

Rebecca Evans MS
Minister for Finance and Local Government

30 June 2022

Dear Rebecca,

Legislative Consent Memorandum for the UK Infrastructure Bank Bill

As you are aware, the Business Committee has referred the Legislative Consent Memorandum for the UK Infrastructure Bank Bill ('the LCM') to several committees for consideration, including the Climate Change, Environment and Infrastructure Committee ('the Committee').

At its meeting on 30 June, the Committee agreed I should write to you seeking further information and/or clarification on a number of matters, which are of specific interest to us, given our remit. Without prejudice to the Welsh Government's current policy position on the Bill, we would welcome a response from you on the following questions.

1. To what extent does the Bill, as drafted, reflect the Welsh Government's policy priorities in relation to infrastructure investment?
2. To what extent are you satisfied with the Bank's 'objectives' set out in section 2(3)? Are there any other objectives that you believe should be included, for example, tackling the decline in biodiversity?
3. How will the Bank take into account Welsh legislation, for example, the Well-being of Future Generations Act, when making its investment decisions?
4. Much of the detail relating to the Bank's core principles and parameters within which it will operate are set out in the UK Infrastructure Bank Framework Document ('the Framework Document'). To what extent are you satisfied that an appropriate balance has been struck between the detail contained in

the Bill and that left to the non-legally binding Framework Document, which has been agreed by the UK Government?

5. As noted in the LCM, the Framework Document states “where an investment is primarily to support economic growth, the Bank will ensure that it does not do significant harm against its climate objective”. Please set out your understanding of:

- the meaning of ‘significant harm’ in this context, and
- how the Bank will determine whether an investment will do ‘significant harm’.

6. Even though a specific investment decision may not meet the threshold of ‘significant harm’, it is possible that a series of decisions could be considered cumulatively to cause significant harm. Please set out your understanding of whether and how the Bank will consider the cumulative effect of its investment decisions.

7. To what extent are you satisfied with the meaning of ‘infrastructure’ set out in section 2(5)? Are there any other aspects/measures that you believe should be included within the meaning?

8. As drafted, the Bill would permit the Bank to provide financial assistance to infrastructure projects relating to roads. To what extent does this align with the Welsh Government’s current transport priorities and its sustainable transport hierarchy?

9. The UK Government has made clear its intention that the Bank should be permitted to provide financial assistance/loans for projects aimed at improving the energy efficiency within homes. Can you explain whether and how this will help support the Welsh Government to deliver its ambitions to decarbonise Wales’ housing stock?

10. The Framework Document sets out types of projects that should not be supported by the bank, including projects involving extraction, production, transportation and refining of crude oil, natural gas or thermal coal with very limited exemptions. Please set out your understanding of the ‘very limited exemptions’.

11. Are there any other types of projects that you believe the Bank should not be permitted to support?

12. In reference to the policy mentioned in question 8, the Explanatory Notes states that “This policy will be updated over time to reflect changes in government policy and regulatory standards”. How will the Welsh Government ensure these changes reflect policies or regulatory standards that fall within devolved competence?

13. The Bill creates delegated powers to enable the Treasury to change the Bank’s activities or the definition of infrastructure using secondary legislation under the affirmative procedure in the UK

Parliament. What arrangements are in place to ensure the Welsh Government (and other devolved governments) are consulted in advance of any such changes?

14. What role will the Senedd have in considering subordinate legislation to change the Bank's activities or the definition of infrastructure?

I am copying this letter to Huw Irranca-Davies MS, Chair, Legislation, Justice and Constitutional Affairs Committee; Paul Davies MS, Chair, Economy, Trade and Rural Affairs Committee; Peredur Owen Griffiths MS, Chair, Finance Committee; and Julie James MS, Minister for Climate Change.

I should be grateful if you could respond no later than 28 July 2022.

Yours sincerely,



Llyr Gruffydd MS,
Chair, Climate Change, Environment and Infrastructure Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.