

Cynulliad Cenedlaethol Cymru / National Assembly for Wales

Y Pwyllgor Materion Cyfansoddiadol a Deddfwriaethol a'r Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol / The Constitutional and Legislative Affairs Committee and the External Affairs and Additional Legislation Committee

Ymgynghoriad ar Fil yr Undeb Ewropeaidd (Ymadael) a'i oblygiadau i Gymru / The European Union (Withdrawal) Bill and its implications for Wales

EUWB 12

Ymateb gan Cymdeithas ar gyfer Ymgynghori a Pheirianeg (ACE), Cymdeithas Contractwyr Peirianeg Sifil Cymru (CECA Cymru), Adeiladu Arbenigrwydd yng Nghymru (CEW), Sefydliad y Peirianwyr Sifil (ICE) Cymru / Evidence from Association for Consultancy and Engineering (ACE), The Civil Engineering Contractors Association (CECA) (Wales), Constructing Excellence in Wales (CEW) & Institution of Civil Engineers (ICE) Wales

Dear Sir / Madam

## Response to National Assembly for Wales Joint Consultation: The European Union (Withdrawal) Bill

1. The ACE WALES<sup>1</sup>, CECA Wales<sup>2</sup>, Constructing Excellence in Wales<sup>3</sup>, and ICE WALES CYMRU<sup>4</sup> work in collaboration to support the construction industry in Wales to develop a built environment that enables Wales to deliver the ambitions of government.
2. General response to the European Union (withdrawal) Bill

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<sup>1</sup> Association for Consultancy and Engineering [ACE] represents the interests of professional consultancies and engineering companies, large and small, operating within the built and natural environment. <https://www.acenet.co.uk/home/592>

<sup>2</sup> CECA (Wales) has a membership of some 55 civil engineering contractors located across Wales, spanning from the smaller to medium-sized indigenous Welsh firms to the largest UK and international companies. CECA represents all civil engineering contractors in Wales and promote an ethos of co-operation with other bodies whose activities relate to our members' interests. <http://www.ceca.co.uk/regions/.aspx>

<sup>3</sup> Constructing Excellence in Wales (CEW) exists to improve industry performance in order to produce a better built environment, it is the single organisation charged with driving the change agenda in construction. <http://www.cewales.org.uk/>

<sup>4</sup> ICE Wales Cymru supports and represents more than 3,500 civil engineers working and living in Wales. It aims to influence public infrastructure policy, promote the civil engineering profession and provide support, training and networking opportunities for ICE members. <https://www.ice.org.uk/about-ice/near-you/uk/wales>

3. The construction sector contributes £8 billion to the Welsh economy per annum, there are 13,000 companies employing 130,000<sup>5</sup> in roles ranging from traditional onsite construction roles to professional service roles, such as architects, planners and surveyors.
4. Investment  
UK investment for infrastructure is from a combination of public and private sources. In Wales the proportion made up of public spend is the highest of the UK regions<sup>6</sup>. 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<sup>7</sup>.
5. At times of uncertainty and national pressure construction is often the sector first economically impacted and impacted for longest. Uncertainty makes the UK and Wales a less attractive investment location/option.
6. 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 from public and private sources.
7. 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<sup>8</sup>.
8. 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 UK's relationship with

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<sup>5</sup> Source: ONS

<sup>6</sup> In Wales the public sector funds between 65-55% of total construction spend.

<sup>7</sup> CECA (2013) Securing our economy: The case for infrastructure

<sup>8</sup> <http://www.eib.org/projects/regions/european-union/united-kingdom/index.htm>

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?

#### 9. Procurement

The public sector funds more than half of Wales' construction activity, governed by EU procurement regulation. It is important for the industry to understand what Wales' approach to procurement will be post EU Exit, for example will there be an increase in procurement from internal markets?

10. Few barriers to European companies to operate in 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 need to be addressed to avoid unfair penalty or advantage.

#### 11. Codes and Standards

The built environment sector has perhaps the longest history of use of formal codes and standards. Standards can often be used as a means of demonstrating conformity with regulation, and approximately 20% (4,500) of European standards enable compliance.

12. Whilst the vast majority of codes and standards are voluntary, there are some harmonised use is mandatory such as Construction Products Regulation (CPR).

13. It is unclear if the UK would lose its decision making power and influence over the content of European Standards. Industry may face the prospect of having to conform to two sets of standards, impacting competitiveness especially concerning construction products.

#### 14. Skills

Losses suffered in the recession, coupled with a lack of diversity and an ageing workforce have contributed to a skills shortage in the construction industry. The CITB estimates that 230,000 new recruits will be needed 2016–2020 to meet construction demand<sup>9</sup>.

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<sup>9</sup> CITB (2016) Industry Insights – Construction Skills Network Forecasts 2016 – 2020

15. Beyond the short-term issues of addressing EU/UK working arrangements, there is a need for government to develop a long term programme to evolve skills and practices in line with technological change to attract a diverse workforce, reduce the intensiveness of labour and change industry skills needs.

16. Industry Strategy

At present there is no strategy for construction in Wales, without clear direction and at a time of uncertainty it is likely that there will be a negative impact on growth and development within the built environment. There is a definite need for the public sector and industry to come together to develop a strategy to establish a clear vision for Wales.

17. Response to the treatment of devolution

There is a lack of clarity with regard to the treatment of devolution and its impact within the Bill. It appears that there will be a significant impact, the effects of which may be felt beyond the terms of the Bill.

18. Any roll back against performance improvements developed or planned within areas of devolved competence would be detrimental to Wales' position.

19. The nature and extent of framework areas is not clear, potentially there could be substantial impact on the built environment.

**Sent on behalf of ACE Wales, CECA Wales, Constructing Excellence in Wales and ICE Wales Cymru**

**4 September 2017**