

- 3,300 - Private Rental Sector with greater emphasis on Tourism accommodation on Anglesey including caravans.
 - Reconfiguration of the Parc Cybi site to allow for an increase in HGV numbers.
 - Consideration of deploying a floating pontoon to reduce Marine Off-Loading Facility costs.
 - Reducing the size of Park and Ride facility on Anglesey due to greater number of workers accommodated on site.
6. In light of the optimisation exercise, HNP will be embarking on a third phase of public consultation (PAC3). To this end, HNP has submitted a Statement of Community Consultation (SOCC) for PAC3 to Isle of Anglesey County Council during week commencing 27 February. The SOCC sets out how, why, and when HNP will consult with the public. Isle of Anglesey County Council will have a 28 day deadline to confirm it is content with the SOCC.
 7. The PAC3 consultation is then likely to take place between 8 May 2017 and 7 June 2017. As with the second phase consultation (PAC2), there will be a requirement for the Welsh Government to provide a full cross-Government response.
 8. Following The Wales Act 2017 receiving Royal assent on 31 January 2017, HNP intends to include the majority of associated development applications within the one single and main DCO application to be heard by the UK Secretary of State. This deviates from HNP's original consenting approach whereby the number of Town and Country Planning Act applications to be considered by Anglesey County Council will be significantly reduced because they will now be included within the main DCO.
 9. Set within the context of securing project finance and consents, there is now an onus on the Welsh Government, working firstly with the UK Government and Isle of Anglesey County Council and then with HNP, to define a Welsh position to community benefits. The current UK policy position on community benefits, was set in 2013. This policy does not account for Wylfa Newydd. UK Government officials have therefore advised that a clear position on Wylfa Newydd community benefits needs to be agreed. To arrive at such a position an assessment will be required as to how the current UK position will be translated to Wales, to secure the best outcome for Wales. Considerations to be made in arriving at a Welsh position should include - how to approach payments per MW/hr over the lifetime of generation (as per the model deployed for Hinkley) and exploring opportunities that may exist in respect of business rates and prudential borrowing.
 10. The method of securing maximum impact at least cost to the Welsh Government will be to influence the shape and form of this project e.g. where housing, transport and logistics centres are located. This means that within the context of the critical path outlined above, the Welsh Government must seek to exert maximum influence on this project ahead of FID in 2019. The primary stakeholders that will need to be influenced ahead of FID will be Hitachi, HNP, the UK Government and Isle of Anglesey County Council.
 11. The ability and imperative to influence this project is therefore time bound and time critical, from now to August 2017 and onwards to December 2019. See Appendix 1.

Welsh Government Response Progress

12. Further to CAB(16-17)25 an internal review has been completed which sets out recommendations for mobilising a new cross Government approach.
13. Following the review, a High Level Group, chaired by Des Clifford, with membership including the three Deputy Permanent Secretaries, has been established to provide leadership and mobilise a Government wide approach to Wylfa Newydd. The Group will assemble on a quarterly basis and report to Cabinet every 5 to 6 months to reassure the First Minister and his Cabinet that timely and coordinated progress is being made.
14. The Group commends the following overarching aims to ensure clarity and alignment across Government on our approach. It should be noted that the Welsh Government approach must not in any way prejudice the position of Welsh Ministers and any devolved consent or authorisation:
 - 1) To mitigate the negative impacts of this UK strategically important project on Wales by seeking to exert the maximum influence possible to:
 - eliminate impacts, and
 - secure the maximum amount of compensation from the developer and/or the UK Government where impacts prevail.
 - 2) To exploit the positive impacts of hosting this UK strategically important investment in order to secure a lasting and positive legacy for Ynys Môn and North Wales.
 - 3) To exploit Wylfa Newydd as a catalyst for securing long term benefits for Wales in the context of the wider UK nuclear sector.
 - 4) To coordinate and sustain a cross Welsh Government response to Wylfa Newydd by integrating Wylfa Newydd related activity across existing policies and programmes and as needed, delivering new packages of activity where this adds value and contributes towards the securing of legacy benefits.
15. The programme is now in a position to embark on mobilisation.
16. A Governance model is being finalised and will be presented before the Welsh Government Board on 31st March with a view of being operational from April 2017 onwards.
17. I have met the Leader and Chief Executive of Isle of Anglesey County Council and agreed that in order to secure maximum legacy benefits, alignment must be secured between Isle of Anglesey County Council, regional stakeholders and the Welsh Government by April 2017 on a series of guiding legacy principles i.e. that we are aligned on the key legacy outcomes we expect to be realised from the Wylfa Newydd investment. The rationale is that with greater alignment, the “Team Wales” negotiating position with HNP and the UK Government will be significantly bolstered. It should be noted that a critical success factor in securing this alignment will be to reach an agreement with Isle of Anglesey County Council and regional stakeholders on the “proximity principle” i.e. how to balance compensation for hosting the project

on Anglesey versus deploying strategic influence to secure strategic north and pan Wales benefits.

18. Good progress is being made by officials with HNP regarding the statement of common ground. However, this work is completely dependent on the timely flow of information from HNP.
19. More widely and in respect of 'business as usual' support for the project, good progress is being made on a number of fronts:
 - Collaborating with the UK Government on delivering the UK National Nuclear Thermal Hydraulics Facility for Wales.
 - Ongoing work with the nuclear supply chain in the UK, Europe and Japan.
 - An industry led Wales Nuclear Forum has been in development for the last year, it has continually grown and now has 50 members including Tier 1 contractors for Hinkley Point C and Wylfa Newydd. The forum is supported by the Welsh Government to promote collaboration and ensure contracting opportunities are explored. The Forum will be officially launched at the upcoming Nuclear Industry Association event at Swansea's Liberty Stadium to 200 nuclear sector delegates.
 - Progressing with alternative consenting strategies with HNP and National Grid to seek the feasibility of a combined third Menai crossing.
 - Following attendance at the first UK-Japan nuclear industry forum in Tokyo, dialogue has been instigated with the Government of Japan and Hitachi affording and promoting Welsh Government direct access to the Hitachi supply chain.
 - Engagement brokered between Tidal Lagoon Power Ltd. and HNP. Both companies see genuine benefits and opportunities to co-operate in key areas such as supply chain, skills, consents and stakeholder management.

Next Steps - Spring/Summer 2017

20. Set within the context of the Wylfa Newydd critical path and the traction stemming from establishing the High Level Group, there are a number of key activities that need to be completed over the next 6 months.
21. The activity areas defined below represent areas that are above and beyond "business as usual" where genuine cross Government and cross Cabinet ownership and action will be required:
 - a) Complete Legacy Framework and Evidence Base, building on the principles set out under CAB(16-17)25 on 20 September, 2016. See Appendix 2. .
 - b) Secure formalised alignment with Isle of Anglesey County Council on legacy and proximity principle.
 - c) Input into DCO and statutory processes.
 - d) Integrate Wylfa Newydd into Welsh Government and UK Government policies.
 - e) Define the Welsh Government position on community benefits, business rates and prudential borrowing.
 - f) Define the Welsh Government approach and negotiating position on funding interventions and execute for priority interventions viz supply chain and skills support.
 - g) Mobilise and resource the internal Welsh Government Wylfa Newydd Programme.

- h) Define the Welsh Government approach to external (North Wales) stakeholder management and account management, and mobilise.
- i) Heighten Ministerial and officials engagement with the UK Government on the project.
- j) Finalise the Welsh Government communications plan and execute.

Conclusion

22. On the basis of the above, the following Recommendations are proposed.

Recommendations

It is recommended that Cabinet:

1. Notes the Wylfa Newydd Project critical path from March 2017 to August 2017 and then through to December 2019.
2. Endorses the overarching aims for the Wylfa Newydd programme, and mobilisation of the programme under the leadership of the High Level Group.
3. Mandates the cross Government activities which need to be completed within the next 6 months.
4. Agrees that to expedite and manage cross Government working, the four national strategies must accommodate Wylfa Newydd related priorities and action.
5. Notes that the Cabinet Secretary for Economy and Infrastructure will be instigating a series of bilateral discussions with Cabinet Secretaries to confirm funding and negotiation approach to priority projects by July 2017.
6. Agrees to an immediate heightening of engagement with the UK Government at Ministerial and officials level and to issuing a cross Welsh Government communique informing the organisation that the Wylfa Newydd programme is now live.

Finance Requirements and Governance Implications

23. There are no financial implications to this advice at this time. Further advice including any requests for approval of new financial commitments will be provided in due course.

24. Economy & Infrastructure Corporate Finance has cleared the financial implications set out in this paragraph under number EI/CF/16/811. As there are no issues of regularity or propriety, nor are the proposals novel or contentious, this submission does not need prior approval by the Corporate Governance Unit (CGU). In accordance with FN 01/2015 this advice has been copied to the CGU mailbox for monitoring purposes.

25. Strategic Budgeting have cleared this MA SB/0152/5.

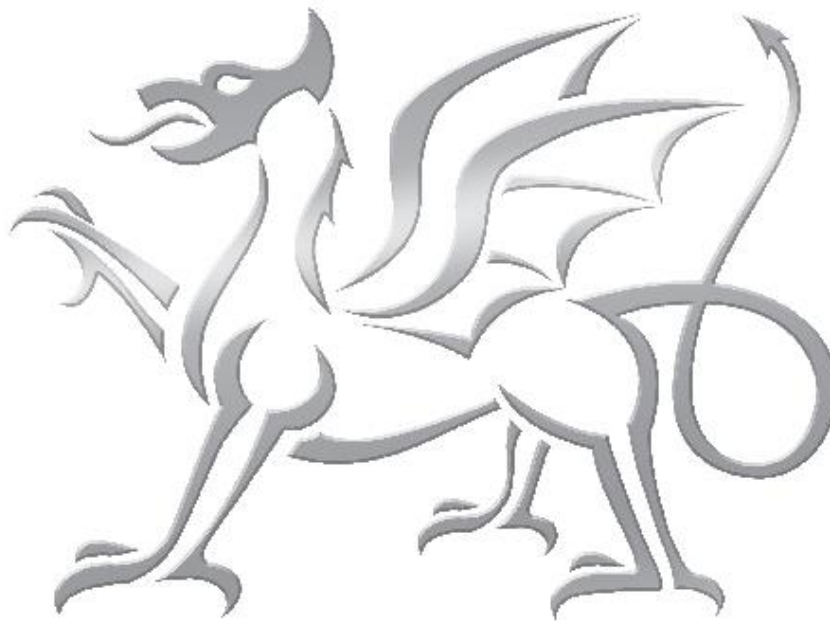
Communications and publication

26. A draft communications plan has been circulated to the High Level Group. Officials will now work under the direction of this Group on next steps.

Joined up Working

23. I continue to engage closely with the Cabinet Secretary for Environment and Rural Affairs on matters relating to the Wylfa Newydd project.

Ken Skates AM
Cabinet Secretary for Economy and Infrastructure
March 2017



Horizon Nuclear Power Timescale

HNP briefing to IOACC Members on project changes as a result of Optimisation Process

28 February 2017

Statement of Common Ground Focus Groups (8 Themes)

February 2017 – July 2017

PAC 3 Consultation (28 days)

8 May 2017 – 7 June 2017

First Statement of Common Ground Agreed

21 July 2017

Wylfa Newydd DCO Submitted For Examination (inc 1st SoCG)

w/c 28 August 2017
NB: Marine Licence same time

DCO Examination Hearings (Dec 2017 – May 2018)

ExA Report to SoS (July/August 2018)
SoS Decision (November 2018)

Approval of DCO Pre-commencement Requirements & CPO of land (if required)

November 2018 – December 2019

Final Investment Decision

December 2019

Welsh Government Timescale

HNP to brief CSERA & CSEI on project changes

w/c 6 March 2017

WN update to Cabinet

21 March 2017

Evidence Base for SoCG

February 2017 – July 2017

NB: Headlines for Supply Chain and Education/Skills to be agreed by 31 March 2017

WG Departments – PAC 3 Response (by 25 May)

Strategic Group Sign Off (30 May)

MA-P to Cab Secs (31 May – 5

Final Draft 1st SoCG to Legal Services for checking

(3 – 13 July)

MA-P to agree/sign off SoCG (17-20 July) NB: Recess starts 24 July

Ongoing engagement on outstanding SoCG issues to inform 2nd SoCG position for start of Examination

Aug 2017 – Dec 2017

Attend DCO Hearings (as relevant) Dec – May 2018

Respond to ExA Questions (as required)

Signatory to DCO Obligations legal agreement (transport, education etc)

INITIAL SUGGESTIONS FOR LEGACY FRAMEWORK

Building upon the suggested legacy framework principles presented within the last Cabinet paper on Wylfa Newydd in September 2016 (CAB(16-17)25), detailed below is a headline and suggested view of the legacy outcomes the Welsh Government may want to see achieved in respect of the Wylfa Newydd project during this Government term.

It should be noted that, as per the First Minister's mandate, the ability to secure these legacy outcomes will be founded upon the Welsh Government exerting maximum influence as possible on the developer and UK Government.

The key mechanisms for securing this influence will be:

- a) via the statutory process currently in train (i.e. to engage with the developer to materially change the shape and form of the project); and
- b) to instigate (subject to further and separate Ministerial advice and approvals) a series of investments aimed at leveraging co-investment from the developer, UK Government and others.

The detail provided below will be subject to further refinement, development and approval that can now be actioned via the new governance arrangements set out in this paper, as well as via detailed negotiations that will need to take place with the developer and UK Government over the next 6 months.

It is suggested that any negotiation with the UK Government on this matter is mindful of the wider context relating to:

- a) the potential North Wales growth deal; and
- b) the Nuclear sector deal that will be developed for the UK as part of the UK Industrial strategy.

Set within the context of the aims detailed in paragraph 14 of this paper, initial suggestions to be developed further into a legacy framework are detailed in the table below.

It is suggested that legacy outcomes will be secured via coordinated action, influence and investment across public and private sectors. For each legacy outcome, it is suggested that a hierarchy of approach should be considered:

- a) To influence the shape and form of the project i.e to 'design out' negative impacts and 'design in' positive impacts at no additional cost to the developer and no investment by the Welsh Government.
- b) The developer pays.
- c) UK Government contributions e.g. level of CFD; any funding available via the Nuclear Sector deal.
- d) Co-investment by the developer and/or UK Government and Welsh Government.
- e) Investment by the Welsh Government to deliver value added benefits.