



Arbenigwyr mewn Busnes
Experts in Business

FSB Wales response to the Welsh Government

A National Infrastructure Commission for Wales

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About FSB Wales

FSB Wales is the authoritative voice of businesses in Wales. With 10,000 members, a Welsh Policy Unit, two regional committees and twelve branch committees; FSB Wales is in constant contact with business at a grassroots level. It undertakes regular online surveys of its members as well as a biennial membership survey on a wide range of issues and concerns facing small business.

Introduction

- 1.1. FSB Wales welcomes the Welsh Government's consultation on its proposed National Infrastructure Commission for Wales (NICW). The creation of NICW should provide greater confidence and a richer evidence-base to support the delivery of Welsh Government's infrastructure priorities in both the short and long-term.
- 1.2. If Wales is to function properly as an economic entity then its smaller firms will need effective infrastructure that ensures people and products are able to get where they need to in good time. We commented on how to deliver a more connected Wales as part of our 2016 manifesto *A Better Way for Wales*.¹ NICW should principally be about delivering this effective infrastructure.

Defining the Problem

- 2.1. Infrastructure investment in Wales and across the UK more broadly has suffered from a number of problems in the past. The Institute for Government describe them as follows:

"...cases of short-sightedness and lack of forward-looking strategy; failure to secure cross-party agreement, translated into high political risk; serious weaknesses in the evidence base, even in the cases where there is cross-party support; and local community opposition, which leads to political procrastination".

- 2.2. As an illustrative case, the first proposals for an M4 relief road were made in 1991 by the then Wales Office.² Over the past 25 years discussions around the road have been marred by poor public engagement, a lack of clarity around financial viability and cost-benefit analysis and a lack of transparency in terms of evidence-base. The proposed NICW should seek to resolve all of these issues through its recommendations.

¹ FSB Wales. 2016. *A Better Way for Wales: building our economy on the SME foundation*.

² South Wales Argus. 2009. *M4 Relief Road: Timeline* [Online]. Available at:

http://www.southwalesargus.co.uk/news/gwentnews/4496647.M4_RELIEF_ROAD_Timeline/ (accessed 21st December 2016).



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Status and Remit

- 3.1. In order to achieve its aims, FSB Wales would expect NICW to have in its remit a duty to provide independent advice, analysis and recommendations on Wales' infrastructure requirements over the long term. We agree that a 5-30 year period is advisable.
- 3.2. NICW should depoliticise the process of assessing infrastructure priorities by providing an objective and impartial evidence-base. In order to do this, NICW should be wholly independent of government, both in terms of operational staffing and governance.
- 3.3. Its priorities should be set out by the relevant Cabinet Secretary responsible for the economy and infrastructure and should take into account the aims and ambitions of the Wellbeing and Future Generations (Wales) Act 2015.
- 3.4. The development of the Commission is an opportunity to develop a wider understanding about the entirety of infrastructure in Wales beyond hard infrastructure such as road and rail and better develop our understanding of where the range of this infrastructure can deliver against economic development priorities. Over time this could include social infrastructure.
- 3.5. FSB Wales agrees that NICW should not advise on programmes that are already underway or will be decided upon in the near future i.e. prior to the establishment of NICW.
- 3.6. NICW should examine cross-cutting delivery issues if it considers them to be a barrier to delivering infrastructure needs. For example, NICW should be empowered to examine the financing of infrastructure investment in Wales with a view to maximising potential investment through innovative finance mechanisms within Welsh Government's competence.
- 3.7. There should also be a consideration of issues such as skills planning where this could prove to be a barrier for the delivery of infrastructure priorities.
- 3.8. NICW should work closely with other bodies including but not limited to the National Grid, OFWAT, Natural Resources Wales and the UK Government's Infrastructure Commission.
- 3.9. NICW should also engage with the wider business representative landscape through the Council for Economic Renewal (CER) and its associated groups. However, it should not be limited to the CER in terms of its engagement process. For instance, regular meetings around priorities should be arranged with the business community, including smaller businesses located across Wales.



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- 3.10. FSB Wales believes that NICW should evolve to become a statutory body during the life of this National Assembly term. This would assure the status and role of NICW and provide it with longevity, which is vital for its long-term assessment of Wales' infrastructure needs.
- 3.11. NICW's advice and recommendations should reflect interactions between economic, environmental and social infrastructure. It should also seek to highlight opportunities for regeneration and the diversification of local economies. For instance, the role and function of metro stations in supporting the high-street should be examined.

Relationship with the UK Infrastructure Commission

- 4.1. FSB Wales believes it is vital that NICW maintains strong relations with the UK Government's Infrastructure Commission. Many of the areas that impact on Wales' infrastructure environment fall on either side of the devolution settlement. For instance, the Welsh Government is responsible for road investment in Wales, while the UK Government has responsibility for the Severn Bridge tolls.
- 4.2. FSB feels that there needs to be a formal identification of a 'link member' of the Commission to ensure the linkage with the UK Commission. Infrastructure in Wales also needs to be seen as part of the strategic picture of the development of the UK economy as a whole.
- 4.3. NICW should have a constructive relationship with the UK Infrastructure Commission, using its evidence-base where this is relevant and informing UK Infrastructure's priorities where this is of benefit to Wales. This should include assisting the Welsh Government with any bids for UK-wide infrastructure investment such as through Network Rail's Control Period processes.

Membership

- 5.1. FSB Wales believes the membership of NICW should be made up from a diverse expert group. This should include a member with expertise in how smaller businesses use Wales' infrastructure.
- 5.2. The public appointments process should be used as suggested in the consultation and this should be in line with the Nolan Principles. The National Assembly for Wales should assign a relevant committee to scrutinise the appointments process to ensure there is adequate expertise on the Commission.



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Administration

- 6.1. In order to be successful, it is vital that NICW is able to draw on a talented pool of staff with real expertise in the analysis, procurement and delivery of infrastructure projects. As such, FSB Wales believes that NICW should not be reliant on Welsh Government officials to form the secretariat. Instead, NICW should be able to employ the staff it requires directly. This would reflect NICW's status as an independent body, not beholden to government in making its recommendations.

Openness and Transparency

- 7.1. As is the case with the various infrastructure bodies in Australia such as Infrastructure Victoria, the proposed National Infrastructure Commission for Wales should be required to publish a 30 year strategy for Wales' infrastructure requirements. This should then be reported on and updated frequently.
- 7.2. NICW should publish its reports and be accountable directly to a committee of the National Assembly for Wales.
- 7.3. The recommendations of the reports would be for the Welsh Government to consider and respond to. A response should be published within a year to the long-term strategy and within a reasonable timeframe for more frequent updates and reports. If Welsh Government is minded not to accept a recommendation from NICW the onus should be on Welsh Government to explain and justify why this particular course of action has not been taken.
- 7.4. By publishing its evidence-base early on in the process of ascertaining infrastructure priorities, NICW should allow sufficient space for scrutiny and debate thus avoiding any weaknesses in its recommendations that could delay projects. NICW should help provide a space for public deliberation on infrastructure priorities and engage businesses and citizens in this process.

Other Issues

- 8.1. The work of **the Commission needs to be explicitly reflected within the Welsh Government's economic development strategy**, recognising the pivotal role it will have in the development of infrastructure priorities.
- 8.2. NICW should have a role in scrutinising and providing and evidence-base for the **National Development Framework** and any **Strategic Development Plans** emerging from the Planning (Wales) Act 2015. This should include reporting on how local planning authorities are delivering on the infrastructure expectations of Wales.



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- 8.3. There should also be an expectation that NICW's 30 year infrastructure strategy should include **how existing infrastructure can be used more efficiently and effectively** in order to improve overall efficiency. For instance, Infrastructure Australia's 2016 Infrastructure Plan has recommendations around investing in the better use of existing infrastructure rather than on new large projects.³
- 8.4. NICW should also consider the **cumulative impact of smaller interventions** on Wales' productivity and economic wellbeing and should not be focused exclusively on large-scale, potentially controversial projects.
- 8.5. As well as providing a high-level analysis of Wales' long-term infrastructure needs, **NICW should provide the costs and benefits of specific policy options** and how this relates to Wales' communities.
- 8.6. Research by the Institute for Government has highlighted examples where government projects have been derailed by staff being poached for competing infrastructure investments.⁴ Therefore NICW should include an analysis of **feasibility of delivery** to ensure the pipeline can be appropriately implemented.

³ Infrastructure Australia. 2016. *Australian Infrastructure Plan Priorities and reforms for our nation's future*. [Online]. Available at: http://infrastructureaustralia.gov.au/policy-publications/publications/files/Australian_Infrastructure_Plan.pdf (accessed 20th December 2016). P.27

⁴ Institute for Government. 2016. *Making the National Infrastructure Commission work: six pieces of advice* [Online]. Available at: <https://www.instituteforgovernment.org.uk/blog/making-national-infrastructure-commission-work-six-pieces-advice> (accessed 20th December 2016).