

Infrastructure 01, Individual

Senedd Cymru | Welsh Parliament

Pwyllgor Newid Hinsawdd, yr Amgylchedd a Seilwaith | Climate Change, Environment, and Infrastructure Committee

Bil Seilwaith (Cymru) | Infrastructure (Wales) Bill

Ymateb gan Unigolyn | Evidence from Individual

General principles

What are your views on the general principles of the Bill, and is there a need for legislation to deliver the stated policy intention?

No response

What are your views on the Bill's provisions (set out according to parts below), in particular are they workable and will they deliver the stated policy intention?

Part 1 - Significant infrastructure projects

No response

Part 2 - Requirement for infrastructure consent

No response

Part 3 - Applying for infrastructure consent

No response

Part 4 - Examining applications

No response

Part 5 - Deciding applications for infrastructure consent

No response

Part 6 - Infrastructure consent orders

No response

Part 7 - Enforcement

No response

Part 8 - Supplementary functions

No response

Part 9 - General provisions

No response

What are the potential barriers to the implementation of the Bill's provisions and how does the Bill take account of them?

No response

How appropriate are the powers in the Bill for Welsh Ministers to make subordinate legislation (as set out in Chapter 5 of Part 1 of the Explanatory Memorandum)?

No response

Are any unintended consequences likely to arise from the Bill?

No response

What are your views on the Welsh Government's assessment of the financial implications of the Bill as set out in Part 2 of the Explanatory Memorandum?

No response

Are there any other issues that you would like to raise about the Bill and the accompanying Explanatory Memorandum or any related matters?

Yes. A series of correspondences with Welsh Government officials regarding the Infrastructure [Wales] Bill.

Date: Wed, 5 Jul 2023 21:09:54 +0100

Dear Minister

Subject: Infrastructure [Wales] Bill

I have today received, from Welsh Parliament, a copy the "Explanatory Memorandum incorporating the Regulatory Impact Assessment and Explanatory Notes" presented by Welsh Government 12 June 2023 in support of the Infrastructure [Wales] Bill. A copy is attached hereto.

Having carefully examined the document, I would be grateful if you provide clarification regarding the concerns listed below.

1. An appraisal period of only 5 years [2024/25 to 2028/29] for new legislation in Wales does not appear to comply with the requirements set out in H M Treasury Green Book, and
2. Option 2 - your preferred option - identifies monetary costs but not monetary benefits. Only intangible benefits are listed. To comply with H M Treasury Green Book, projected future costs and future benefits should be discounted to present value using the Treasury discount rate.

I would be pleased to receive clarification as to why you consider the **Benefit v Cost analysis** - as presented to Welsh Parliament - complies with H M Treasury Green Book.

I look forward to your observations at your convenience. Thank you.

----- Forwarded Message -----

Date: Thu, 6 Jul 2023 21:09:18 +0100
Subject: Infrastructure [Wales] Bill

Dear Chair

I refer to the above subject and note that your CCEI Committee is currently seeking views on the general principle of the Bill and the need for legislation to deliver the stated policy intention, with closing date for submissions Friday 11 August 2023.

Please note, I am currently awaiting reply to my letter dated 5 July 2023 addressed to the Rt Hon Julie James MS, Minister for Climate Change, Welsh Government. A copy of the letter is attached hereto. I would be grateful if your Committee could note the letter content and concerns drawn to the attention of the Minister. I have received an acknowledgement from Welsh Government with target date for reply 31 July 2023.

I shall endeavour to update your Committee further when a substantive reply is received from Welsh Government to the concerns raised regarding compliance with H M Treasury Green Book. Thank you.

Date: Friday, July 28, 2023 8:47 AM
Subject: Infrastructure [Wales] Bill

Dear Chair

I refer to the above subject and my letter to you dated 6 July 2023.

I have now received a reply from Brian Davies, Planning Directorate, Welsh Government, acting on behalf of the Rt Hon Julie James MS Minister for Climate Change. A copy of the letter - dated 27 July 2023 - is attached hereto together with the Explanatory Memorandum.

The appraisal by Welsh Government is considered to be fundamentally flawed as no evidence has been presented to confirm that a "steady state" is reached on costs and benefits within a 5-year time period. You will note that monetary benefit has not been quantified. Additionally, there is no evidence that there is a positive Net Present Value [N P V] under the preferred option as, again, monetary benefit has not been quantified.

I stress, it is not possible to calculate Net Present Value [N P V] if monetary benefit has not been quantified. There is a requirement for projected future costs and future benefits to be discounted to present value using H M Treasury discount rate before N P V can be calculated. Only intangible benefits has been taken into consideration by Welsh Government. It is for this reason the documentation presented by Welsh Government to Welsh Parliament for scrutiny is considered to be fundamentally flawed.

I am aware that your closing date for submissions is Friday 11 August 2023. I would therefore be grateful if you could record this letter as my formal response to your consultation. If you require additional information or further clarification you are welcome to contact me at any time. Thank you.



Ein cyf/Our ref TO/JJ/01997/23

[REDACTED]

[REDACTED]

27/07/23

Dear [REDACTED]

Thank you for your e-mail dated 5 July to Julie James MS, Minister for Climate Change regarding the Explanatory Memorandum to the Infrastructure (Wales) Bill. Your e-mail requests clarification on two points in relation to the Explanatory Memorandum and more specifically its Regulatory Impact Assessment (RIA). I have been asked to reply on behalf of the Minister.

In response to your first query on how the 5 year appraisal period used for the RIA aligns with the requirements set out in the HM Treasury Green Book. Guidance on RIAs for the Welsh Government is set out in its Legislation Handbook (dated May 2019, weblink to the guidance is as follows: <https://www.gov.wales/legislation-handbook-assembly-bills>). This guidance confirms the HM Treasury Green Book provides additional guidance for RIAs, but as it is a publication of the UK Government some elements of it do not apply in respect of Senedd Bills (paragraph 6.18 of the Legislation Handbook refers). Paragraph 6.38 of the Legislation Handbook confirms that it is for Welsh Government officials to determine the appropriate appraisal period for the policy in question and the most important factor in determining this period is that it is "...sufficiently long to ensure that a 'steady state' is reached on costs and benefits...".

The 5 year appraisal period was chosen in the RIA for this Bill as implementation will occur over a period of a year following the Bill receiving Royal Assent, with a new infrastructure consenting regime to be operational during year 2. Once the new consenting regime is operational during year 2, it is expected costs will reach a steady state within a short timeframe and well within a 5 year period from the Bill receiving Royal Assent. Extending
Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

the appraisal period beyond 5 years would not result in any increase or decrease in the costs incurred by different stakeholders per year. Furthermore, since the cost-savings anticipated in the preferred option are greater than the alternative options, extending the appraisal period would not result in any change in the ranking of the options. Therefore, the appraisal period of 5 years is considered appropriate in this instance.

In response to your second query about the monetisation of benefits, where it was possible to quantify and monetise costs and benefits, this was done. The principle benefit of the proposals is a more streamlined consenting regime and this is expected to result in cost-savings to the Welsh Government, Local Authorities and developers. Those cost-savings have been monetised and discounted. Since the on-going cost-savings are expected to outweigh implementation costs, there is a positive Net Present Value (NPV) under the preferred option.

In addition to the monetised cost-savings, we anticipate further benefits from the more streamlined regime, including removing complexity from the process for determining significant infrastructure projects. Due to their nature, it was not possible to accurately monetise these wider benefits, however, they have been correctly included in the RIA in qualitative terms and taken into account when identifying a preferred option.

Yours sincerely,

Brian Davies
Infrastructure Bill Team
Planning Directorate
Welsh Government