

Welsh Government Wylfa Newydd Programme

Benefits Realisation Framework

Preface

Wylfa Newydd has been defined by the First Minister as one of the big issues of focus for this Government and a specific priority for the CSET and CSEP. The priority is to deliver and achieve a lasting legacy for Wales. Our core driver will be to ensure a legacy that genuinely delivers against our four defined Prosperity for All wellbeing objectives namely to deliver a Prosperous and Secure, Health and Active, Ambitious and Learning, and United and Connected Wales.

Prosperity for All sets out that we will harness the opportunities of major projects such as Wylfa Newydd and Swansea Bay Tidal Lagoon and the **Economic Action Plan** recognises the importance of such projects for creating stronger foundations for the regional economies of Wales and for communities to be equipped with the economic tools to support economic growth – all supported by a whole government approach. This approach also embeds the need for coordination and alignment with all the key stakeholders that have exposure to the project. In keeping with the guiding principles of Prosperity for All we will seek to service Wylfa Newydd on a “team Wales basis”.

The Wylfa Newydd project cuts across a range of Welsh Government responsibilities and it is anticipated that the project will require our significant engagement over the next 10 to 15 years. Through sustained and co-ordinated intervention the Welsh Government can help deliver a project capable of bringing about transformative change to Anglesey and North Wales more widely.

By seeking to exert the maximum influence, with the developer and other interest groups, we will seek to ensure that the project delivers the desired results in key policy areas such as environment, housing, transport, supply chain, skills and Welsh language.

In order to clearly set out the Welsh Government position and set the parameters for our engagement with the developer, UK Government and all other key stakeholders aims and objectives have been set for the following:

- Economy including RD&I
- Education & Skills including Higher Education
- Housing and Accommodation
- Transport and Infrastructure
- Health
- Environment
- Welsh Language
- Marketing and Communications

These aims and objectives directly inform the Welsh Government position contained within this framework.

This framework sets out the rationale for and scope of interventions to be delivered by Welsh Government and/or in combination with other stakeholders including the developer and UK Government in order to deliver value added benefits in the context of Wylfa Newydd.

This framework sets out the broad strategic parameters within which detailed negotiations can take place with key stakeholders and where further detailed work can be progressed on specific interventions.

This framework will directly guide our interaction with the proposed UK Nuclear Sector deal and proposed North Wales Growth Bid.

Our ambition, ultimately, is for this framework to guide the delivery of value adding interventions that genuinely deliver against the Prosperity for All Wellbeing objectives namely a Prosperous and Secure, Health and Active, Ambitious and Learning, and United and Connected Wales.

Economy

Scope

- Nuclear Supply Chain– Business Support, Interaction with business, Intelligence
- Associated Supply Chain – Construction, AMM, Food sectors.
- Tourism – to influence the scope and scale of HNP Tourism fund (not inc accommodation) and develop the cruise industry at Holyhead
- Innovation, Research and Development – exploiting opportunities in science and research including securing the investment in the thermo hydraulic test facility on Anglesey.

Rationale for WG action

Horizon has stated that they will not be investing in supply chain activity until they have reached Final Investment Decision (FID) in 2019. There will be limited ability to secure economy related legacy outcomes via the statutory process.

Any UK Government funding support for the construction of Wylfa Newydd will be conditional upon Horizon agreeing to a supply chain plan. A key challenge for Welsh Government in this respect will be to secure a tangible Welsh content from a wider target of 60% UK local content. In parallel there is a need and opportunity to ensure that the Nuclear Sector and North Wales Growth Deals fully accommodate provisions to support the growth of a vibrant Welsh nuclear sector.

There is a risk that without WG pump priming activity between 2017 and 2019 – there will be little or no dedicated support for the North Wales and wider Welsh economy to prepare for and stand any chance of accessing Wylfa Newydd and wider nuclear sector opportunities. Pump priming investment between 2017-2019 will also enable the exploitation of opportunities in the non-nuclear specific sphere (e.g. food and services sectors). Furthermore without dedicated Welsh interventions there is a risk that displacement effects go unmitigated. Economic development and displacement are also factors that need to be considered in relation to the Welsh language. The WG is clear about the need for language planning and economic

development to work in tandem in order to create Welsh-speaking communities that are economically and linguistically viable.

Prosperity For All – Well Being Objectives that are met by this scope of activity

- **Prosperous and Secure**
- **United and Connected**

Education & Skills

Scope

- Labour Market Intelligence – to enable alignment of our provision according to the evidenced needs of the project at Wylfa Newydd
- North Wales employment & skills brokerage service - A robust, fully inclusive service that will match local people seeking employment with local businesses seeking particular skills.
- Education Provision – Increased engineering provision
- Schools – Enhanced career advice & guidance for schools
- Capital Infrastructure – Engineering Centre for Grŵp Llandrillo Menai (Llangefni campus), construction centres for the Llangefni campus and Coleg Cambria and upgrades to science facilities in secondary schools.

Rationale for WG action

Horizon has stated that, ahead of Final Investment Decision 2020, they do not have the financial capacity to fund the provision of education and training beyond the investment they are currently making for operational staff. There will be limited ability to secure skills related legacy outcomes via the statutory process.

Bringing a large infrastructure project which will employ 8,000 workers at peak, into a rural, predominantly Welsh-speaking community will mean that staff will be displaced from existing employers in the area. The working population of Ynys Mon may increase by as much as 70% during the construction phase. This proved to be the case when Dinorwig power station was built and when Airbus located in North Wales; and will probably create a skills gap for existing businesses, both on the island as well as the broader North Wales region. If this is to be avoided, there will need to be a higher level of investment into education and skills provision; and a decision as to who should pay for this early intervention needs to be agreed. The potential impact on primary and secondary schools should also be evaluated and appropriate mitigation developed. All schools in Anglesey and Gwynedd are classed as either Welsh medium or bilingual. 72% of pupils aged 7 years are currently assessed through the medium of Welsh on Anglesey and 98% in Gwynedd. An influx

of workers and their families will need to be considered and issues relating to Welsh language immersion education will have to be mitigated as well as the effect on school capacity.

HMG are developing a number of responses to the needs of the nuclear industry, (e.g. mapping needs and supply, curriculum development) these developments will involve the development of facilities and provision in England. Consideration will be required as to the consistency of provision across the UK.

In the absence of HNP investment either WG or HMG will need to fund provision. There is a risk that, without WG and or HMG pump priming activity between 2017 and 2020, significantly less local labour will be employed on the site, especially during construction and possibly during operation.

Prosperity For All – Well Being Objectives that are met by this scope of activity

- **Ambitious and Learning**
- **Prosperous and Secure**
- **United and Connected**

Housing & Accommodation

Scope

- Housing Site Assistance - measures to support increased open market housing supply
- New Affordable Homes Build Programme – aimed at North West Wales
- Horizon Housing Fund - to bring empty homes back into use through grants & loans
- Monitoring / Social Lettings Agency Established – effective management of housing stock
- Smart Island Energy Efficiency Scheme – to improve the quality of North West Wales housing stock
- Stock Condition Survey – to enable alignment of our provision according to the evidenced needs of the project at Wylfa Newydd

Rationale for WG action

Up to 3000 workers are expected to take up existing accommodation in the area, with around 900 workers taking up accommodation in the private rented sector (PRS), primarily on Ynys Mon but with impacts expected on the mainland, particularly at Bangor.

The area's current housing provision makes the area particularly vulnerable to housing pressures due to a shortage of affordable housing, some poor housing conditions and a weak housing market.

The risk of this project include rental increases, house price increases, displacement of local residents, an increase in homelessness and restricted housing market access. These pressures may impact disproportionately on vulnerable groups, and particularly on households living in the PRS and dependent on benefits to meet their housing costs. The impacts of rental increases and welfare reform are already being felt. Given the area's linguistic characteristics, there is also a high risk of language

impacts due to an increase in non-Welsh speaking people moving into the area and displacement of local people due to rental increases etc.

Wylfa Newydd, with its associated housing provision, represents a significant investment in housing over the project lifetime, largely through increased rental income and the payment of housing allowances to workers. That investment will increase demand, and without a corresponding increase in supply will undoubtedly lead to price increases, negatively affecting many vulnerable people in the area.

There are real opportunities to harness a proportion of that investment and the WG may chose to adapt programmes and investments to support these opportunities working in collaboration with housing partners. Working in partnership to harness this strategic investment will ensure better housing for local people beyond the project, as well as ensuring investment in worker accommodation alongside and/or cross subsidising affordable housing provision for local communities, bringing empty homes back into use and improving housing conditions in the area.

Prosperity For All – Well Being Objectives that are met by this scope of activity

- **Healthy and Active**
- **Prosperous and Secure**
- **United and Connected**

Transport & Infrastructure

Scope

This in practice translates to securing and leveraging investment in strategically important infrastructure that not only de-risks the Wylfa Newydd project but also serves to underpin the sustainable growth aspirations of the North Wales region:

- Port of Holyhead
- Third Menai Crossing
- Strategic Park and Ride/share Gwynedd/Conwy
- Llangefni Link Road
- Ynys Mon Airport/rail station
- ICT broadband and telecoms infrastructure
- Sites & Premises – delivery through a coherent property development plan

Rationale for WG action

HNP will be spending substantial funds on providing appropriate facilities for people and materials movements necessary to support their project. Some of these investments will be necessary to directly support their project, some will be to mitigate the possible negative impacts of their operations, which they are legally required to do. WG has an opportunity to influence how this investment is spent to ensure longer term legacies where possible. WG could choose to adapt programmes and investments to support the development of these legacy projects.

The volume of traffic movements that the Wylfa Newydd project will generate in a rural area with relatively fragile transport infrastructure will potentially have a substantial impact. To be able to argue for a level of mitigation, where HNP take a different view, will require the WG in developing a substantial evidence base and alternative delivery proposals.

The bulk of HNP materials will be transported by sea to a Marine Offloading Facility (MOLF). However this will not be available for the first few years of construction and

HNP planned mitigation over this period has not demonstrated negative impacts will be mitigated. HNP plans say very little with regard to ICT and telecoms infrastructure, there is likely to be a substantial impact.

Welsh Government's ability to influence the shape of the project via the statutory process will be limited. The Welsh Government's ability to secure significant and strategically important investments in legacy infrastructure will be founded on co-investment – predicated on the fact that this is a once in a generation project that presents once in a generation opportunities to collaborate with both the private sector and UK Government. This will present significant challenges in respect of the scheduling of projects, securing commitments and funding in limited window of time. Where opportunities to achieve legacy arise, it will be important from a Welsh Government and HNP perspective to de-risk the processes associated with their successful delivery.

Prosperity For All – Well Being Objectives that are met by this scope of activity

- **United and Connected**
- **Prosperous and secure**

Health

Scope

Mitigation of negative impacts only.

Rationale for WG action

The Welsh Government's role in Health and Wellbeing is limited to ensuring that there are no additional costs borne by public health providers in Wales.

Prosperity For All – Well Being Objectives that are met by this scope of activity

- **Healthy and Active**
- **United and Connected**

Environment

Scope

In accordance with the Environment Act (Wales) 2016, to ensure that legacy projects undertaken across all work streams consider the contribution they can make to the sustainable management of our natural resources in a way and at a rate that meets the needs of the present generation without compromising the needs of future generations. This will enable us to carry out sustainable development in accordance with the Well-being of Future Generations (Wales) Act 2015.

Rationale for WG action

The Environment (Wales) Act 2016 sets out the legislative framework for the sustainable management of Wales' natural resources. In September 2016 Natural Resources Wales published the State of our Natural Resources Report (SoNaRR) in accordance with the requirements of the Environment Act. This report provides some headline messages about our natural resources and the extent to which they are being sustainably managed. Based on the evidence in SoNaRR, Welsh Ministers have set out their priorities for policy to address the sustainable management of natural resources through the Natural Resources Policy. The Natural Resources Policy sets out the national priorities to address the challenges our natural resources face and realise the significant opportunities that they provide for our well-being and prosperity.

Both the Environment Act and Well-being of Future Generations (Wales) Act 2015 are relevant in relation to the exercise of NRW's regulatory consenting functions, in respect of which the Welsh Ministers may also have statutory functions as an appellate body, for example.

The Welsh National Marine Plan is being developed and will be a relevant consideration in the statutory determination(s) required for the project once it is adopted. The plan is afforded lesser weight than the UK National Policy statement but still has a bearing upon decision making for any aspect of the proposal likely to have an effect in the marine area. The plan will provide a framework for proposals to come forward to ensure they are sustainable and highlights future opportunities for a range of sectors including marine renewable energy in the sea around Anglesey. It also includes policy which seeks to avoid and minimise adverse effects upon the various sectors that already use and benefit from use of marine resources and have potential for growth (aggregates, aquaculture, defence, fisheries, renewables, ports and shipping, coastal tourism and recreation etc.) helping to ensure that Wylfa Newydd benefits can be realised, whilst inappropriate adverse effects avoided.

Consultation on the WNMP is scheduled to start December 2017 subject to agreement from Defra Secretary of State with regard to plan policy relating to retained function.

The environment workstream also covers the historical environment. The Historic Environment (Wales) Act 2016 aims to give more effective protection to listed buildings and scheduled monuments, improve the sustainable management of the historic environment; and introduce greater transparency and accountability into decisions taken on the historic environment. By improving the protection and management of the Welsh historic environment, the 2016 Act and its associated measures will contribute directly to the goals of 'A Wales of vibrant culture and thriving Welsh language', and 'A Wales of cohesive communities'.

Prosperity For All – Well Being Objectives that are met by this scope of activity

- **Prosperous and Secure**

Welsh Language

Scope

Mitigation of negative impacts only.

Rationale for WG action

The Welsh Language has official status in Wales and considerable progress has been achieved through Government support for the Welsh language over the last quarter of a century.

Through the Well-being of Future Generations Act (Wales) 2015 specified public bodies covering the whole of Wales are required to work towards seven well-being goals, one of which is 'A Wales of vibrant culture and thriving Welsh language'; and the system for planning Welsh-medium education provision also has a statutory basis. Welsh Government is under a duty to promote and facilitate the use of Welsh and work towards the well-being goals.

The Welsh Government published a new Welsh Language Strategy, *Cymraeg 2050* in July 2017. The WG is clear that if we want to realise our vision, and reach a million, we need to take action and lay the foundations now. That is why the new strategy emphasises the need to do 3 things;

- Increasing the number of Welsh speakers – to include developing language transmission, early years, statutory education and post-16;
- Increasing the use of Welsh – to include the workplace, services available in Welsh and social use, and;
- Creating favourable conditions – to include (amongst others) community and economy, linguistic infrastructure and planning.

Taking Wales Forward 2016–2021 outlines our ambition for the Welsh language to be used more extensively and for the number who speak it to grow. We also set out our commitment to work towards one million people speaking the Welsh language by 2050 and to continue to invest in encouraging more people to use and speak Welsh in their daily lives.

As well as launching the new Welsh Language Strategy, *Cymraeg 2050*, the Welsh Government has also launch a 5 year strategic plan outlining the targets we need to achieve in order to begin the journey to 2050. The targets are challenging and any reduction in the number of Welsh speakers in the 2021 census will have a negative impact and pose a risk to the WG.

During the construction period, there will be up to 9000 workers on site which will put the Welsh language under severe pressure and weaken Welsh speaking communities.

Anglesey and Gwynedd for many years have been recognised as Wales' Welsh-speaking heartlands with 57.2% and 65.4% retrospectively of its residents' Welsh speakers. From a Welsh language planning perspective, retaining these counties status as Welsh language strong holds is not only important on a local level, but on a regional and national level. However, as is the case with all of the Welsh speaking heartlands (Anglesey, Gwynedd, Ceredigion and Carmarthenshire), the past 10 years have shown a significant reduction in the numbers of the population who speak Welsh. The main contributing factor to this is in-migration of non-Welsh speakers and out-migration of Welsh speakers.

In line with their statutory obligations, all of the Local Authorities across Wales must present a Welsh in Education Strategic Plan (WESP) to the Welsh Government and must clearly show how they intend to increase and support Welsh medium education in line with Cymraeg 2050. Whilst obligating the Local Authorities to do more, we must also ensure that we can support and provide the best possible conditions for the growth of Welsh medium education.

As one of Welsh Government's priorities, we will therefore:

- Consider the Welsh language throughout the development and delivery of policies, projects, research, legislation, grants and services
- Ensure that all Welsh Government policies and initiatives reflect that Wales is a bilingual country and treat the Welsh language no less favourably than the English language
- Consider the impacts (both positive and negative) on the Welsh language, Welsh speaking people and communities in everything we do
- Take action to mitigate potential adverse impacts and seek opportunities to promote positive impacts
- Ensure that services are provided in Welsh and are actively promoted and that third party providers also deliver those services on our behalf in Welsh
- Contribute towards the Welsh Government's strategic priorities of encouraging the use of Welsh and its growth and well-being

Prosperity For All – Well Being Objectives that are met by this scope of activity

- **United and Connected**
- **Ambitious and Learning**
- **Prosperous and secure**