

National Assembly for Wales
Environment and Sustainability Committee

**Inquiry into Welsh Government
Proposals for the M4 around
Newport**

July 2014



Cynulliad
Cenedlaethol
Cymru

National
Assembly for
Wales

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Environment and Sustainability Committee

The Committee was established on 22 June 2011 with a remit to examine legislation and hold the Welsh Government to account by scrutinising expenditure, administration and policy matters encompassing: the maintenance, development and planning of Wales's natural environment and energy resources.

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Plaid Cymru
Arfon



Mick Antoniw
Welsh Labour
Pontypridd



Russell George
Welsh Conservatives
Montgomeryshire



Llyr Huws Gruffydd
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Mid and West Wales



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Recommendations

Recommendation 1. We recommend that the Welsh Government provides answers to the questions set out in our letter dated 5 June as soon as possible, and no later than the date on which the Minister responds to this report. (Page 16)

1. Introduction

1. We have been considering whether or not the process followed to date in relation to the Welsh Government's proposals for the M4 around Newport have effectively balanced economic and environmental needs and interests.
2. This is the most significant investment decision taken by a Welsh Government to date. It is vital that the process followed is transparent, accurate and in line with best practice in relation to the assessment processes that it must follow.
3. We are disappointed that the Welsh Government has been unable to answer the many questions that have arisen during the course of our work. Whilst the Minister did provide a written responses on 20 December 2013 and 19 March 2014, in reporting, we must be clear in stating that we invited the Minister for Economy, Science and Transport to appear before us on three occasions and also offered her the opportunity to respond in writing to the questions that have been raised at the conclusion of our work. The Minister declined these invitations.
4. Further, whilst we received a written submission, we are also disappointed that CBI Cymru did not appear before us - despite being offered six different dates over a six month period to attend one of our meetings.

Our conclusions

5. In the absence of any substantial answers to the serious questions and concerns that have been raised in relation to the process that has been followed to date **we conclude that:**
 - **Serious unanswered questions exist about whether the process for selecting and de-selecting options for the consultation was in line with requirements of the SEA Directive;**
 - **Serious unanswered question exist as to whether the options that were consulted were sufficiently distinct to have met the requirements of the SEA Directive and the good practice guide issued jointly by the UK Government and devolved administrations;**
 - **In addition to the questions about distinctiveness of the options considered, no clarity exists as to the status of the assessment of the Blue Route proposals put forward as an alternative;**

- That there has been no explanation as to why the Environmental Report did not take sufficient account of concerns raised by, amongst others, their own statutory advisers Natural Resources Wales (NRW), and we believe that the concerns raised by NRW are sufficiently serious to call into question the value of the information provided in the Environment Report;
- The potential impact of the public transport and electrification proposals, particularly the South Wales Metro, proposals have not been given sufficient consideration;
- We are left unconvinced by the traffic projections that have been used and have heard evidence to suggest a more flexible and robust approach is possible to address uncertainty in forecasting methods;
- The total cost of the scheme including all ancillary measures remains unclear and the source for funding for this total cost uncertain; and
- Given the lack of clarity on the assessment of alternative options, wider public transport measures, the Metro proposals and the potential impacts of electrification it is difficult to conclude on the basis of current information that a convincing case for the long-term value for money of this potential investment has yet been made.

6. In summary, we have grave concerns about the consultation process and the basis on which this decision has been made.

7. We do not draw conclusions on the merits of a particular route, as our work has focused on the process followed rather than the merits, or otherwise, of particular options. However, the evidence we have received leads us to conclude that the Blue Route is a proposal worthy of fullest consideration.

8. It is possible that some of these concerns could have been addressed, had the Welsh Government engaged with our scrutiny of this issue more fully. We will be better placed to comment on this once we receive a response to our letter to the Minister for Economy, Science and Transport dated 5 June 2014 and to this report.

Recommendation

9. We make the following recommendation:

We recommend that the Welsh Government provides answers to the questions set out in our letter dated 5 June as soon as possible, and no later than the date on which the Minister responds to this report.

10. If the Welsh Government is unable to satisfactorily answer the questions in our letter dated 5 June, then we believe that it will need to consider restarting the consultation process to ensure that the concerns that have been raised are properly considered; that all reasonable alternatives are considered; and the process that is followed is beyond reproach.

11. The following sections of this report repeat some of the commentary published in our 5 June letter, and explain our conclusions in more detail.

2. Process for Selecting and de-selecting options

12. Evidence provided to us has questioned whether the processes followed for the selecting and de-selecting of options for consultation and environmental assessment have met the requirements of the SEA Directive. In particular, we have heard concerns about selection process for the options contained in the M4 Corridor around Newport consultation and how the de-selection of options contained M4 CEM consultation was carried out.

13. Given that a new motorway was not included as an option in the M4CEM consultation stakeholders are unclear about the reasons for the selection of the Black Route as the preferred option. Stakeholders have also told us that there is a lack of clarity as to the status of the Environmental Report that was published alongside the M4CEM in November 2012 and as a result its relationship to the consultation on the M4 Corridor around Newport. This confusion has led to questions about the validity of the SEA process followed to date.

Conclusion

Serious unanswered questions exist about whether the process for selecting and de-selecting options for the consultation was in line with requirements of the SEA Directive.

3. Options Assessed

15. Some stakeholders have questioned whether the three options assessed as part of the consultation on the M4 Corridor around Newport are sufficiently distinct enough to allow for meaningful comparison as required by the SEA Directive. In your letter to us on 19 March you outlined that consideration was being given as to whether or not the Blue Route would be considered as a reasonable alternative to the draft plan. No clarity has been provided as to whether, if included, the Blue Route has or will be fully assessed by the Welsh Government in accordance the SEA Directive process. We note that this process would require a full public consultation on any potential impacts of the proposed route.

Conclusions

We conclude that serious unanswered question exist as to whether the options that were consulted were sufficiently distinct to have met the requirements of the SEA Directive and the good practice guide issued jointly by the UK Government and devolved administrations.

In addition to the questions about distinctiveness of the options considered no clarity exists as to the status of the assessment of the Blue Route proposals put forward as an alternative.

4. Content of the Environmental Report

16. We note that the responses from NRW's Operations South Directorate and Governance Directorate make a number of recommendations about the content of the Environmental Report on the M4 Corridor around Newport. In particular we note that both Directorates express disappointment that some of the issue raised by the body in its responses to the Scoping Report on the environmental assessment were not taken into account in the production of the final Environmental Report.

17. With regards to biodiversity impacts, NRW's Governance Directorate concludes that it is unable to agree with the assessment's findings of impacts on biodiversity as 'minor negative' and recommends that this is amended to 'major negative'. Both of NRW's Directorates also question the completeness of the assessments contained in the Environmental Report on soil contamination, greenhouse gas emissions, water quality, landscape and townscape. In addition NRW outlines that it would expect the Environment Report to have assessed the impacts of not only the motorway itself but any ancillary junction and construction developments.

Conclusion

We conclude that there has been no explanation as to why the Environmental Report did not take sufficient account of concerns raised by, amongst others, their own statutory advisers Natural Resources Wales (NRW), and we believe that the concerns raised by NRW are sufficiently serious to call into question the value of the information provided in the Environment Report.

5. Consideration of public transport issues.

18. We note that the Minister for Economy, Science and Transport's letter of 20 December 2013 states "traffic modelling during the draft plan development identified that a highly significant increase in public transport usage in the Newport area would not solve the problems on the M4 around Newport" and that "a **dedicated separate task group**" is taking forward public transport improvements.

19. We understand that the *M4 Corridor Enhancement Measures Public Transport Overview*, referenced in the Minister for Economy, Science and Transport's letter dated 20 December 2013, considered illustrative measures with an estimated capital cost of around £300m. Evidence provided to us suggests that this work was undertaken before the scale of the Metro proposals, which estimates total investment of £2bn, became clear.

20. We note that in its response to the Environmental Report NRW Operations South Directorate recommends that findings from the Metro study 'may influence the evidence presented relating to problems, aims and goals for the M4 around Newport consultations and inform decisions made on sustainable options'.

21. We also heard evidence suggesting that integrated transport policy should consider the effect of all interventions together, and that the combined effect of sustainable / public transport and highway interventions can have a greater impact on travel behaviour than public transport investment alone. It has been suggested that the appraisal of the M4 highway schemes should consider all public transport and sustainable transport options.

Conclusion

We conclude that the potential impact of the public transport and electrification proposals, particularly the South Wales Metro, proposals have not been given sufficient consideration.

6. Validity of Traffic Forecasts

22. We note that M4 forecasts are produced using the Department for Transport's (DfT's) forecasting methodology, and that the Welsh Government has referred to observations contained in DfT's Command Paper *Action for Roads* and research by Prof Jones and Dr Le Vine.

23. However, we have heard evidence, including academic evidence from Dr Le Vine, which suggests that DfT's methodology has consistently predicted significant traffic growth while actual traffic data shows the trend to be broadly flat. Weaknesses in the model have been suggested, including an assumption of increasing future car ownership which has been described as difficult to justify given actual trends. Witnesses emphasised significant uncertainty in future traffic trends, and that the factors underlying the recent levelling in traffic trends are currently poorly understood.

24. Given this uncertainty we have been advised that planners should consider a "scenario approach" to assess the impact of schemes under various "alternative futures".

25. Finally, while the validity of the forecasting model has been questioned in evidence, it has also been suggested by Prof Goodwin that if the forecasts on which the M4 proposals are based are correct, the options considered will be insufficient to improve traffic conditions.

26. Given the evidence we have heard regarding the use of Department for Transport's forecasting model we believe that further work to understand current traffic trends and develop a more effective approach to traffic forecasting would be welcome. We recognise that this is not something which the Welsh Government can do itself. However we believe it should seek to influence Department for Transport to review the effectiveness of the current approach. It seems likely that academics working in the field could assist with this and we were disappointed to hear from Prof Goodwin that Department for Transport will not 'allow anyone else inspect the workings of [the model]'.

Conclusion

We are left unconvinced by the traffic projections that have been used and have heard evidence to suggest a more flexible and robust approach is possible to address uncertainty in forecasting methods.

7. Financial viability and opportunity cost

27. We note the estimated costs for the options contained in the M4 Corridor Around Newport consultation. However, we are unclear whether the cost of environmental mitigation, compensatory habitat etc., as well as enhancements to the local road network, have been considered by the Welsh Government and how these costs will affect the final cost of the scheme.

28. We believe further clarity is needed around the Welsh Government's purchase and upgrading of the former Llanwern Steelworks access road, in terms of its future use and the value for money of investing in this road if it does not form part of a future M4 relief road route.

29. We have also heard evidence suggesting that the current proposals are unnecessarily expensive, risking a significant opportunity cost if excessive resources are allocated to the M4 around Newport. In particular, it has been suggested that using borrowing powers to fund the scheme would limit the opportunity to use borrowing for other schemes.

30. We are aware that the UK Government will provide early access to limited capital borrowing powers in advance of the Wales Bill to invest in the M4. However, we note that the Wales Bill Command Paper makes clear that it will provide Welsh Ministers with **up to £500m of current borrowing powers** from April 2018. We also note that the Wales Bill Explanatory Memorandum states that any borrowing under existing powers **after the passage of the Bill**, explicitly including borrowing for the M4, will count towards the £500m capital borrowing limit.

31. We are not clear about how this approach to borrowing powers will affect the delivery of the draft plan for the M4 around Newport given that the total proposed borrowing limit is approximately half that of the current estimated cost of the scheme. Given these financial concerns we believe there is a need to clarify now how borrowing powers might be used to fund the enhancement of the M4 to permit the financial implications of any scheme to be fully understood and scrutinised.

Conclusions

The total cost of the scheme including all ancillary measures remains unclear and the source for funding for this total cost uncertain; and

Given the lack of clarity on the assessment of alternative options, wider public transport measures, the Metro proposals and the potential

impacts of electrification it is difficult to conclude on the basis of current information that a convincing case for the long-term value for money of this investment has yet been made.

8. Final conclusions and recommendation

32. We have grave concerns about the consultation process and the basis on which this decision has been made.

33. We do not draw conclusions on the merits of a particular route, as our work has focused on the process followed rather than the merits, or otherwise, of particular options. However, the evidence we have received leads us to conclude that the Blue Route is a proposal worthy of fullest consideration.

34. It is possible that some of these concerns could have been addressed, had the Welsh Government engaged with our scrutiny of this issue more fully. We will be better placed to comment on this once we receive a response to our letter to the Minister for Economy, Science and Transport dated 5 June 2014.

Recommendation

35. We make the following recommendation:

We recommend that the Welsh Government provides answers to the questions set out in our letter dated 5 June as soon as possible, and no later than the date on which the Minister responds to this report.

36. If the Welsh Government is unable to satisfactorily answer the questions in our letter dated 5 June, then **we believe that it will need to consider restarting the consultation process to ensure that the concerns that have been raised are properly considered; that all reasonable alternatives are considered; and the process that is followed is beyond reproach.**

Annex A - Terms of reference

The Committee sought the views of stakeholders on whether Welsh Government proposals in relation to the M4, and the process followed, have effectively balanced economic and environmental needs and interests.

Annex B - Witnesses

The following witnesses gave evidence to the Committee. Transcripts of the meetings can be viewed at

www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=1308

6 NOVEMBER 2013	
Session 1	
Martyn Evans	Natural Resources Wales
Graham Hillier	Natural Resources Wales
Jessica Poole	Natural Resources Wales
Session 2	
Professor Stuart Cole	Emeritus Professor of Transport, Wales Transport Research Centre, University of South Wales
Session 3	
Iestyn Davies	Federation of Small Businesses
Joshua Miles	Federation of Small Businesses
Clive Campbell	South East Wales Transport Alliance
Carl Jones	South East Wales Transport Alliance
Simon Nicholls	South East Wales Transport Alliance
Session 4	
James Byrne	Wildlife Trusts Wales
Gareth Clubb	Friends of the Earth Cymru

Mike Webb	RSPB Cymru
Session 5	
Keith Davies	Institution of Civil Engineers Wales
2 APRIL 2014	
Session 6	
Dr Scott Le Vine	Centre for Transport Studies, Imperial College London
Session 7	
Professor Phil Goodwin	Professor of Transport, University of the West of England

Annex C - Written Evidence

The following written evidence was received. All written evidence can be viewed in full at

www.senedd.assemblywales.org/mgIssueHistoryHome.aspx?Ild=8148

<i>Organisation</i>	<i>Reference</i>
Natural Resources Wales	M4 1
Friends of the Earth Cymru	M4 2
The Institution of Civil Engineers Wales Cymru	M4 3
South East Wales Transport Alliance	M4 4
Gwent Wildlife Trust	M4 5
Federation of Small Businesses	M4 6
Sustrans Cymru	M4 7
Wildlife Trusts Wales	M4 8
RSPB Cymru	M4 9
Professor Stuart Cole	M4 10
CBI	M4 11