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Gweinidog yr Economi, Gwyddoniaeth a Thrafnidiaeth
Minister for Economy, Science and Transport



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref
Ein cyf/Our ref DC/EH/1965/14

Alun Ffred Jones AM

Chair Environment and
Sustainability Committee

20 June 2014

Dear Alun

Thank you for your letter of 5 June about the proposals for the M4 around Newport.

My officials are currently reviewing responses to the recent consultation on a draft Plan for the M4 Corridor around Newport and will shortly report to me on the findings which will inform the next stage of the decision-making process.

Therefore, at this stage, and because of the need to remain fully impartial and follow all due process, it is not possible to provide any further information than I have already provided to the Committee or is already in the public domain.

Thank you for the invitation to attend a Committee meeting. As there is a formal decision-making process ongoing, unfortunately I am unable to accept an invitation to attend a Committee meeting at present.

A handwritten signature in black ink, appearing to read 'Edwina Hart', written in a cursive style.

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Y Pwyllgor Amgylchedd a Chynaliadwyedd

Environment and Sustainability Committee

Edwina Hart AM
Minister for Economy, Science and
Transport
Welsh Government

5 June 2014

Annwyl Edwina

Welsh Government Proposals for the M4 around Newport

You will be aware that the Committee has been considering the Welsh Government's proposals for the M4 around Newport and that we have taken evidence from various stakeholders and experts.

A number of concerns have been raised about the assessment of the potential environmental impacts of the proposals for the M4 Corridor around Newport. Stakeholders have expressed concerns about both the validity of Strategic Environmental Assessment (SEA) process followed to date and the content of the Environmental Report published alongside the consultation document as part of that process.

1. Process for Selecting and de-selecting options

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 of the options contained in the M4 Corridor around Newport

consultation and how the de-selection of options contained M4 CEM consultation was carried out.

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.

As such we would be grateful if you could set out:

- 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.**
- 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.**
- The status of the November 2012 Environment Report on the M4 CEM and confirmation as to whether or not it was withdrawn.**
- If the report was withdrawn the reasons for this decision.**
- The relationship between the November 2012 M4CEM Environmental Report and the M4 Corridor around Newport Environmental Report.**

2. Options Assessed

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.

Given the concerns expressed about the distinctiveness of the three options included in the M4 Corridor around Newport consultation we would be grateful if you could confirm:

- Whether you intend to assess the Blue Route as a reasonable alternative in accordance with the requirements of the SEA Directive.**
- If you do intend to assess the Blue Route whether you intend to consult stakeholders on the results of the assessment.**
- 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.**

3. Content of the Environmental Report

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 issues 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.

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.

Given the conclusions reached by both NRW Directorates we would be grateful if you could outline to the Committee:

- Why recommendations made by NRW in the Scoping Report were not taken into account in the production of the Environmental Report.
- 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 you are taken account of the other concerns and questions raised by NRW about the content of the Environmental Report.

4. Consideration of public transport issues.

We note that your 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.

We understand that the *M4 Corridor Enhancement Measures Public Transport Overview* 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.

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’.

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.

We would be grateful if you could set out:

- **How the public transport measures considered during the M4 CEM preparatory work compare to those included in the Metro Impact Study;**
- **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**
- **Your response to the suggestion that an integrated transport strategy should consider sustainable transport and highway interventions together.**

5. Validity of Traffic Forecasts

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

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.

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

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

We would be grateful if you could set out:

- **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;**
- **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;**
- **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; and**
- **Your response to the suggestion that if the Welsh Government traffic forecasts are correct the current proposals will not significantly improve traffic conditions.**

6. Financial viability and opportunity cost

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.

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.

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.

We are not clear about how this approach to borrowing powers will affect the delivery of proposals for the M4 around Newport given that the total proposed borrowing limit is approximately half that of the current estimated cost of the scheme.

We would be grateful if you could set out:

- 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;**
- Your response to the suggestion that the M4 draft plan and reasonable alternatives currently proposed represent a significant opportunity cost;**

- What assessment has been made of the actual impact of delivery of the M4 draft plan on other capital programmes / investments; and
- 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.

7. Timeline for your response and appearance before the committee

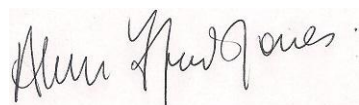
We very much wish to consider your response to the above points before drawing our final conclusions. We intend to draw these conclusions before the summer recess. Therefore, I should be grateful if you could provide us with a response by **Friday 20 June 2014**.

Additionally, we note that you have declined our invitation to appear before us on the basis of legal advice that you have received. I would be grateful if you could indicate a date from which we can expect you to appear before us in relation to this issue.

The Clerk to the committee is happy to liaise with your officials should they wish to discuss any aspect of the requests contained within this letter.

It is our intention to publish this letter on our website, given the public interest in this issue.

Yn gywir,



Alun Ffred Jones AM

Chair of the Environment and Sustainability Committee