support the delivery of multiple benefits in line with our wellbeing objectives.

If we are to realise the full potential of the Well-being of Future Generations Act we must consider the way our investments are made. We will need to focus on integration and collaboration between services; on early prevention and a people-centred approach to deliver long-term outcomes. These considerations are central to our infrastructure investment decisions.

Our 21st Century Schools and Education programme is an example of how we are using infrastructure investment to develop local communities in an integrated and collaborative way. It encourages and supports the community use of school assets and provides opportunities for services to be co-located. We are also looking favourably at investment proposals which seek to pool resources and planning across regional footprints, for example through the city and growth deals.

Investing in infrastructure to save

The Welsh Government has worked hard to protect Welsh public services from the worst effects of austerity, but pressure on the Welsh Government's budget could become even greater in the future, if austerity continues and as demands for public service – particulary NHS and social care – rise.

As we consider how and where to invest our capital resources in the future, an important factor will be whether schemes release revenue savings in the medium to longer term, thereby helping to alleviate future pressures on our vital public services.

Decarbonisation

Another important factor to consider will be the carbon impact of infrastructure proposals.

The landmark Environment (Wales) Act 2016 provides a long-term decarbonisation pathway for Wales and sets a legal target of reducing emissions by a minimum of 80% by 2050. It places a duty on Welsh Ministers to set a series of interim targets for 2020, 2030 and 2040.

If we are to meet these targets, we must transition to a low-carbon economy. This will create opportunities for green growth; new, quality jobs and deliver wider benefits, including better places to live and work; clean air and water and improved health outcomes. We will be seeking to invest in low-carbon programmes and take steps to ensure the decisions we make now about our long-term infrastructure support our emission reduction framework.

Ethical employment

We expect any investment we make will align with our procurement policy for the benefit of Wales and will support employability.

In chapter four we set out the actions we will be taking to support Welsh companies through our procurement policy and how we expect business to play its part in developing a fair work nation, investing in developing a skilled workforce and embedding our community benefits approach.

Our *Employability Plan* aims to close the gap in unemployment and economic inactivity rates between Wales and the UK average within 10 years; reduce the number of people who are not in education, employment or training (NEET); increase the number of disabled people in work and eliminate the qualification gap between Wales and the rest of the UK.

Infrastructure schemes have an important role to play in this agenda as they can provide training opportunities, which are able to change people's employment prospects, in a postive and lasting way, putting them in a stronger position for future employment when a project ends.

Investment plans for the remainder of this term

Funding our infrastructure investments

We have published capital plans up to 2020-21 – the period for which we have a budget settlement. We intend to fund our capital investments for the remainder of this term by maximising the use of £6.5bn capital funding to ensure we meet our programme for government commitments and continue to invest in vital public infrastructure for Wales.

The reduction in our capital budget means we need to continue to develop new and innovative ways to fill the capital gap. The principle which underpins the use of capital in Wales is that we will always exhaust the use of the least expensive forms of capital before moving on to using other sources.

We will always use conventional capital, including financial transactions capital first, ensuring we use every penny available to Wales, to fund our infrastructure commitments. The second source of capital funding that we are able to access is the European funds which come to Wales – the South Wales Metro as part of the Cardiff Capital Region City Deal, for example, will potentially benefit from up to £106m from the European Regional Development Fund (ERDF).

We then use the new borrowing powers which we have secured in Wales – our budget takes account of the capital borrowing available to us over this budget period to 2021 to fund our infrastructure programme.

Our next source of capital is to support borrowing in other public schemes, including local authorities and housing associations – we will use these sources to help deliver our target of 20,000 affordable homes over this Assembly term.

Our final source of capital funding is innovative finance, including the Mutual Investment Model, which has been developed in Wales and which will be used to deliver a further £1bn programme of work, including the new Velindre Cancer Centre, a significant part of Band B of the 21st Century Schools and Education programme and sections 5 and 6 of the Heads of the Valleys road.

Planned investment

Our planned infrastructure schemes are set out in a project pipeline presented as an annex to this review. It provides information about Welsh Government projects; local government-funded schemes and private investment in the water, energy and rail sectors. It also includes projects supported by the EU structural funds programme to 2020. It gives details about more than 350 investments with a value of around £42bn.

This includes our flagship commitments in *Taking Wales Forward* and *Prosperity for All* such as delivering 20,000 affordable homes across Wales, creating a South Wales Metro and developing a plan for a North East Wales Metro investing in a new generation of integrated health and social care centres, such as Cardigan Integrated Care Centre, investing in new and refurbished schools as part of our 21st Century Schools and Education programme, bringing people together digitally through superfast broadband and subject to the outcome of the public inquiry delivering an M4 relief road.

Further detail about our investment plans for the remainder of this Assembly term and how we are aligning our infrastructure investments more closely with government priorities and embracing a new way of working is set out below.

New investment

Alongside the publication of the mid-point review of the WIIP, we are providing new capital funding of £266m to support the delivery of our capital priorities over the next three years.

The additional investment comprises:

- £60m over three years to accelerate the creation of active travel routes to connect residential areas with key employment and educational sites and services. This is central to several of our commitments set out in *Taking Wales Forward* and *Prosperity for All*. It supports our efforts to reduce carbon emissions and improve air quality and build physical activity into people's daily lives delivering wider health benefits.
- £60m three years for the NHS all-Wales capital programme including supporting the replacement of the ambulance fleet with more modern, lower carbon models. This will also generate revenue savings as a result of reduced fuel and maintenance costs.
- £31.5m over three years for next generation access broadband phase two to deliver our commitment in *Taking Wales Forward* and *Prosperity for All* to deliver fast reliable broadband to those parts of Wales not currently served by the market. Access to fast, reliable broadband enables more people to work from home and more business to be completed by technology rather than face to face reducing travel and carbon emissions.
- £30m in 2018-19 supporting transport developments in the Cardiff capital region to support our commitment in *Prosperity for All* to deliver an integrated public transport network and reduce carbon emissions.
- £25m over three years for the Tech Valleys programme in the South Wales Valleys. With a focus on new low-carbon technologies, the programme will provide the private sector

with opportunities to invest and create new jobs and supports our commitments in Taking Wales Forward.

- £19m over three years for the Development Bank of Wales to support a rescue and recovery fund and increase the investment in the micro-business loan fund as part of our commitment in *Prosperity for All* to improve access to finance for businesses. This funding is subject to the development and appraisal of business cases.
- £15m over two years as part of our commitment in *Prosperity for All* to ensure schools become community hubs and provide community learning centres with extended services including childcare and parenting support. This investment will fund a pilot as part of the work of the Ministerial Taskforce for the South Wales Valleys and is expected to achieve efficiencies by helping to join-up communities and the services people need, if successful this could be rolled out across Wales.
- £15m over three years for waste recycling and collaborative change to support our decarbonisation programme and support our *Prosperity for All* commitment to move towards a more resource efficient economy.
- £9.5m over three years to enhance the visitor experience at CADW sites which will release revenue savings and supports our unique culture, heritage and diversity.
- £1m over two years for credit unions as part of our commitment in *Taking Wales Forward* to advance our work on financial inclusion, including support for advice services and credit unions.

Further allocations will be made in autumn 2018 when the outline 2019-20 draft Budget is published.

Aligning our infrastructure investments more closely with government priorities

With limited resources available, we have to work differently if we are to maximise the impact of our investment. This will require a collaborative approach to deliver integrated solutions, which are long-term, low-carbon and have a focus on prevention or are revenue-releasing.

This section sets out some of the key actions we are taking.

Prosperous and Secure

Our aim is to support people and businesses to drive prosperity, tackle regional inequality and promote fair work and drive sustainable growth and combat climate change.

Decarbonisation

In March 2019, we will publish our *Low Carbon Delivery Plan*, which will set out policies and proposals to help deliver emissions savings as we move towards a low-carbon economy. We are already considering carbon impact when allocating capital funding. This was a key factor, for example, when we invested £50m to develop a new rail station in Llanwern, together with extensive park and ride facilities and line improvements.

We are ensuring all new health and education buildings funded through Welsh Government capital are designed and built to maximise energy efficiency. Funding is conditional on projects being designed to achieve an A rating on energy performance certificates, as well as an excellent accreditation under the Building Research Establishment Environmental Assessment Methodology (BREEAM) to demonstrate sustainability. In addition, contracts must specify that 15% recyclates are used during construction.

To help drive improvements in local air quality, we have provided an additional £5.6m over the next two years to support local authorities to undertake feasibility work to inform future infrastructure investment. This funding, together with £2m to provide electric vehicle charging points as a result of the 2017 Budget agreement with Plaid Cymru, will help to address some of the transport-related air pollution issues in Wales.

We are bringing together our support services to help the public sector develop energy efficiency and energy generation with our long-running support for local and community energy, encouraging place-based and joined-up working. We expect nearly £70m to be invested in public sector energy projects by the end of the current Assembly term.

Flood and Coastal Risk Management

To help respond and adapt to the challenges of climate change and manage current and future coastal flood and erosion risks identified in Shoreline Management Plans, the Welsh Government has designed an innovative finance scheme to invest up to £150m through the coastal risk management programme– construction of schemes will start from April 2019 for three years. This is in addition to the capital allocated to Natural Resources Wales and local authorities to support their flood and coastal erosion risk management activities.

Wales will continue to work to ensure we have fit-for-purpose grid and energy infrastructure, on and offshore. Innovative pilots are under way, such as the ANGLE DC project, using direct instead of alternating current to increase the capacity of the local network in North Wales. The FREEDOM project is piloting a hybrid gas/electricity renewable solution for heat in Bridgend, alongside the EU-funded demonstrator programme piloting decarbonising heat and €100m of ERDF has been allocated for tidal stream and wave marine energy projects in Wales.

Energy infrastructure

The Wales Act 2017 devolves competence for the consenting of electricity generating stations up to 350MW both on and offshore, as well as associated overhead electric lines up to and including 132KV to the Welsh Ministers from 1 April 2019. The Welsh Government is committed to introducing a unified infrastructure consenting process during the current Assembly term, to be responsive to business and community needs and support sustainable economic growth and decarbonise the energy supply.

In addition, The Swansea Bay Tidal Lagoon and Wylfa Newydd are large scale programmes which, if approved by the UK Government, will have significant opportunities for industry in and outside of Wales.

Economic development and regeneration

Different parts of Wales have different economic strengths and needs; we therefore need a dynamic approach to promoting growth and development which reflects this. Following the signing of the Cardiff Capital Region and Swansea Bay City Region deals, the Welsh Government is working closely with the North Wales region and the North Wales Economic Ambition Board to consider how a growth deal could best support their ambitions to develop a smart, resilient and connected North Wales. This includes giving consideration to the types of investment projects, which will deliver long-term, sustainable benefits across the wellbeing goals.

The new, three-year £100m programme of targeted regeneration investment will promote economic regeneration with activities focused at individuals and areas most in need, while serving the aims of wider sustainable development across Wales. It will also be aligned with the ERDF Building for the Future programme, which focuses on empty and under-used town centre sites for redevelopment and refurbishment of buildings for employment uses.

Case Study

Engineering Centre, Llangefni Campus, Grŵp Llandrillo Menai

Working with Grŵp Llandrillo Menai, Welsh Government investment of £6.8m is helping to deliver a state-of-the-art £13.5m Centre for Engineering Excellence in Llangefni. The Nuclear Decommissioning Authority/Magnox and Horizon Nuclear Power are also funding the centre.

Together with the existing Energy Centre, the new centre will form a Technology Centre of Excellence and meet the technical and vocational skills needs of the Energy Island Programme, in particular Wylfa Newydd Nuclear Power Station.

Over the coming years the centre will become a UK and global leader in the provision of engineering and energy generation training and will be a focus for training the new generation of workers needed for Wylfa Newydd. The project is earmarked for completion in 2019 and will enable the college to support a number of additional places for engineering students studying for both vocational and technical qualifications.

Students will benefit from high-quality facilities, including state-of-the-art workshops equipped with modern engineering equipment, new classrooms and a canteen, it will also be equipped to provide specialist training to industry.

Located on the same campus as the £50m European Nuclear Skills Centre of Excellence set up by Horizon Nuclear Power/Lockheed-Martin, this will help students develop their engineering skills in support of the Wylfa Newydd project. The centre will also benefit from the new Welsh Government funded £11.4m Llangefni link road which was built in order to support the expansion of the campus.

Case Study

The South Wales Metro

Transport for Wales has led on the new procurement approach to appoint an Operator and Development Partner (ODP) to operate the next Wales and Borders rail services contract and help us develop and deliver the £738m South Wales Metro. To achieve this we have taken an innovative approach in developing the South Wales Metro.

The South Wales Metro transformation will provide a turn-up-and-go service with better integration with other modes of transport, including buses, and flexible ticketing options. Passengers will be able to move easily throughout South Wales with improved capacity, improved quality, reduced emissions, and improved passenger information. This improved connectivity will help support people and businesses to drive prosperity.

The South Wales Metro project will inform our approach to delivering the North East Wales Metro and potentially other metro systems in other parts of Wales that suit local needs and benefit further communities across Wales.

Case Study

Cardigan Integrated Care Centre

The Cardigan Integrated Care Centre will replace Cardigan Memorial Hospital and Cardigan Health Centre (a single practice with four GPs).

Work on the £24m centre began in spring 2018. It will provide a GP surgery, community pharmacy, community dental suite, outpatient and day case department, diagnostics, minor injury unit, rehabilitation services and an office base for the community resource team.

The new centre will give people access to a wider range of services locally, while also future-proofing the model of care to meet the needs of the future population.

Our Strategic Employment Sites Scheme will invest £21m, including funding from ERDF, to prepare land for development in strategic locations across Wales. This includes core infrastructure, such as roads, drains and utility services. It will support the energy sector in Anglesey; the automotive sector in Bridgend and the city and growth deals in Cardiff (Caerphilly) and Swansea Bay (Carmarthen).

Devolved taxes

Land transaction tax (LTT) is broadly similar to stamp duty land tax (SDLT) and is now charged on land transactions in Wales. Devolution gives Wales the opportunity to provide tax regimes and set tax rates and bands that are right for Wales. The LTT rates and bands mean that 90% of both residential and non-residential transactions will pay with the same or less tax than previously under SDLT.

The Wales Act 2014 enables Wales to propose new taxes in areas of devolved responsibility. The Finance Secretary started a national debate about new taxes in summer 2017, which resulted in a shortlist of four new tax ideas. A vacant land tax; a tourism tax; a disposable plastics tax and a social care levy. The vacant land tax will be used to test the Wales Act mechanism for the first time. The devolution of powers for a new tax must be approved by both Houses of Parliament and the National Assembly.

The Welsh Government is proposing introducing a vacant land tax to help incentivise more timely development of land, prevent dereliction and aid regeneration. We want to prevent the practice of land banking – keeping land until it increases in value – and land not being developed within the expected timescales. The tax could be a lever to support our housing priority and economic development.

Healthy and Active

Our aim is to deliver quality health and care services fit for the future, promote good health and wellbeing for everyone and build healthier communities and better environments.

The WIIP has an important contribution to make towards improving health and wellbeing and reducing inequalities as our framework for infrastructure investment.

Good health depends on more than the provision of good health services – the way society is organised; its economic prosperity; a person's early life chances; their education and employment opportunities; community support and cohesion; the homes in which they live contribute to the wider social determinants which impact on the health of both an individual and the nation.

Our infrastructure can help people to live healthy lives, though the delivery of:

- High-quality places.
- Improved access to facilities and services.
- High-quality homes.
- Active travel infrastructure.
- Access to open spaces and the natural environment.

Housing

One of the Welsh Government's five priority areas set out in *Prosperity for All* is good quality and affordable homes. These are the foundation of communities, enabling people to live a fulfilled life and have a strong connection to their local community. We will invest £1.7bn over the course of this Assembly term to deliver 20,000 affordable homes. This investment will also contribute to national and local economies and support jobs and training opportunities. We have also announced an independent review to look at whether more can be done to give more people in Wales access to affordable housing.

Active travel

The Welsh Government is committed to supporting greater levels of active travel. An additional £5m was allocated in the 2018-19 Budget and a further £60m is being announced alongside the publication of this mid-point review to accelerate the delivery of active travel network enhancements in towns and cities across Wales. Schemes will vary from small-scale local junction improvements which can unlock demand or make walking and cycling journeys safer, to large-scale, city-wide bike hire projects.

Health and social care

The recently-published *Parliamentary Review of Health and Social Care in Wales* makes a compelling case for change, recommending "care should be organised around the individual and their family, as close to home as possible, be preventable, with easy access and of high quality, in part enabled via digital technology delivering what users and the wider public say really matters to them."

We are continuing to take steps to move services out of hospitals and into local communities to deliver a modern health service closer to where people live. We are targeting our investments at services which are accessible; incorporate service redesign with a focus on new models of care; use new technology and improve diagnostic capacity; while balancing the requirements to continuously develop and maintain the existing estate and asset base.

As well as continuing investment through the NHS all-Wales capital programme, including earlier this year, more than £790m over two years for medical equipment, ICT and vehicles and alongside publication of the mid-point review of further £60m; we published a primary care pipeline in December 2017. This earmarked a further £68m for 19 new integrated health and care centres across Wales to be delivered by 2021. Business cases are currently being developed and include a £7.8m scheme at Bro Ddyfi Hospital in Machynlleth, which includes an integrated hub for community healthcare and outpatient services, social services and third sector services.

Much of Wales' social care estate needs substantial improvement – new models of health and social care will require infrastructure to be configured differently, such as co-locating these services, or accommodating equipment and technologies which are currently hospital based.

In the 2018-19 Budget, £15m was allocated for housing, health and social care programmes to support independent living integrated with care. Schemes funded include new housing for people with complex needs, step down accommodation for people leaving hospital and extra care. This will deliver revenue savings by delivering social care more efficiently and reducing delayed discharges from hospital. It also means vulnerable people can enjoy more independence.

Ambitious and Learning

Our aim is to support young people to make the most of their potential, build ambition and encourage learning for life and equip everyone with the right skills for a changing world.

A prosperous Wales needs creative, highly-skilled and adaptable people, our education system will be the foundation for a lifetime of learning and achievement.

21st Century Schools and Education programme

Central to our ambitions for education in Wales set out in *Education in Wales: Our National Mission* is our flagship 21st Century School and Education programme. We are making a long-term strategic investment in our educational estate throughout Wales with local authorities, colleges and dioceses. We are investing £3.7bn in the programme.

We have made an additional £10m of capital funding available for further education institutions to invest in industry-standard training equipment to ensure students can train using the latest technology and

training satisfies local employer needs. We are also allocating £10m of capital funding in 2018-19 and in 2019-20 to further education institutions for essential maintenance to ensure a safe learning environment for students. This will release revenue, which can be re-invested in services.

Securing the future of the Welsh language

Our capital investments have a role to play in securing the future of the Welsh language and play an important role in achieving our ambition of a million Welsh speakers by 2050. We have allocated an additional £30m on top of that already earmarked under Band B of the 21st Century Schools and Education programme to provide additional funding for capital schemes which can be demonstrated to support the Welsh language in education and make a significant contribution to the 2050 goal.

Economic development also has a vitally important role, jobs are necessary to maintain and grow the Welsh-speaking population in any part of Wales and investment in infrastructure can also direct the development of new housing and community facilities to create favourable conditions for the Welsh language to thrive.

The schemes we are investing in to develop an ambitious and learning Wales have significant scope to support our ambitions for a prosperous and secure Wales and our key priority area of skills and employability. We can maximise this impact when we work with partners and co-ordinate capital investment decisions.

United and Connected

Our aim is to build resilient communities, culture and language, deliver modern and connected infrastructure and promote and protect Wales' place in the world.

We want a Wales of connected communities and we are putting in place the foundations for this using our health and education investments to co-locate services as described earlier in this chapter.

An integrated transport network

We are making sure the links are in place to bring communities together with an integrated approach to transport planning. Transport plays a key role in our daily lives. It has a critical role in improving our economic competiveness and delivering our social ambitions. It is also essential for encouraging companies to locate in Wales and our small businesses to grow.

Our *National Transport Finance Plan* sets out our ambitious five-year rolling programme, which is updated every year to reflect developments and the changing profile of need across Wales. We are currently reviewing our *Wales Transport Strategy* which we anticipate will be published in 2019. New powers over buses and the rail franchise will mean we can take a more joined up view across all types of transport, enabling us to reduce carbon emissions, promote active travel and get the most from our investment in public transport.

We have established Transport for Wales as a wholly-owned, not-for-profit subsidiary of the Welsh Government to drive forward this vision. One of our first steps in moving towards this approach is delivering the South Wales Metro in tandem with the development of the new Wales and Borders rail services contract.

The approach to procurement for the South Wales Metro has embedded the principles and goals of the Well-being of Future Generations Act with a focus on addressing the wider opportunities and risks surrounding the procurement of the Metro, including supply chain and skills requirements and environmental and cultural considerations.

Transport and health officials have worked together to identify the opportunities to align the development and delivery of the South Wales Metro with the development of the new Velindre Cancer Centre.

Case Study

Transport for Wales' new headquarters

Transport for Wales' new headquarters is to be located in Pontypridd's flagship Taff Vale redevelopment, a strategically important scheme being delivered by Rhondda Cynon Taf Council.

The redevelopment is being supported by package of funding which includes £30m from Rhondda Cynon Taf Council, £10m from the Welsh Government and £7m from the European Regional Development Fund.

Several hundred staff will be located at the new headquarters of the not-for-profit company set up to drive forward the Welsh Government's vision of a high quality, safe, integrated, affordable and accessible transport network. It is hoped that this injection of jobs will become a spark for wider local regeneration.

Transport for Wales is the Welsh Government's not-for-profit company which will be the face of Metro and the wider Wales and Borders rail service. One of the key aims of the South Wales Metro is to provide a new transport system that will see the transformation of the Valley Lines to a faster and more frequent service.

The improved connectivity at Pontypridd will make the town accessible to a wide catchment area of potential employees for Transport for Wales, the Metro Operator and delivery partner and partner organisations, providing opportunities for high skilled and high paid employment in the area.

By basing Transport for Wales and its partners in the heart of the valleys, we are underlining our ambition for Metro to be a catalyst for regeneration of the wider region.

This includes the opportunity for extending Metro links and incorporating a station to access the new cancer centre. Welsh Government transport and housing departments are also working with a registered social landlord to develop an affordable housing scheme at a metro park and ride site at Cogan, in the Vale of Glamorgan.

We are improving north-south road links, and as part of the 2017 Budget agreement with Plaid Cymru and have allocated £15m for improvements to the A487 and A470 in 2019-20. This will improve journey time reliability and make the north-south road corridors safer. The Welsh Government is making the biggest investment in roads in North Wales in decades with a range of improvements to the A55 and A548.

These improvements will further bolster the region's economic and social prospects. As part of our transport priorities for the region we are also committed to developing a proposal for a North East Wales Metro. The focus will be on creating integrated transport hubs at key employment sites across North Wales and the wider Mersey Dee area. We are engaging with the North Wales Economic Ambitions Board, Transport for the North, Cheshire and Warrington Local Enterprise Partnership, Growth Track 360 and others.

We have allocated £4m to support the design and development of a third Menai crossing as part of the 2017 Budget agreement with Plaid Cymru and are working with local authorities, businesses and the National Grid.

Maritime ports make a significant contribution in importing economic wealth, supporting jobs and ensuring Wales is connected through, for example, the movement of freight as well as bringing added value to local communities. The devolution of ports-related functions in 2018, under the Wales Act 2017, provides us with a valuable opportunity to realise ports' full potential. The Welsh Government established a ports development fund, as part of the 2016-17 Budget agreement with Plaid Cymru, to maximise the contribution ports make to the Welsh economy.

Aviation is also increasingly recognised by Wales, the UK and Europe as an essential part of the transport network required for socioeconomic wellbeing. We will make further investment in Cardiff Airport to ensure it is fit for the future and sustainable in the long-term.

Delivering a digital Wales

Connecting communities throughout Wales and with the wider world is not just about our transport network. Digital connectivity is a key driver of economic growth and is vital for both productivity and competitiveness. It is also essential to the operation and provision of public services and to the social activities of individuals and wellbeing of society.

Delivering a Digital Wales is the overarching plan for the development of digital connectivity in Wales. We have recently published our plans to connect the remaining premises, including those not part of the Superfast Cymru rollout. This involves a suite of interlinked interventions designed to improve connectivity. We have invited suppliers to tender for the successor scheme to Superfast Cymru with an emphasis on rural delivery, business prioritisation and ultrafast 100Mbps services. We are also introducing a community scheme to work with clusters of homes or businesses to define a local project and procure a solution supporting our people and place based approach.

Case Study

Ministerial Taskforce for the South Wales Valleys

The South Wales Valleys is one of the most distinctive areas of Wales – the Valleys are known for their history; their geography and stunning landscapes and for their culture. When we talk about the Valleys, we speak about close-knit, welcoming and friendly communities. But the Valleys also face a unique set of deep-rooted challenges, largely caused by the decline of heavy industry and the end of coal-mining. The area lags behind the rest of Wales in economic terms; in terms of quality and length of life and in educational attainment and skills.

The Ministerial Taskforce for the South Wales Valleys was set up in 2016 to drive real and lasting change across the region. It has worked with local communities throughout the Valleys to develop an action and delivery plan over the lifetime of this Assembly term setting out a series of ambitious priorities.

Our Valleys, Our Future was published in 2017 and is based around three priority areas: good quality jobs and skills; better public services and my local community.

The taskforce will work with public sector organisations, the private sector and third sector to achieve the more than 60 priority actions in the plan – these include closing the employment gap between South Wales Valleys and the rest of Wales; creating new, secure and sustainable jobs, supported by the right skills; creating strategic hubs; supporting the foundational and digital economy and business start ups and exploiting the job creation opportunities from infrastructure investment in the South Wales Metro, the M4 relief road and dualling of the A465 Heads of the Valleys road.

The strategic hubs are areas of focused public sector investment, which aim to attract private sector investment, creating jobs and opportunities for the local area. Seven areas across the South Wales Valleys have been identified as strategic hubs – these are areas which are most accessible within 45minutes to people living within Valley communities by public transport. Local authorities have led work to identify the priorities for each strategic hub and to maximise the impact of each. The hub locations are: Pontypridd/Treforest, Caerphilly/Ystrad Mynach, Neath, Ebbw Vale, Northern Bridgend, Merthyr Tydfil and Cwmbran.Public services are working with the third sector and local communities to respond to people's needs. Healthier lifestyles, better physical and mental wellbeing and reduction in health inequalities will be supported. Affordable and integrated public transport will help people get to where they need to. Education outcomes for all children will be improved and the attainment gap closed.

The taskforce is also exploring the concept of a Valleys Landscape Park as part of the wider aim to make the Valleys a place where people are proud to call home and businesses choose to operate. Further work will be carried out this year to scope the landscape park and work with local valleys communities.

Chapter four – Continuing to improve the way we plan, finance and deliver infrastructure

This chapter sets out our plans for the future – building on the successful delivery of the WIIP's priorities and goals to date – and the actions we will take to help us deliver the infrastructure investment to create the Wales we want.

Continuing challenges

Investing in public infrastructure helps to stimulate wider economic growth; safeguards the ongoing delivery of vital public services and helps to support people's and the country's wellbeing.

For every year that the UK Government's policy of austerity continues and our capital budget remains constrained, our ability to invest in infrastructure comes under mounting pressure. It is therefore more important than ever to review how we use our limited resources effectively and prioritise between competing demands to ensure we deliver value for money and get the greatest impact possible for every investment.

We must look beyond individual Ministerial portfolios and work collaboratively to deliver the best outcomes within the resources available. This approach is central to delivering both our programme for government *Taking Wales Forward* and our national strategy *Prosperity for All*.

We have already shown how we are working differently across Ministerial portfolios and outside traditional Ministerial boundaries as part of our Ministerial Taskforce for the South Wales Valleys.

Outlook for capital spending

We do not know what our capital budget will be for 2021-22 and beyond –the UK Government has announced a Spending Review in 2019 and there is a chance we may not have certainty about our capital budget for the next Assembly term until after the UK General Election in 2022.

The current challenging economic climate is unlikely to improve significantly before or as we move into the Spending Review period, particularly as the economic and fiscal prospects for Wales and the UK are critically dependent on the ongoing Brexit negotiations between the UK Government and the European Union (EU). The short to medium-term impact of the EU exit deal on public spending will not be known until at least the UK Government's Spending Review in 2019.

At the Chancellor of the Exchequer's first Spring Statement in 2018, the medium-term outlook for the UK economy continued to be disappointing. The Office for Budget Responsibility (OBR) has slightly upgraded its short-term economic forecasts, however the UK now lags behind most of the world's largest economies. At a time when economic growth across the Eurozone is growing at its fastest rate for a decade, growth across the UK has faltered and the most recent data (for the first quarter in 2018) shows UK growth is at its weakest since 2012. The Welsh Government has consistently argued that the economy needs major new investment or the UK will continue to lag behind.

As the Brexit uncertainty continues, businesses need a government prepared to invest to support jobs and growth. Since the start of the UK Government's policy of austerity, we have called on the UK Government to take action to increase capital spending and provide a much-needed economic stimulus to the whole of the UK. We have seen some modest increases to our capital budget in recent years but this does not go far enough and does not make up for the 20% cut in real terms (excluding financial transactions capital) we will experience by the end of the decade compared to when capital budgets were at their peak in 2009-10.

Against this backdrop, it is more important than ever that we maximise the use of our resources to deliver our infrastructure priorities.

Prosperity for All

Our national strategy Prosperity for All makes a series of commitments about how we use all our levers as a government, including our capital investment in infrastructure, to enable us to have a greater and more focused impact on those who most need our help and to deliver our priorities.

Prosperity for All is clear that infrastructure investment and the way we plan our capital investment decisions can have a big impact on economic growth, public services and wellbeing. High-quality, modern infrastructure is a key enabler of wellbeing – it can stimulate competitiveness and productivity and act as a catalyst for wider regeneration, supporting vibrant communities.

We will take a whole-government, strategic approach to infrastructure decision-making. Investments will need to be intelligently planned and well-delivered if we are to build on the opportunities afforded by Prosperity for All and respond effectively to the challenges ahead to ensure Wales has the right infrastructure to meet its future needs.

Prosperity for All commits the Welsh Government to co-locating services where possible, thereby minimising people's need to travel. This can only happen if we align investment decisions to maximise impact and ensure this is reflected in local decisions about where to locate new developments. We are laying the foundations now for a new approach to capital investment planning in the medium to longer-term, as described in the previous chapter.

Wider context

The recently published *Economic Action Plan* sets out our ambitions to grow the economy and to equip people, places and business to face the future with confidence. Central to the plan is the delivery of modern and connected infrastructure, which will support growth and investment. This is closely related to the National Development Framework (NDF) – the means by which we will plan, co-ordinate and ensure our infrastructure investments are working effectively together and support our long-term ambitions for where people will live, work and how they will travel.

The first NDF will be published in 2020 and it will be reviewed every five years. This will set out where nationally-important growth and infrastructure is required, on a 20-year horizon, and how the planning system can help to deliver it. It will provide a long-term direction and will help shape the development of the next WIIP, ensuring the next government's immediate investment priorities are guided by a longer-term framework.

Through the Environment (Wales) Act 2016, we will be setting a long term decarbonisation pathway for Wales with interim targets (for 2020, 2030 and 2040) and five-yearly carbon budgets, which will set the trajectory for decreasing carbon emissions, providing clarity and certainty for investment. Every five years in each new administration, we will be setting future carbon budgets and publishing a delivery plan, which will set out the short and long-term actions we will be taking across key sectors to guide our transition to a low-carbon society.

These actions are currently being developed across government and a public consultation will be launched this summer. The *NDF* and *Economic Action Plan* will seek to embed the delivery of decarbonisation objectives and work will progress to align the financial and carbon budgeting processes to incorporate decarbonisation into the strategic decision-making process.

The National Infrastructure Commission for Wales is being established to provide expert and impartial advice to the Welsh Government about Wales' longer-term strategic economic and environmental infrastructure needs over a five to 30-year period.

The commission will consider how these needs interact with social infrastructure, including schools, hospitals and housing. It is envisaged its reports will help to inform the investment priorities for future administrations.

Figure two – Relationship between policy, plans, programmes and projects

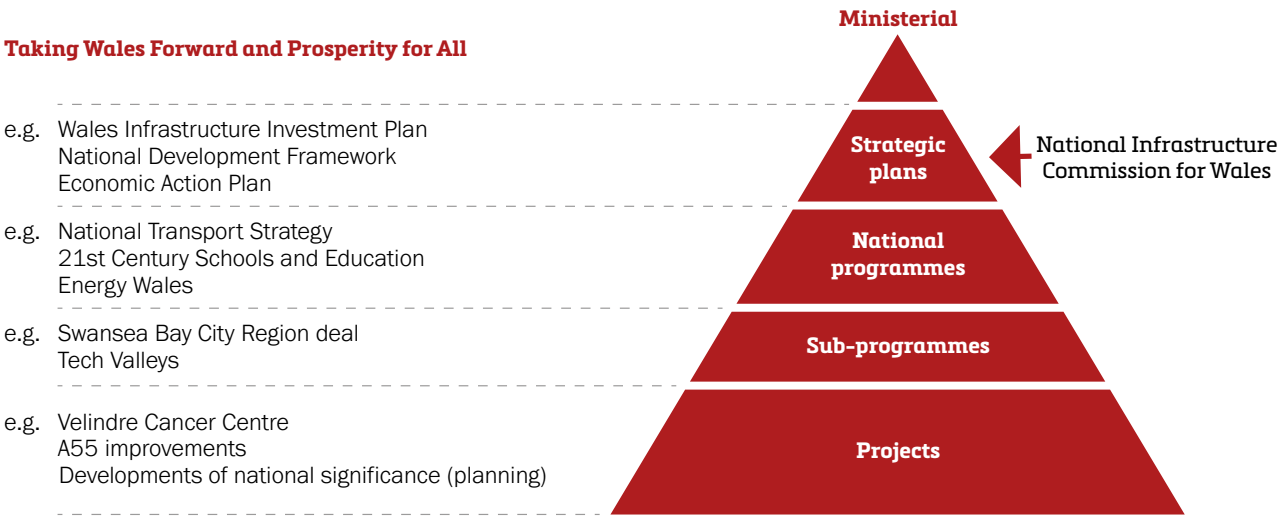


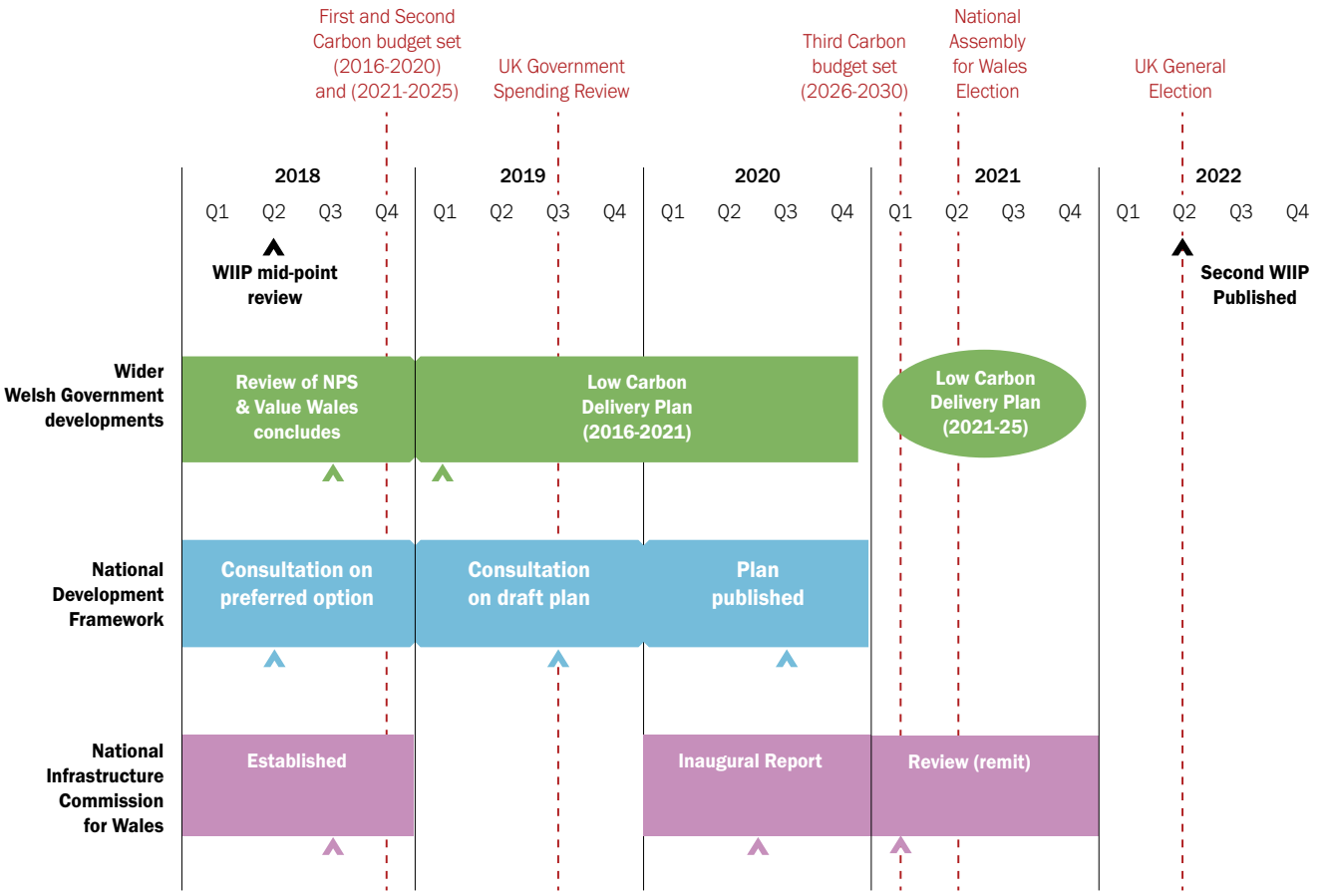
Figure two illustrates how our strategic policies apply across Wales and Ministerial portfolios and work together as a series of filters to shape Welsh Government spending programmes and projects.

Why do we still need a WIIP?

The WIIP provides the investment framework and strategic approach for our economic, social, environmental and cultural infrastructure over the short to medium term. As we continue to draw on all our available levers to maximise the resources available to us, the UK Government's continued approach to austerity and the resulting pressure on our budget and the wider public finances, mean we will not have sufficient capital to fund all the investments we would like to undertake. The WIIP will help us to make judgements between competing priorities in the face of continuing austerity.

While there remains a high degree of uncertainty about the future economic outlook and the impact on the overall Welsh Government's budget, we must consider where we want to be in the next ten years and the actions and planning work needed to inform our capital investment plans. It is important we take stock of the changing landscape to ensure our infrastructure investment delivers the Wales we want. We have an opportunity to focus our efforts on those areas which offer the biggest impact and deliver the government's priorities to ensure what we do in the short to medium term, delivers into the longer term.

Figure three: Key milestones over the forthcoming planning period



Note: dates from 2019 are indicative and subject to change

Figure three sets out the key milestones between now and publication of the next WIIP, at the start of the next Assembly term. We will need to be well-organised and agile to respond to the opportunities and challenges ahead.

Next steps and actions

We will need to work differently – more collaboratively and in a more integrated way across the Welsh Government and with our delivery partners, taking a long-term view to prevent problems arising. We will need to consider changing established systems, processes and ways of working and to test policy decisions against the wellbeing objectives and the overarching goal of prosperity for all.

We will need to identify opportunities to strengthen the governance and strategic planning of our infrastructure investments, including taking steps to bolster the capacity and capability of government and industry to deliver.

This section sets out the next steps and actions under each of the four goals which we will undertake and implement over the remainder of this Assembly term to ensure our investment framework continues to be effective, remains integrated and aligned with Welsh Government commitments and supports how we will work differently to deliver the Wales we want.

We will put in place strengthened governance arrangements and mechanisms to oversee this work. There will be a sustained focus at a senior level

in the Welsh Government on the delivery of these actions and planning work. A senior officials group within the Welsh Government will advise Cabinet Secretaries about opportunities to strengthen our whole-government strategic approach to infrastructure investment.

Mechanisms will also be put in place to facilitate sharing of information and best practice across departments and peer review new proposals for infrastructure schemes to ensure they consider the long-term and help prevent problems arising in the future, encourage collaboration and involve communities to provide integrated solutions.

Investment framework

1. Create a system that identifies and prioritises nationally significant infrastructure schemes across departmental responsibilities, focusing resources on the highest priority investments, which deliver the most benefit in line with sustainable development.

A primary focus for the remainder of this Assembly term will be to further develop a national, strategic, whole-government approach to planning and allocation of resources for infrastructure investment

We will only be able to target our capital funding effectively – and with maximum impact – if we have good investment proposals, which are aligned with government priorities, are evidence based and outcomes focused.

Our efforts will concentrate on bringing forward good investment plans, which identify the most important programmes and projects in terms of the impact they will have over the next 20 years to deliver economic growth and the public services and our wellbeing objectives.

The following actions will help deliver this ambition:

a. We will put in place a set of investment principles to guide our planning and decisions so we maximise our impact and ensure we are well-placed to deliver in the longer term.

The principles will form the basis of future Welsh Government investment planning and funding allocation decisions to support us in deploying our resources more effectively across government. As part of a suite of investment principles, we will explore the balance of funding to maintain our existing infrastructure while continuing to invest in new infrastructure to deliver our priorities, as well as strengthening our monitoring and evaluation of our infrastructure schemes.

We will also use this work to understand the connections between investment areas and explain the interaction between different strategies, stakeholders and processes and support how we work together to maximise our impact. By aligning our infrastructure investments to reflect our priorities and our new way of working, we will be able to deliver the greatest economic and social benefits for Wales.

b. We will work with stakeholders and other interested parties to develop the investment principles and build a consensus about Wales' infrastructure needs over the short to medium term.

We will work with communities, businesses and delivery partners, including local authorities, about future infrastructure challenges, opportunities and priorities for Wales. In particular, we will work with stakeholders to gain a better understanding of the services which will be needed in the future and develop shared objectives.

We want to ensure we invest in the right infrastructure for each region of Wales reflecting on their needs, ambitions and wellbeing, recognising a single solution will not fit all. With a reduced capital budget we want to ensure a range of options are explored to determine the most appropriate solution

to our infrastructure challenges. We can only do this by involving those people with an interest.

We will need to build on the work we have begun to look at how our communities can be developed in an integrated and collaborative way – as set out in chapter three, our 21st Century Schools and Education programme is facilitating community use of schools and the co-location of services and we have allocated £15m to support this alongside the publication of the mid-point review. We are also creating economic strategic hubs as part of the Ministerial Taskforce for the South Wales Valleys. If these are successful, there will be scope to roll these models out across Wales in future. We must also identify infrastructure investments in good time to ensure local needs can be met without disruption to the services people rely on.

In order to better understand future needs, the Welsh Government has published a consultation about the preferred option for our new land use plan, the NDF which will close in summer 2018. We have also set the initial focus of the National Infrastructure Commission for Wales on decarbonisation and green and blue growth. The commission's immediate role will be to engage with stakeholders to gather a wide range of views on future infrastructure.

We look forward to considering the Commission's inaugural State of the Nation report expected in 2020. It will be important for the NDF and the views of the Commission to feed into our investment plans and inform our strategy for engaging with the UK Government and private sector on meeting Wales' infrastructure needs.

c. We will put in place mechanisms to further strengthen cross-government appraisal and prioritisation of infrastructure investments

A senior officials group within the Welsh Government will have responsibility for identifying proposals, which most closely align with our investment priorities. We will bring experts together to appraise proposals, including their consideration by the Welsh Government's Chief Economist and an expert analysis of their carbon impacts. This will inform advice to Cabinet Secretaries to support decision-making about where best to allocate resources to have maximum impact. We will also improve the role of programme boards within Ministerial portfolios and investment decision-making boards to ensure they seek opportunities to strengthen proposals by engaging across government and taking wider impacts into account.

Effective infrastructure investment proposals will largely depend on the quality of the business cases developed; the evidence-base resulting from evaluation and the extent to which stakeholders have been involved – these are all key elements of the actions set out in this chapter.

d. We will develop our approach to forecasting and scenario building

The Chief Economist's report, which will be published alongside the draft Budget in 2018, will include an analysis of longer-term fiscal projections to inform scenarios for the path of future resource and capital spending in Wales. The Office for Budget Responsibility (OBR) also publishes UK public spending forecasts, which extend beyond the current planning period. The latest forecasts, which were published in March 2018, cover the years up to 2022-23 – two years beyond the existing capital plans. The OBR also publishes long-term projections in its Fiscal Sustainability Report, most recently in July 2017.

These authoritative sources, and other evidence including the *Future Trends Report*, will help to inform trajectories for the Welsh Government's resource and capital budgets beyond the current planning horizon. Inevitably, there will be uncertainty about planning scenarios, but they will provide a useful framework for long-term planning purposes.

2. Increase the resources invested in prioritised strategic infrastructure over the next 10 years beyond expected budgeted levels.

With limited capital resources likely to be available in the future, we must build on our success to date to increase capital from other sources. We must do more to secure the maximum impact from every pound invested in Wales – this will require much greater collaboration across government and the public sector and with the private sector.

e. We will maintain our drive to increase levels of capital funding

Our strategy is to maximise the resources we have available and target these to areas where they have the greatest impact. We will continue to draw together our capital spending in a coherent way and maximise all the levers available to us to increase our capital investment – including using our new tax and borrowing powers and the new Wales Reserve.

In line with the provisions of the Government of Wales Act 2006 and in order to ensure we have a full suite of fiscal levers at our disposal, we have requested the UK Government brings forward the necessary secondary legislation to enable Welsh Ministers to issue bonds for capital investment expenditure. This will ensure we are able to make full use of our suite of borrowing powers.

We will continue to make use of innovative funding solutions to help deliver additional investment in vital economic and social infrastructure. We have announced £1bn of investment using the Mutual Investment Model (MIM). There are currently three projects in the MIM pipeline – supporting delivery of band B of the 21st Century Schools and Education programme; completing sections five and six of the A465 Heads of the Valley road and the new Velindre Cancer Centre, in Cardiff.

While the current focus is on the development and procurement of these three MIM schemes, we will keep an extension of the MIM pipeline under review. The overall fiscal landscape, capital budgeting and the opportunity costs of other major investments will influence whether this pipeline is extended.

It is important we are able to manage our capital budget flexibly. We will maintain our approach to funding investment by maximising the drawdown of the least expensive forms of capital first before proceeding to more complex and expensive forms of investment.

Capital borrowing helps us manage our resources in a more efficient way and deliver our infrastructure goals – working alongside our existing capital budget and our innovative funding schemes. However, capital borrowing is not additional money and must be repaid. We have carefully considered how we use these powers, taking a strategic view of Welsh priorities.

Our current capital proposals (2018-19 to 2020-21) make use of £375m of borrowing using our new fiscal powers. Our take-up of planned borrowing will be carefully considered during each budget period and will only be used when all available conventional, cheaper sources of capital financing have been exhausted.

We will maximise the drawdown of EU funding as we prepare to leave the European Union. Between 2014 and 2020, £366m will be spent on infrastructure schemes in Wales. This includes plans for significant infrastructure investments in the remainder of the programme period, with £106m being made available for South Wales Metro projects.

The Welsh Government published a policy paper in December 2017 setting out our approach to developing a regional investment policy after the UK leaves the EU. We believe the baseline of the UK block grant payment for Wales must be readjusted at the point of exit from the EU to reflect the real loss of funds in Wales arising from Brexit and taking into

account funding which Wales would have otherwise reasonably expected from EU sources.

We will also look at pooling resources and planning across regional footprints. This will require more joint working across Ministerial portfolios, building on the steps we have already taken in this direction, for example to align the development and delivery of the South Wales Metro with the development of the new Velindre Cancer Centre. In addition, Welsh Government land from across portfolios is being made available to support the 20,000 affordable homes target. We will seek clarity about planning cycles and decision points across the public (regional planning authorities, NHS) and private sector (Network Rail) to support collaboration and identify opportunities to integrate services. We will build on the approach we are already taking with our city and growth deals and will continue discussions about a possible North Wales and a Mid Wales growth deal.

Local authorities will be an important partner in delivering this agenda. It is only through closer working, on a consistent regional basis, that the resilience and responsiveness of services can be maintained in the future.

f. We will focus our efforts to influence the UK Government and private sector about infrastructure investment to maximise the benefits for communities and business in Wales

We must ensure we are well-placed to influence the UK Government and private sector about the development and delivery of non-devolved infrastructure in Wales and harness the opportunities it presents. Wylfa Newydd, for example, has the potential to meet some of the UK's energy issues and to deliver wider, long-term benefits for local communities, in Wales.

We also have an interest in infrastructure developments in England, particularly in relation to transport and energy connectivity with Wales. We need to consider how we influence these and maximise our negotiating power. We will forge links with the UK National Infrastructure Commission and ensure an effective relationship between it and the newly-established National Infrastructure Commission for Wales.

There are some clear overlaps between our Economic Action Plan's calls to action and the UK Industrial Strategy's grand challenges. We are engaging the UK Government at both Ministerial and official levels to highlight excellence in Wales and ensure we play a full and active part in the UK Industrial Strategy. Similarly, the UK Clean Growth Strategy has announced a number of streams of innovation funding. We are working with businesses and academia to consider these opportunities and develop new partnerships.

We must also have a voice in other important non-devolved areas, such as future competition policy, possible bilateral free trade agreements, selective assistance, state aid and public procurement frameworks.

We are looking beyond Wales and exploring opportunities to work with the Organisation for Economic Co-operation and Development (OECD) and others, building on international best practice. We remain committed, after the UK has left the EU, to continue working with our partners and friends across Europe. The strength of our overseas relationships and connectivity will determine our ability to forge new markets and maintain our position as an attractive and competitive place to invest and do business.

The EU-UK phase one report states there is a prospect of a "continuing arrangement" between the UK and the European Investment Bank (EIB). The Welsh Government believes there is merit in a mutually beneficial relationship with the bank and will be looking for this relationship to be confirmed during the next phase of EU negotiations.

3. Reduce the costs of maintaining and delivering infrastructure and maximising the value for money provided by our investments.

We will further look for opportunities to strengthen our approach to business assurance and scheme delivery.

g. We will conclude the review of the National Procurement Service and Value Wales and implement new organisational models to support the Welsh public sector to achieve the best possible outcomes from procurement

We have long recognised the potential of public procurement to deliver better social, environmental, cultural and economic outcomes for Wales. The plan to refocus the National Procurement Service (NPS) and Value Wales announced by the Welsh Government in 2017 will ensure procurement is aligned to government priorities and fit for purpose post-Brexit.

Supporting Welsh companies

The Welsh Government wants the percentage of public procurement spend in Wales won by Welsh companies to grow. We are committed to ensuring smaller and local suppliers and contractors are able to win work, either in their own capacity or via joint, collaborative bids. Building and sustaining local supply chains provides a cash injection into local communities and the wider Welsh economy.

We have a number of policies in place which will help us achieve this ambition, such as the work to simplify procurement; joint bidding and community benefits. Working closely with stakeholders, we are reviewing the future of procurement policy, particularly in the light of the decision to leave the EU.

We will ensure the SQuID approach (Supplier Qualification Information Database) is applied to all contracts so proportionate and relevant qualification criteria lower barriers to direct involvement from smaller and local businesses. The SQuID system on Sell2Wales is being replaced by an online European Single Procurement Document (ESPD) – a requirement of the Public Contracts Regulations 2015. This will further simplify the selection stage, making it easier and less costly for smaller firms to bid for work. ESPD operates on self-certification principles – only the winning bidder needs to provide supporting evidence.

We will seek to ensure joint bidding guidance is promoted to both buyer and supplier to ensure joint bids are routinely invited and are evaluated no less favourably than single-supplier bids.

Procurement approaches should mirror the commitments in our Economic Action Plan and seek to break large contracts down into smaller lots. This will open up opportunities for smaller and local Welsh businesses. It will provide the springboard for creating strong markets in Wales and develop capacity, which will help avoid the risks of contracts being won by a small handful of large businesses.

We expect infrastructure projects to maximise local sources and local supply chains. Investment in infrastructure and construction projects can have a profound impact on strategically-important industries and sectors in Wales, such as steel. We expect our steel procurement policy to be embedded into procurement approaches to maximise the use of steel produced in Wales.

We will use procurement data analysis to identify 'supply voids' – areas of expenditure which are under-represented or not procured from within Wales – to explore opportunities to develop and diversify the supply base in Wales.

We will require businesses to use resources efficiently and proportionately and support efforts to minimise waste and its impact. Low carbon considerations will be central to this and we expect businesses to contribute to our carbon reduction targets.

Wales – a fair work nation

We are committed to using the spending power of infrastructure investment and public service procurement to benefit Welsh-based businesses and boost the employability of individuals. We will look to business to work with us and invest in their own development and that of their workforce; treating their employees fairly and contributing to the wider community.

We want Wales to be a fair work nation with an economy in which more people have access to better jobs, closer to home, with a secure income and are able to develop skills and careers without exploitation or poverty. The first stage has been to establish a Fair Work Board, which has made good progress in identifying the best ways to put fair work at the heart of our economy, the next step is to establish a fair work commission by summer 2018, which will explore how we can further leverage fair work outcomes from public spending and procurement practice in Wales. We will ensure we use our infrastructure investments to promote fair work outcomes and support good practice.

Businesses will be expected to sign up to our *Code of Practice on Ethical Employment in Supply Chains* and provide fair work to all those people who contribute to the delivery of important infrastructure and construction projects. Our project bank account policy will be applied to ensure local businesses involved in supply chains receive fair and prompt payment. This is especially relevant in light of the impact for sub-contractors to Carillion.

Community Benefits

We will encourage projects to implement our community benefits policy and apply further, innovative thinking to broaden the scope of the social value delivered to Wales. This includes publishing an e-learning resource to raise support, awareness and understanding of community benefits. One area of focus will be ensuring the community benefits policy is applied as intended and monitored throughout the project through completion of the Community Benefits Measurement Tool, produced by Value Wales.

The MIM will be an exemplar for securing community benefits. The contracting authority will be required to set specific community benefits key performance indicators (KPIs), which will be evaluated on a pass or fail basis. We expect enhancements to these as well as additional community benefits as part of the project company's proposals and these will be scored in evaluation. We will also look at how we might set and capture community benefits for the whole concessionary period of 25 years.

h. We will continue to improve our approach to business case development and appraisal

Business cases – using the five case model – are the means by which we identify how a proposed infrastructure investment contributes to government priorities; demonstrates value for money and represents the most appropriate option to deliver the objectives which is both achievable, affordable and can be delivered within the agreed timescales.

As demand for public services continues to rise and as public expectations about accessibility and quality also rises; it is important we seek to enhance value for money and realise positive outcomes for citizens. This requires good planning, constructive challenge and the detailed appraisal of public expenditure.

The Better Business Cases programme has taken concrete steps to equip practitioners with the tools and skills to rise to this challenge. We will continue to develop communities of practice to improve the quality of business case development. The more we share our experiences and foster learning, the better our investment choices will be.

In line with the Well-being of Future Generations Act, we will fund proposals offering the most sustainable long-term impacts, which demonstrate the ways of working, to drive integrated solutions for communities.

We will also embed the Future Generations framework for projects within the Welsh Government to ensure our infrastructure projects are integrated and promote wider wellbeing and can demonstrate change. The framework will ensure consideration is given to whether a project helps or impedes people to live low-carbon lifestyles, for example.

We will also encourage rigorous appraisal and external challenge of infrastructure investments and build in genuine breakpoints into projects to ensure effective ongoing monitoring.

i. We will introduce a more formal process to identify and monitor programmes and projects and strengthen our programme and project management (PPM) assurance

Infrastructure schemes, by their nature, can be high risk – they can be high-profile, cross-cutting and innovative with a high monetary value, have multiple external funding streams and/or partners and dependencies on other initiatives. An Institute for Government report highlights one of the key reasons for poor infrastructure decision-making is a failure to understand and manage project risk[1].

We will introduce a more formal process to identify and monitor programmes and projects and strengthen our programme and project management assurance by:

- Creating a more streamlined, joined-up and professional approach to programme and project management by bringing assurance and programme and project management standards areas together within the Welsh Government.
- The integrated assurance hub provides assurance reviews for all programmes and projects across the Welsh Government and the wider public sector in Wales. It will adopt new processes to undertake more robust, in-depth reviews to add greater value to the assurance process. The hub will define appropriate and timely assurance requirements, which will streamline the process for Wales, make it more robust, relevant to current best practice and promote more risk transparency.
- Establish a strategic programme and project management centre of expertise to share information and best practice across Welsh Government and with our delivery partners.

j. We will develop a robust and consistent approach to evaluation of our capital infrastructure investments to inform future investment decisions

Effective evaluation of programmes and projects can inform pre-project modelling and forecasting for future plans to ensure they maximise the impact of investment, achieve better value for money and avoid cost overruns.

We will identify and adopt best practice to improve our appraisal of schemes. This will be carried out in tandem with a specific piece of evaluation work, starting in summer 2018, to understand the impact of historic European-funded infrastructure investments in Wales, examining the subsequent use of assets and the links between them at a spatial level.

It will also build, for example, on our collaboration with Velindre NHS Trust in the development of the business case for the new Velindre Cancer Centre. We have been working with the NHS trust to quantify the benefits of the options for the new centre using Quality Adjusted Life Years to capture expected improvements in survival rates and quality of life for cancer survivors. Quantifying the benefits helps identify the best and most appropriate options for intervention. Lessons learned from the Velindre scheme will be used to inform other health capital investment decisions in the future.

[1] www.instituteforgovernment.org.uk/publications/whats-wrong-infrastructure-decision-making-June-2017

k. We will encourage and facilitate collaboration between infrastructure delivery partners.

It is important resources are allocated to deliver the greatest benefits to Wales. To achieve maximum benefits, we will encourage and facilitate collaborative working between infrastructure delivery partners at strategic planning, development, coordination and delivery levels. This will be crucial if we are to meet local needs and priorities over the longer-term, for example through co-locating services.

We will raise awareness of collaboration best practice within Wales and elsewhere, recognising this can take different forms and involve a wide range of partners. We will seek to identify and remove barriers to collaboration. We will share learning around managing collaborative partnerships to enable issues and challenges to be overcome.

l. We will continue to consider how we can make better use of our assets to reduce the costs of maintaining and delivering infrastructure to support our key priorities.

We will consider how we can make better use of our assets to reduce the costs of maintaining and delivering infrastructure to support our key priorities. Accounting for asset utilisation and effectiveness as part of resource allocation decision making will be key to levering maximum value from our assets with transparency and visibility; while building in flexibility to change our approach as required. Fundamental to this will be the managing and disposal of surplus assets with the realised receipts being re-invested to support priority areas. Also, thinking creatively about the question of assets, their location and who else could use them, offers opportunities to maintain and improve service delivery with reduced resources. Good asset management can lead to better public service provision through co-location of services and the release of capital for reinvestment.

The *Welsh Public Sector Collaborative Estate* pilot in the Cwm Taf Public Service Board area highlighted significant opportunities for efficiency if public services work together and take a more strategic approach to property and property management across geographical and organisational boundaries.

In recent years our focus has been on improving the quality and quantity of information available about public service assets. There now needs to be a drive across the public sector to increase the pace of property collaboration to meet financial targets and service delivery aspirations. We will further strengthen our approach to asset management by:

- Implementing the lessons from the Cwm Taf pilot and replicating it across Wales. This will maximise opportunities to integrate services; improve customer experience; create wider efficiencies; rationalise estate and improve the quality of public service assets by investing in fewer, shared physical assets;
- Ensuring Welsh Government departments evidence the principles of our *Corporate Asset Management Strategy*;
- Reporting on how Welsh Government and public sector assets are being used to maximise the application of the five ways of working and delivering *Taking Wales Forward and Prosperity for All*;
- Completing the proposed development of phase three of our Strategic Asset Management (SAM) tool, which will bring together the South Wales Metro Ministerial Taskforce for the South Wales Valleys NHS and local authority datasets.

m. We will ensure we have the right skills and experience within the Welsh Government civil service to deliver our infrastructure ambitions and we will support industry to do the same.

In an unprecedented period of change, as a result of the UK's decision to leave the EU and at a time of continuing austerity, we are working hard to ensure the Welsh Government civil service is properly equipped to support Ministers. We are future-proofing our organisation to ensure we have the

capability, confidence, leadership and resilience to meet the challenges ahead as a strong, skilled and sustainable organisation. We need to build on our existing strengths and develop new skills and work more flexibility across policy boundaries. Our aim is to be an inclusive, high-performance organisation, which is genuinely collaborative and focused on outcomes, reflecting our commitment to the wellbeing of future generations.

Having become a co-owner of Local Partnerships LLP, we have the potential to draw on commercial expertise to help build commercial capability. We are working with local authorities to bolster the procurement profession – Value Wales will develop a new procurement capability programme, which will be informed by the procurement review in consultation with stakeholders. We will be driving up capability, addressing skills gaps and increasing procurement professionalism to address some of the procurement resource issues being faced in Wales and to foster creative thinking and innovative application of Welsh Government procurement policy.

Value Wales will work with schools and colleges to raise the profile of procurement as a career, organising a new procurement apprenticeship programme, offering training for the Chartered Institute for Procurement and Supply (CIPS) qualification and linking with higher education establishments to secure procurement graduate placements in the Welsh public sector. We will also seek to develop our relationship with CIPS.

It is important that partners and business are aware of the resources they may need over the longer term and invest in developing and retaining their own skilled workforce. As demonstrated by our investment in the Centre for Engineering Excellence, in Llangefni, Anglesey, we are committed to linking the training we provide more closely to the needs of the Welsh economy. A prosperous Wales needs creative, highly-skilled and adaptable people. The Welsh Government is committed to creating a minimum of 100,000 high-quality, all-age apprenticeships over the course of this Assembly term.

We want to ensure Wales has a strong skills base and is able to attract new businesses and grow existing ones. Leaving the EU will mean we must redouble our efforts to build an even more competitive economy – higher skills are at the core of this.

4. Establish and maintain a new monitoring system of major strategic infrastructure expenditure in Wales, improving control and public visibility.

The Welsh Government can be involved in hundreds of infrastructure projects at any one time from small, local projects with a value of a few thousand pounds to large national schemes worth billions of pounds. It is important we monitor these carefully and stakeholders can clearly see how these schemes are progressing.

n. We will publish annual project pipeline updates each spring to provide an ongoing picture of the infrastructure investment in Wales.

This will support private and public sector investment decision making, facilitate integrated planning and promote collaboration. In response to suggestions from stakeholders we will seek to provide more detailed finance and delivery information and will explore extending the pipeline to include the investment plans of a wider range of our public and private delivery partners.

o. We will continue to capture and improve visitibility of the current status of ongoing schemes.

We will continue to collect data from all Ministerial portfolios on all our infrastructure investments of more than 500k to inform our understanding of where and how our infrastructure projects are progressing and to help shape future investment programmes.

Figure 4: Summary of Actions

1. Create a system that identifies and prioritises nationally significant infrastructure schemes across departmental responsibilities, focusing resources on the highest priority investments, which deliver the most benefit in line with sustainable development

a. We will put in place a set of investment principles to guide our planning and decisions so we maximise our impact and ensure we are well-placed to deliver in the longer term.

b. We will work with stakeholders and other interested parties to develop the investment principles and build a consensus about Wales' infrastructure needs over the short to medium term.

c. We will put in place mechanisms to further strengthen cross-government appraisal and prioritisation of infrastructure investments.

d. We will develop our approach to forecasting and scenario building.

2. Increase the resources invested in prioritised strategic infrastructure over the next 10 years beyond expected budgeted levels.

e. We will maintain our drive to increase levels of capital funding.

f. We will focus our efforts to influence the UK Government and private sector about infrastructure investment to maximise the benefits for communities and business in Wales.

3. Reduce the costs of maintaining and delivering infrastructure and maximising the value for money provided by our investments.

g. We will conclude the review of the National Procurement Service and Value Wales and implement new organisational models to support the Welsh public sector to achieve the best possible outcomes from procurement.

h. We will continue to improve our approach to business case development and appraisal.

i. We will introduce a more formal process to identify and monitor programmes and projects and strengthen our programme and project management (PPM) assurance

j. We will develop a robust and consistent approach to evaluation of our capital infrastructure investments to inform future investment decisions.

k.We will encourage and facilitate collaboration between infrastructure delivery partners.

l. We will continue to consider how we can make better use of our assets to reduce the costs of maintaining and delivering infrastructure to support our key priorities.

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For further information please contact the Welsh Government Strategic Budgeting Division via

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Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

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