



Llywodraeth Cymru
Welsh Government

Board Meeting: 20 July, 2017

AGENDA ITEM: 5

Title of paper:	Wylfa Newydd Update
Purpose of paper:	To update the Board on Wylfa Newydd
Action required by the Board:	<p>The Board is asked to:</p> <ul style="list-style-type: none"> • Note the update and key issues in respect of the project • Agree to the immediate mobilisation of a formal governance structure • Advise on the ongoing role of WG Board in respect of Wylfa Newydd
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Publication	<p>This Paper should be withheld from publication as it relates to the following exemptions under the Freedom of Information Act 2000:</p> <ul style="list-style-type: none"> • Section 28 (relations within the UK) • Section 29 (the economy) • Section 35 (Government policy) • Section 36 (effective conduct of public affairs) • Section 41 (information provided in confidence) • Section 43 (prejudice to commercial interests)
Date submitted to Secretariat:	13 July 2017

1. Background

- 1.1 At the May Board meeting an update was presented on the current status of Wylfa Newydd together with a Programme Plan relating to Welsh Government activity in this area.
- 1.2 This paper presents an update on the project, presents an update on the WG response to Pre-Application Consultation 3 (in accordance with the plan) and outlines the key issues and risks looking forwards.

2. Issues for consideration

- 2.1 Further to the last Board meeting and subsequent Wylfa Newydd High Level Group (HLG) meeting, good progress is being made to raise the profile and seek buy in across the organisation on the project.
- 2.2 However it is clear that in order to service this project within the acute timelines being driven by Horizon Nuclear Power, there needs to be a far more formalised and disciplined approach to managing Wylfa Newydd across government and this should drive accountability for the project across the organisation (primarily in respect of the allocation of funding and people). The formalising of governance is primarily required in the immediate term to safeguard the Wales position going into the Development Consent Process.
- 2.3 Since the May Board meeting we have also, through engagement with the developer, UK Government and specifically via the Pre-Application Consultation 3 (PAC3) process, become more attuned to the risks associated with this project, i.e. the risks to the Wylfa Newydd Project, the risks to Wales (of failing to secure benefits and of incurring negative impacts), and the risks to WG. This heightened understanding of risk further compounds the need for formalised governance across Welsh Government.
- 2.4 It is also clear that this understanding of risk clarifies the external facing role of Welsh Government in respect of this project – whether this relates to WG Ministerial and officials' engagement with Her Majesty's Government, Isle of Anglesey County Council or north Wales regional stakeholders.
- 2.5 These issues have been shared by the HLG with the First Minister.

3. External drivers - project update

- 3.1 Horizon Nuclear Power 3rd phase Pre-Application Consultation closed on the 22nd June.
- 3.2 The Welsh Government's response highlights that WG supports the opportunities that an infrastructure project of this magnitude can bring, but not at any cost.
- 3.3 The WG response echoes many of the issues contained with Isle of Anglesey's comprehensive response regarding the potential impacts on the local and regional economy, culture, community, and environment.

- 3.4 The Council has raised concerns regarding the short 30 day consultation timescale, and lack of detail for PAC3. The adequacy of this pre-application consultation period is a matter for the Planning Inspectorate/BEIS Secretary of State to consider as part of processing Horizon Nuclear Power's Development Consent Order (DCO) application once submitted at the end of August 2017.
- 3.5 The issues raised by WG and Isle of Anglesey County Council (IoACC) also chime with responses made by other statutory consultees (e.g. NRW).
- 3.6 The upshot of the PAC3 process is that we need to heighten and structure the engagement with Horizon and the local authority over the coming weeks to ensure that we arrive at a position where all relevant parties have a sufficient level of comfort on key issues ahead of the DCO being formal submitted, i.e. that we have an appropriate level of detail, mitigation, and confidence to enable the project to deliver for the local community, Wales and the UK.
- 3.7 In practice this means that detailed and senior level engagement between WG, IoACC and Horizon will be required in key work areas viz transport, Welsh language, skills, supply chain, health, and environment over coming weeks and months. As indicated in the last Board paper, it will be crucial to secure the necessary evidence base, legal advice and ministerially approved positions to underpin this engagement going forwards.
- 3.7 On the WG position, good progress is being made to finalise a legacy framework. The High Level Group has agreed the framework will be an essential vehicle for coalescing, in due course, a "team Wales" position on Wylfa Newydd. It is anticipated the document, which sets out our position on securing benefits and mitigating negative impacts, will inform our detailed deliberations with IoACC and Horizon once it has been approved by Ministers.
- 3.8 Wider external drivers that have a bearing on the WG Wylfa Newydd effort (which reinforce the urgent need for a more formalised governance) include:
- a) policy developments at the UK government scale regarding new Nuclear
 - b) the ongoing negotiation between UK Government, Government of Japan and Hitachi on the Wylfa Newydd funding package
 - c) the impact EU exit – primarily centred upon Euratom but also the position on immigration and how this impacts Wylfa Newydd workforce
 - d) the sharp focus now placed by UK Government on the north Wales growth bid
 - e) progress at UK level regarding a nuclear sector deal.

4. Internal WG drivers - governance

- 4.1 In light of the external drivers and challenges outlined above, a recommendation was made, and agreed, at the last High Level Group that a formalised governance structure is required for this programme. An outline of the governance structure can be found at Annex A.

- 4.2 The governance model builds upon the recommendation approved at the last WG Board meeting namely that lead directors across the organisation should be assigned responsibility for Wylfa related work. The governance model sets out that, in order to track programme progress, manage and mitigate risks and report on a genuinely cross government basis, these directors should coalesce within a formal decision making programme board to be chaired by the SRO.
- 4.3 It is suggest this board becomes the vehicle for resolving the difficult questions that will inevitably arise over coming weeks and months regarding how resources (staff and budget) are sourced to service the programme.
- 4.4 It is also suggested the proposed governance model will enable transparent and effective reporting and will better service the need to coherently report on this cross government priority to Cabinet.
- 4.5 The Permanent Secretary requested that Wylfa Newydd updates should be presented to the WG Board every two months until the DCO is submitted in August 2017. As outlined in the previous section, the demands and reach of this project across WG will remain beyond August and it is suggested the Board may wish to consider how it continues to maintain an oversight on progress going forwards.

5. Risk

- 5.1 Driven by Horizon Nuclear Power timelines, there is a real risk that the Welsh Government and wider Wales position is compromised and significantly weakened in the absence of a proportionate, robust and formalised cross government governance arrangement.

6. Communication

- 6.1 There are no immediate communications issues associated with this paper

7. General Compliance Issues

- 7.1 There are no immediate compliance issues associated with the paper.

7. Recommendations

- 7.1 The Board is asked to:

- **Note** the update
- **Agree** to the immediate mobilisation of a formal governance structure
- **Advise** on the ongoing role of WG Board in respect of WN