

Written Response by the Welsh Government to the Climate Change, Environment and Infrastructure Committee report on the annual scrutiny of the National Infrastructure Commission for Wales: 2023.

The National Infrastructure Commission for Wales (NICW) was established in 2018 as an independent, non-statutory, advisory body to Welsh Ministers.

Its key purpose is to analyse, advise and make recommendations on Wales's longer term strategic economic and environmental infrastructure needs over a 5–80-year period.

The current Commission was assembled in 2022 when a Deputy Chair and 6 new Commissioners were appointed to serve with the Chair, Dr David Clubb, who was appointed in late 2021.

The establishment of a new Commission was accompanied by a new remit letter, issued by the Welsh Government, which laid out a work programme including the requirement for NICW to examine renewable energy delivery in Wales. In addition, the Co-operation Agreement committed NICW to examine ways in which flooding of homes, businesses and communities could be minimised by 2050. This report is currently being prepared and we look forward to hearing the Commission's thoughts on this later this year.

Independent scrutiny of bodies such as the National Infrastructure Commission for Wales is an important part of a transparent democracy. I would like to thank the members of the Climate Change, Environment and Infrastructure Committee for their report on the session they held with the NICW Chair and Deputy Chair in January 2024.

I have set out my response to the Report's individual recommendations, where directed at the Welsh Government, below.

Recommendation 1.

The Welsh Government must deliver on its commitment to undertake a comprehensive review of the Commission's status, role and objectives before the end of 2024. We expect the Welsh Government to consult the various infrastructure sectors and other relevant stakeholders to inform the review.

Response: Accept

My officials have begun scoping out a review of NICW with colleagues from the Welsh Government's Internal Audit Service. They have recently carried out similar reviews across the organisation and external public bodies. Initial plans are for the review to consist of an assessment of the robustness of governance arrangements, evaluation of internal reflections undertaken by Commissioners, external engagement with stakeholders including various infrastructure sectors and a benchmarking exercise across similar organisations. The review will look at NICW's remit, form and function and will be commensurate in scale to the size of the Commission, seeking a diverse range of opinion and views before raising observations.

Financial Implications:

None - The Welsh Government will be using its own Internal Audit Service to carry out the review.

Recommendation 2.

The Welsh Government should clarify the timeline it is working towards for the completion of the review. If the review is unlikely to be completed before the end of 2024, it should explain the reason.

Response: Accept

The review will be completed by the end of 2024. Initial desk-based assessments of documentation and benchmarking of organisations will be carried out in the next few months. This time will also be used to prepare for wider stakeholder consultation and engagement which will be carried out after the summer. The Commission itself will be actively involved with the review and will be regularly briefed as to its progress. Internal Audit Services are currently preparing the draft Terms of Reference which will set out the timeframes and review process in further detail.

Financial Implications:

None - The Welsh Government will be using its own Internal Audit Service to carry out the review.

Recommendation 3.

As part of the Welsh Government's review of the Commission's status role and objectives, it should consider the case for extending the term of appointment for Commissioners so that it is better aligned with those of other public appointees.

Response: Accept

It is envisaged that the terms of appointment of NICW Commissioners will be carried out as part of the review. This will examine if the current period of office allows for sufficient time for a Commission to cohesively work together to understand infrastructure issues comprehensively and give advice to Welsh Ministers across the many sectors which it covers. Benchmarking of other public bodies will also take place in this respect. Internal Audit Services are currently preparing their draft Terms of Reference which will set out the timeframes and review process in further detail.

Financial Implications:

None

Recommendation 4.

The Commission should commit to ensuring that the requirement for Commissioners to remove themselves from discussions or decisions where a conflict of interest, or a perceived conflict of interest might arise is being met consistently. It should also commit to ensuring that appropriate arrangements are in place to monitor compliance with the requirement.

Response: N/A

This recommendation is for NICW and not the Welsh Government.

Financial Implications:

None

Recommendation 5.

The Welsh Government should:

- *respond to the Commission's report, Preparing Wales for a Renewable Energy 2050, as a priority, and*
- *explain why it did not meet its commitment to provide a response by the end of January 2024.*

Response:

The *Preparing Wales for a Renewable Energy 2050* report makes 11 wide-ranging recommendations on supporting a renewables-based energy system in Wales. It was considered necessary to consider the NICW report hand in hand with finalising Renewable Energy Deep Dive report given the overlap with the recommendations.

The third and final update on the Renewable Energy Deep Dive report has now been published. Work on a response to the remaining recommendations contained in the NICW report have been prepared as a matter of priority and will be considered by Welsh Ministers before responding to the Commission directly.

The Cabinet Secretary for Economy, Energy and the Welsh Language will be writing to the Commission to invite them to meet to discuss the Welsh Government response.

Financial Implications:

None

Recommendation 6.

The Welsh Government must review its timeframe for responding to the Commission's reports. It should consider adopting a response time of between 6 weeks and 3 months, so that it is more aligned with the response time for reports by Senedd committees and the Independent Environmental Protection Assessor for Wales.

Response: Accept in principle

All aspects of the NICW remit and terms of reference will be assessed as part of the forthcoming Internal Audit Services review. However, it is important to remember that the nature of NICW's recommendations, having a long-term impact, may mean that extensive discussion is required, both within the Welsh Government and with NICW, on the implications that they may have on current delivery arrangements, legislation and policy. Whilst it is unfortunate that, with regards to the renewable energy report, we have not been able to meet our commitments, this demonstrates the time needed to assess the Commission's recommendations.

Financial Implications:

None

Recommendation 7.

The Commission should consider whether and how drainage and water storage could be incorporated into the research phase of its work on climate resilience and existential risk. It should report back to the Committee on the outcome in response to our report.

Response: N/A

This recommendation is for NICW and not the Welsh Government.

Financial Implications:

None

Recommendation 8.

The Commission should:

- *clarify whether and how it is engaging the UK Climate Change Committee (UK CCC) with its work, in particular its year three project on climate resilience and existential risk, and*

- *seek UK CCC representation on its Project Advisory on climate resilience and existential risk.*

Response: N/A

This recommendation is for NICW and not the Welsh Government.

Financial Implications: None

Recommendation 9.

As part of the comprehensive review of the Commission's status, remit and objectives, the Welsh Government should consider whether there is merit in requiring the Commissions to undertake a national infrastructure assessment (comparable to that of the assessments undertaken by the UK National Infrastructure Commission)

Response: Accept in principle

All aspects of the NICW remit and terms of reference will be assessed as part of the forthcoming review, this includes the undertaking of a national infrastructure assessment. The UK National Infrastructure Commission is tasked with undertaking such an assessment, once in every parliament. This UK-wide assessment includes areas of devolved and reserved areas of responsibility. An assessment would need to be carried out if it would be appropriate for NICW to undertake a similar work in Wales and if this would offer value for money. The current NICW approach of assessing individual sectors on a need-to basis, could be seen as more of an efficient way of operating, particularly given current resource levels. I do remain open minded on this point and will ensure the review covers this issue.

Financial Implications: None at present. However, information provided by the New Zealand equivalent of NICW indicates that a comprehensive infrastructure assessment could cost in the region of £2.5 million, benchmarking New Zealand's population against Wales.

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