1. Current state

a. The construction sector contributes £8 billion to the Welsh economy per annum, there are 13,000 companies employing 130,000 in roles ranging from traditional onsite construction roles to professional service roles, such as Civil Engineers. A significant number of these professionals are EU Nationals who are working in Wales / the UK. They currently enjoy freedom of movement rights. Similarly, many UK / Wales Nationals work in the EU. We need to secure the rights of existing EU workers in the construction sector if we are to avoid projects being ground to a halt, particularly in the capital together with an immigration system that recognises the importance of construction to the UK's competitiveness and supports the sector in attracting global talent.

b. UK investment for infrastructure is from a combination of public and private sources. 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.

2. Future Status

a. At times of uncertainty and national pressure construction is often the sector first economically impacted and impacted for longest. Uncertainty makes Wales and the UK a less attractive investment location/option.

b. 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. We need to create a Wales that is appealing to private sector European Funding. This will be achieved by having:

i. a stable economy

ii. with a stable return on investment

iii. and by having a skilled workforce.

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

d. There are few barriers to European companies to operate in Wales and 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 needs to be addressed to avoid unfair penalty or advantage.

e. A long term programme is needed to evolve the skills and practices of the sector in line with cultural and technological change. This would be done to attract a more diverse workforce and take advantage of efficiencies offered by new ways of building.

3. European Investment Bank (EIB)

a. 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.

b. 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 Wales' and the UK's relationship with 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?

4. Codes and Standards

a. 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.

b. Whilst the vast majority of codes and standards are voluntary in Wales / the UK, in some areas, harmonised use is mandatory such as Construction Products Regulation (CPR).

c. It is unclear about the use and future use / changes to European Standards. Industry may face the prospect of having to conform to two sets of standards, impacting competitiveness especially concerning construction products. Wales / the UK may also lose its place at the table to influence future changes to codes or European Standards.

5. Workforce and Skills

a. 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.

b. Beyond the short term issues of addressing EU/Wales/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.

c. The Welsh workforce can provide the skills required for European companies, particularly in the emerging technologies of tidal energy and nuclear power. The availability of this workforce must be guaranteed by efficient transport links and investment and coordination of training.

6. Industry Strategy

a. At present there is no strategy for construction in Wales, with 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.

b. Response to the treatment of devolution

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

ii. The nature and extent of framework areas is not clear – there is a potential impact on the built environment.

7. Innovation and cross border issues

a. Currently businesses are using computer systems and software so that the need for people to move between countries is diminishing. Wales needs to look to innovate to make use of this opportunity. In particular, we need to work with Europeans to a common BIM environment

b. We need to work with our European neighbours when considering issues which are cross border, for example the environment and infrastructure connectivity. We want our infrastructure to work with European infrastructure.

c. We need to work with the Republic of Ireland to ensure that all the trade is not funnelled through Northern Ireland.