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Dear Sir / Madam

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## **Inquiry into preparations for replacing EU funding for Wales- Consultation**

We are delighted to give comments to the Finance Committee of the National Assembly for Wales in respect of the Inquiry into preparations for replacing EU funding for Wales - Consultation.

### **1. Current state**

- a. The construction sector contributes £8 billion to the Welsh economy per annum, there are 13,000 companies employing 130,000 in roles ranging from traditional onsite construction roles to professional service roles, such as Civil Engineers. A significant number of these professionals are EU Nationals who are working in Wales / the UK. They currently enjoy freedom of movement rights. Similarly, many UK / Wales Nationals work in the EU. We need to secure the rights of existing EU workers in the construction sector if we are to avoid projects being ground to a halt, particularly in the capital together with an immigration system that recognises the importance of construction to the UK's competitiveness and supports the sector in attracting global talent.
- b. UK investment for infrastructure is from a combination of public and private sources. Post construction these assets form stable sources of income for pension funds. Every 1000 direct jobs created by new infrastructure projects boost wider employment by over 3000 jobs.
- c. Historically EU funding sources have supported many infrastructure and social projects around Wales. One example is the A 483 Ruabon, Newbridge and Chirk bypasses in north east Wales. Some £20m - £30m Euros in the 1980's assisted this project. The immediate effect was easier and quick access to Merseyside and Manchester and other places in north east Wales, rejuvenation has been startling. This type of funding must be maintained





## 2. Future Status

- a. At times of uncertainty and national pressure construction is often the sector first economically impacted and impacted for longest. Uncertainty makes Wales and the UK a less attractive investment location/option.
- b. To build a prosperous Wales will require investment, for this there is a need for visible long term planning and a stable pipeline of projects. There is a need for the public sector to demonstrate strong leadership in this area to encourage confidence and maintain investment. We need to create a Wales that is appealing to private sector European Funding. This will be achieved by having:
  - i. a stable economy,
  - ii. with a stable return on investment.In addition, international investment must be sought.
- c. The public sector funds more than half of Wales' construction activity, governed by EU procurement regulations. It is important for the industry to understand what the Welsh approach to procurement will be post EU exit, for example will there be an increase in procurement from internal markets?
- d. There are few barriers to European companies to operate in Wales and the UK; this is in contrast to almost all other European Countries that require national level registration. The implications of this in a post Brexit economy needs to be addressed to avoid unfair penalty or advantage.
- e. A long term programme is needed to evolve the skills and practices of the sector in line with cultural and technological demands. This would be done to attract a more diverse workforce and take advantage of efficiencies offered by new ways of building.
- f. Apprenticeships are key to meeting the resource needs. Furthermore, the EU funder Network 75 was very successful and a long term replacement is required.

## 3. Future funding

- a. European Investment Bank (EIB) investments in the UK economy came to EUR 6.9 billion in 2016, making the country the 5th largest recipient of EIB loans last year. Infrastructure projects accounted for 47% of total investments, while environment claimed 36%. Innovation and support to smaller businesses in the UK claimed 14% and 3% respectively. Over the past five years (2012-2016) the EU bank has invested over EUR 31.3 billion in the British economy.





- b. In 2014, the EIB made significant investment of £230 million in Dŵr Cymru's capital investment programme, including £15 million in Rainscape projects at Llanelli and Gowerton. There is need for clarity on the Wales' and the UK's relationship with the EIB and industry consultation on alternative funding options for addressing this gap in the funding mix. Could a regional Investment Bank model be a possible replacement for funding infrastructure projects in Wales? Another option may be establishing a Social Cohesive Fund for Wales.
  
- c. Welsh technology in construction is progressing – and as construction become reliant on this technology. It needs economic, technical and economic access to Pan European technology. Examples would include satellite and communication systems.

Yours sincerely

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**ICE Wales Cymru**

**Sarah Jones**  
**Chair**  
**ICE Wales Cymru**

**Stephen Lawrence**  
**Immediate Past Chairman**  
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## Notes

- The Institution of Civil Engineers (ICE) was founded in 1818 to ensure professionalism in civil engineering.
- It represents 92,000 qualified and student civil engineers in the UK and across the globe and has over 3,600 members in Wales.
- ICE has long worked with governments of the day to help it to achieve its objectives, and has worked with industry to ensure that construction and civil engineering remain major contributors to the UK economy and UK exports.
- For further information visit: [www.ice.org.uk](http://www.ice.org.uk) and [www.ice.org.uk/wales](http://www.ice.org.uk/wales)

