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Eich cyf/Your ref
Ein cyf/Our ref SF/EH/2666/14

Alun Ffred Jones AM

Chair Environment and
Sustainability Committee

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Dear Alun Ffred

Thank you for your report published 21 July 2014 entitled *'Inquiry on Welsh Government proposals for the M4 around Newport'*.

I announced adoption of the Plan and modification of a Preferred Route for the M4 Corridor around Newport on 16 July 2014. I am therefore now in a position to respond to the further queries raised by your Committee in your letter dated 5 June as again requested in your report.

I recognise the Committee's important role in scrutinising decisions in relation to the M4 corridor around Newport and regret that the timing of the inquiry meant that I could not give evidence to you in person. As I explained in my letters of 20 December 2013 and 19 March 2014, the statutory decision making process in relation to major highways schemes is very strict and I was not in a position to offer a view on the merits of different options until I could consider all the evidence arising from the public consultation and relevant assessments and determine a way forward.

I appreciate that it will have been frustrating for the Committee not to have been able to obtain more detailed answers at the time but I hope that the Committee will understand that this was to protect the integrity of decision-making process.

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I have been clear that thorough statutory assessments must be carried out and the outcome of these assessments must clearly inform the final proposals. I am satisfied that the process we have adopted so far has delivered this and I can assure the Committee that this will continue to be a key focus as the proposals are developed in detail.

I have provided detailed responses to the matters raised in your letter of 5 June 2014 and the Committee's report in the annex to this letter. I have published the reports that informed the decision making process on the website - www.m4newport.com – and these provide substantial further detailed information to assist the Committee in its work.

I would, of course, be happy to assist the Committee with any further queries arising from their consideration of this additional information.

There are a few key points that I particularly wanted to draw attention to because they have been a source of particular concern in the Committee's consideration of this issue.

I can confirm that I gave careful consideration to alternatives to the Plan. A report on *Strategic Appraisal of Alternatives Considered during Consultation* was published at the time of my announcement on www.m4newport.com. This report considered all alternatives suggested, including the 'blue route'.

This assessment concluded no suggested alternative could meet the objectives of the Plan. It showed that the 'blue route', whilst providing a degree of increased resilience, would not address the problems on the M4, could cost more than £600m and could not be delivered any sooner than the Plan.

I recognise that there are clear environmental considerations given the location of the scheme. A Strategic Environmental Assessment process has been completed following a Strategic Habitats Regulations Assessment (SHRA). I have been very grateful for the advice and support of statutory consultees during these assessments, in particular Natural Resources Wales. The level of work undertaken, and the ongoing and continuing nature of our engagement and action to further improve the assessment and the Plan, was reflected in Natural Resources Wales (NRW) being in a position to agree in principle with the conclusions of the SHRA. The detailed reports arising from these assessments are available on the www.m4newport.com website.

This project has a strong business case which was published on the www.m4newport.com website at the time of my announcement. The business case shows that for every pound invested there would be a return of two pounds twenty nine pence. This return on investment is calculated using median traffic growth, in accordance with Department for Transport forecasts. The value would further increase if wider economic benefits are included and

could increase again should the Severn Crossing tolls be reduced or removed as that concession comes to an end.

The Plan has been identified as the sustainable, long term solution to the social, environmental and economic problems on the M4 Corridor around Newport. The Plan is compatible with, and will complement, the Cardiff Capital Region Metro and the electrification of the rail network. It forms an essential part of our vision for an efficient integrated transport system in South Wales.

My announcement of the adoption of the Plan follows a strategic environmental assessment and strategic habitats regulations assessment of the draft plan. This is an ongoing, iterative, process which will be followed by a more detailed environmental impact assessment and an appropriate assessment of the impact on European Sites as we move into the project phase.

I welcome the opportunity to discuss these matters further as we move forward and emphasise that I would be happy to provide further information if required. Given the level of interest in the scheme and the range of views being expressed I anticipate that there would be a Public Local Inquiry (PLI) into the proposals following the publication of the required draft statutory orders and the various assessments. Publication is anticipated in Spring 2016 and at that time more detailed information will be available on the scheme design, cost and environmental assessments.

If objections are received to the published proposals an independent inspector would be appointed to conduct the PLI in Winter 2016/17. This is a public forum where the inspector would listen to the range of evidence presented both orally at the and in written format before reporting to the Welsh Government with his/her findings and recommendations. That report, and all material considerations, will be considered very carefully before the Welsh Government decides whether to proceed with construction of the project.

Annex A

Welsh Government Responses to Queries Raised by the Environment and Sustainability Committee Report of 21 July 2014

Q1) Process for selecting and de-selecting options

Q1.1) The process that was followed for the selection and de-selection of options between the M4CEM Consultation and the M4 Corridor around Newport Consultation and how you believe the processes followed by Welsh Government meet the requirements of the SEA Directive.

Identification, selection and assessment of options was undertaken through Stage 1 (Strategy Level) Appraisals using the Welsh Government's Welsh Transport Planning and Appraisal Guidance (WelTAG) process. This is an appropriate and recognised process for the appraisal of transport strategies or schemes. Copies of these appraisals are available on www.m4newport.com.

WelTAG guidance (available via the Welsh Government website) includes specific consideration of SEA requirements for the appraisal of transport strategies, plans or programmes. The processes followed for compliance are set out in the M4 Corridor around Newport Environmental Report and associated documentation.

Options have been thoroughly identified and assessed during the development and adoption of the Plan.

SEA requires assessment of the plan or programme and reasonable alternatives. What constitutes a reasonable alternative is a matter of judgment for the decision maker but the question is to be judged by reference to the objectives and geographical scope of the plan or programme. During this process, alternatives were rejected where they did not meet the objectives for the M4 Corridor around Newport.

Section 2.1 of the SEA Post-Adoption Statement, available on www.m4newport.com, outlines the 'Development of the M4 Corridor around Newport Plan'. This discusses how options were identified and assessed. Information on how alternatives have been dealt with throughout the SEA process is set out in Section 5 of the Statement, available thorough the above website.

Earlier workshop reports, option workbooks and WelTAG appraisal from the M4 'Corridor Enhancement Measures' programme contain further information on options. These reports are available on www.m4cem.com.

Q1.2) The relationship between the November 2012 M4CEM Environmental Report and the M4 Corridor around Newport Environmental Report.

This matter was covered in my letter to the Committee dated 20 December 2013, an extract of which is copied below for ease of reference.

The strategic level environmental assessment carried out during M4 CEM reported on measures and options that were under consideration to solve transport related problems affecting the M4 around Newport. This assessment was consulted on and the responses received to this assessment assisted with the subsequent preparation and assessment of the M4 Corridor around Newport draft Plan and its Reasonable Alternatives. An Environmental Report has been prepared for the draft Plan in accordance with Regulation 12 of the Environmental Assessment of Plans and Programmes (Wales) Regulations 2004 (the SEA Regulations) and published in accordance with Regulation 13 of the SEA Regulations. This Report can be accessed at www.m4Newport.com.

Q1.3) The reasons for the selection of the Black Route as the preferred option in the M4 Corridor Around Newport Consultation given that the M4CEM consultation did not include a new motorway option.

This matter was covered in my letter to the Committee dated 19th March 2014, an extract of which is copied below for ease of reference.

Discussions between the Welsh Government and HM Treasury/Department for Transport in 2013, as well as the work of the Silk Commission, have created future funding opportunities for Welsh Government infrastructure projects and therefore a further appraisal was undertaken to inform the strategy for the M4 Corridor around Newport. This appraisal, cognisant of the recommendations of M4CEM appraisal, concluded that a new section of 3-lane motorway to the south of Newport following a protected route, in addition to complementary measures, would best achieve the goals and address the problems of the M4 Corridor around Newport, and should be progressed for further appraisal. This subsequently formed the basis for the development of the draft Plan which was taken to consultation.

Further information on the reasons for the selection of the Black Route as the preferred option is provided in M4 Corridor around Newport WelTAG Appraisal Report Stage 1 (Strategy Level) (June 2013). This report can be accessed at www.m4newport.com.

Q1.4) The status of the November 2012 Environment Report on the M4 CEM and confirmation as to whether or not it was withdrawn.

and

Q1.5) If the report was withdrawn the reasons for this decision.

As covered in response to question 1.2, the November 2012 Environmental Report has assisted with the subsequent preparation and assessment of the M4 Corridor around Newport draft Plan and its Reasonable Alternatives. This Report is still available and can be accessed at www.m4Newport.com.

Q2) Options Assessed

Q2.1) Whether you intend to assess the Blue Route as a reasonable alternative in accordance with the requirements of the SEA Directive.

and

Q2.2) If you do intend to assess the Blue Route whether you intend to consult stakeholders on the results of the assessment.

and

Q2.3) Whether the Blue Route will be subject to a published WelTAG evaluation allowing it to be directly compared to the other route options being considered.

In my letter to the Committee dated 19 March 2014, I noted that alternatives to the draft Plan submitted during the M4 Corridor around Newport consultation exercise such as the "Blue Route" were being appropriately assessed to consider whether they are a 'reasonable alternative' to the draft Plan.

I can now confirm that a number of additional alternatives were put forward during the draft Plan consultation. A '*Strategic Appraisal of Alternatives Considered during draft Plan Consultation'* Report, available on www.m4newport.com, concluded that none of these alternatives were considered 'Reasonable Alternatives' in line with the SEA requirements. This report was taken into account as part of the Welsh Government's decision making on its Plan for the M4 Corridor around Newport.

The suggested 'blue route' relates to improvement of existing roads south of Newport, the A48 Southern Distributor Road (SDR) and A4810 Steelworks Access Road.

As set out in the '*Strategic Appraisal of Alternatives Considered during draft Plan Consultation'* Report a WelTAG appraisal was undertaken. Analysis demonstrated that the blue route would not be sufficiently attractive to relieve M4 traffic. It would exacerbate existing problems on the network, at connections with other roads, and it would cost more than £600m - significantly higher than the proposer's estimation of £380m.

Support of the 'blue route' has also been based on statements that it could be delivered up to a decade before the Plan. This is not the case. It would require significant land acquisition involving residential, commercial and industrial property demolition. Additional new roads would also be needed to replace existing accesses to areas like the St Modwen housing development and Tata Steel's premises. Therefore the same land acquisition processes would be required as for the Plan and the 'blue route' could not be delivered any sooner.

Assessment concluded that the 'blue route' would not achieve the objectives of the M4 Corridor around Newport, either as a stand-alone measure or in combination with public transport measures. Therefore it is not a Reasonable Alternative to the Plan.

No further consultation is required regarding alternatives at the strategic level. Opportunity will again be available for stakeholders to put forward alternatives once scheme detail is developed and 'draft Orders' are published (programmed for Spring 2016). Alternatives proposed at that time would be considered by an independent inspector at a Public Inquiry, programmed for Winter 2016/17.

Q3) Content of the Environmental Report

Q3.1) Why recommendations made by NRW in the Scoping Report were not taken into account in the production of the Environmental Report.

and

Q3.3) How you have taken account of the other concerns and questions raised by NRW about the content of the Environmental Report.

I can confirm that Natural Resources Wales' Scoping Report comments were considered in the preparation of the Environmental Report.

Natural Resources Wales (NRW) have been a key stakeholder in the scoping, development and assessment of the SEA Environmental Report, as well as the Strategic Habitats Regulations Assessment, for the M4 Corridor around Newport.

Full details, on a point-by-point basis, of how NRW's comments have been taken into account is set out in Appendix C of the SEA Post-Adoption statement, available at www.m4newport.com. Section 4 of the report also discusses how other statutory consultees have been taken into account.

The SEA process has identified the key environmental issues, identified mitigation measures and formulated a monitoring strategy to inform the implementation of the M4 Corridor around Newport Plan. Scheme level implementation will be supported by detailed assessments through Environmental Impact Assessment (EIA), project level Habitats Regulations Assessment, and relevant licence and consent requirements.

Project level work will include collation of a detailed baseline following extensive surveys, modelling and assessments, further statutory consultation and production of an Environmental Statement and Assessment of Impact on European Sites (AIES) report.

In summary, the EIA and AIES processes will focus and influence the overarching scheme development to avoid, minimise and if required offset any significant adverse effects on the environment in addition to identifying further opportunities to promote positive effects and develop environmental enhancements.

Q3.2) The reason why the Environmental Report concluded that the proposals would only have a "minor negative" impact on "biodiversity" and your response to NRW's conclusion that the proposals would have a "major negative" impact.

How NRW's comments were taken into account has been addressed in response to Q3.1.

In my letter to the Committee dated 20 December 2013 I responded on the assessment of the proposal's impact on biodiversity as reported in the Environmental Report, an extract of which is copied below for ease of reference.

Following the 2012 assessments, potential additional mitigation measures were identified that would deliver benefits. The 2013 SEA consequently included these additional mitigation measures which would be integrated into a project's design should the decision be taken to progress the draft Plan with or without amendment. Assessment methodology has remained consistent.

The biodiversity and water receptors of the Gwent Levels SSSIs are dependent upon the water volume and quality of the reen network.

The 2012 strategic level environmental assessment of an additional high quality road to the south of Newport (M4 CEM Option A) identified potential negative effects due to its potential implementation. The 2013 SEA introduces measures to reduce direct and indirect effects on biodiversity features and water resources. Newly introduced measures include:

- *Water treatment areas: attenuation ponds to store and dilute runoff in-combination with treatment via a reedbed filtration system prior to release to local watercourses. Integration of water treatment areas throughout the highway would provide significant biodiversity enhancement as additional resource and habitat complexity whilst also maintaining compliance with the WFD.*
- *Creation of new reen system to offset the loss of reens through construction of a highway. The created reen would exceed the length of reen lost and would be constructed to the required Internal Drainage Board specification; often representing an enhancement in quality compared to that lost.*
- *Consideration of an overarching management strategy for the Gwent Levels. An ambition to raise the quality of the Gwent Levels beyond the requirements for protected features to the benefit of wider biodiversity.*

The additional mitigation measures meant the 2013 SEA concluded lower overall negative effects. At a project level, should a draft Plan be adopted, an aim would be to demonstrate these measures would provide an overall benefit to biodiversity and compliance with the Water Framework Directive (WFD). It is not possible to reach this conclusion at the strategic stage of assessment.

Q4) Consideration of Public Transport Issues

Q4.1) How the public transport measures considered during the M4 CEM preparatory work compare to those included in the Metro Impact Study

and

Q4.2) What assessment has been made of the potential for the Metro to alleviate congestion on the M4 around Newport, and whether you intend to assess its potential contribution to addressing the problems, aims and goals presented in the consultation on the M4 Corridor around Newport

and

Q4.3) Your response to the suggestion that an integrated transport strategy should consider sustainable transport and highway interventions together

An integrated approach has been undertaken in the development of the Plan.

Public transport issues were appraised within the M4 CEM Public Transport Overview study (and 2013 Update). These documents can be accessed at www.m4cem.com.

The M4 Corridor around Newport Plan is compatible with, and will complement, the Cardiff Capital Region Metro and the electrification of the rail network.

Studies during the Plan development identified that an increased use of public transport in the Newport area would not solve the problems on the M4 Corridor around

Newport. In respect of the potential *scale* of impact, if an approximate 100% increase in public transport usage occurred across the Newport area, this is likely to equate to no more than a 5% decrease in traffic flows on the M4 around Newport. Nevertheless, the Welsh Government recognises the importance of public transport improvements and separate work is focused on developing the Cardiff Capital Region Metro.

Further information on how public transport measures have been considered in the development of the Plan is available in the SEA Environmental Report available on www.m4newport.com.

Q5) Validity of Traffic Forecasts

Q5.1) Your response to the suggestion that the forecasting approach used in developing proposals for the M4 has tended to predict growth where actual trends are flat, and does not take account of uncertainty in future traffic trends

and

Q5.2) Details of how the forecasts on which the current proposals are based compare to actual traffic flows in the period since the forecasts were produced

This matter was covered in my letter to the Committee dated 13 February 2014 (a revision of my letter of 20 December 2013), an extract of which is copied below for ease of reference.

The M4 Corridor around Newport Consultation Document shows observed and forecast traffic levels on the existing M4. This shows substantial growth occurring in the late 1990s, followed by a generally flat profile prior to the economic downturn in 2007/2008, which was further affected by the major road works on the M4 in 2009 and 2010. Following the completion of these road works, traffic volumes have risen back to around the 2005 pre global recession level. 'TEMPRO' (Trip End Model Presentation Program) forecasts show growth from 2011 onwards.

Forecasts are made in accordance with the Welsh Government WelTAG and Department for Transport WebTAG guidance (see www.dft.gov.uk/webtag).

Since the above, a report on this matter has been published giving further details of the robust approach to forecasting that has been adopted. This *Traffic Forecasting Report* is available at www.m4newport.com.

Q5.3) Your response to the suggestion that, as a result of uncertainty about future trends, a scenario approach to planning, which considers how schemes perform under various "alternative futures", should be adopted.

Traffic modelling work does produce forecasts for a range of traffic growth scenarios.

Details of the sensitivity tests carried out to take into account a range of traffic forecasts for high and low growth (and even no growth), are provided in a Traffic Forecasting Report available at www.m4newport.com.

Q5.4) Your response to the suggestion that if the Welsh Government traffic forecasts are correct the current proposals will not significantly improve traffic conditions

This is incorrect. The Plan is the sustainable, long term solution to the problems and goals for the M4 Corridor around Newport. It forms an essential part of our vision for an efficient integrated transport system in South Wales.

Q6) Financial Viability and Opportunity Cost

Q6.1) What consideration has been given to the cost of environmental mitigation, compensatory habitat and local highway interventions associated with the proposals

for the M4, and when the total cost of any scheme including these elements will become clear

The high level cost estimate for the new section of motorway is around £1bn. This estimate includes allowances for environmental mitigation, compensatory habitat and local highway interventions.

This cost estimate will be closely managed at key decision points in scheme development before Welsh Government commits to construction. At that time a detailed estimate of the total cost of the scheme will be available. Work will continue to seek opportunities to reduce costs through value engineering and competitive tendering during the scheme's ongoing development.

Your attention is drawn to the Business Case, for the proposals, available on www.m4newport.com which demonstrates that for every pound invested in the new section of motorway there will be a return of two pounds twenty nine. These values further increase if wider economic benefits are included. Should the Severn Crossing tolls be reduced or removed when the current concession comes to an end, this could increase again.

Q6.2) Your response to the suggestion that the M4 draft plan and reasonable alternatives currently proposed represent a significant opportunity cost

and

Q6.3) What assessment has been made of the actual impact of delivery of the M4 draft plan on other capital programmes / investments

The Plan has been prepared taking into account national, regional and local plans policies and programmes.

I have now published a Business Case, available at www.m4newport.com, which sets out the strategic, economic, commercial, financial and management cases for delivery of the new section of motorway to the south of Newport. The scheme would represent high value for money with wider positive impacts on employment and the economy.

The M4 Corridor around Newport Plan is compatible with, and will complement, the Cardiff Capital Region Metro and the electrification of the rail network. All of these measures will in combination provide an efficient, integrated transport system for South Wales.

Q6.4) How investment in the M4 at Newport will be funded, including the portion of the £500m borrowing limit envisaged in the Wales Bill which will be used and how any balance will be funded.

As well as Welsh Government budgets, it is planned to use our new borrowing powers which has created future potential funding opportunities for Welsh Government infrastructure projects.

The Minister for Finance has been clear that borrowing powers will be used to benefit all parts of Wales and Welsh Government will not be committing all of our borrowing capacity to this single scheme.

It is too soon to say exactly how much of the scheme will be financed through borrowing - that will depend on the final cost of the project, which is still subject to detailed work.