



# postnote

February 2002 Number 173

## APPRAISING MAJOR INFRASTRUCTURE PROJECTS

The Government wishes to speed the planning of major infrastructure projects (MIPs) to minimise what it sees as unnecessary delays. As part of a wider package, it is consulting<sup>1</sup> on new procedures that would enable Parliament to make a 'Decision in Principle' on whether a MIP should go forward to detailed scrutiny on local issues at a planning inquiry. The Government intends that Parliament is able to "*fully consider*" a scheme, ensuring that there is "*the opportunity for extensive public involvement*".

The House of Commons Procedure Committee and the Transport, Local Government and the Regions Select Committee are examining the proposals. This briefing focuses on what is meant by MIPs, and how they can be appraised<sup>2</sup>.

### Planning major infrastructure projects

MIPs are large-scale projects of national importance such as new trunk roads, airports, ports, power stations, nuclear facilities and chemical works (see box). There has been concern that the land use planning for MIPs takes too long. While the vast majority of planning inquiries last less than 30 weeks, occasionally, some cases arise that take considerably longer - a now classic example is the Heathrow Terminal 5 inquiry which sat for a record 524 days. Such delays can occur if the inquiry spends a long time considering matters of national interest, as opposed to local issues. Therefore, the Government is proposing a range of measures to speed up the process. These include: the Government making national<sup>3</sup> and regional policy statements (e.g. on airport capacity); followed by Parliamentary Decisions in Principle on specific proposals (e.g. a second runway at Gatwick airport); before detailed scrutiny on more local issues at a planning inquiry.

### Possible types of major infrastructure projects

DTLR has not yet defined the nature of the projects that would come under the definition of MIPs, but has indicated the types of projects that could be included:

- Airports – including new runways, runway extensions and airport terminals
- Power stations – including thermal, nuclear and renewable energy sources; and overhead electricity lines
- Nuclear facilities – including facilities for fuel fabrication, spent fuel reprocessing, waste storage or disposal
- Ports and piers
- Dams and reservoirs
- Major roads
- Railway lines
- Oil and gas facilities – including extraction facilities, pipelines, terminals, storage facilities and refineries
- Chemical works
- Quarries and mines
- Crown developments such as large military projects

### Parliamentary scrutiny of MIPs

Under the new proposals, Parliament would be asked to endorse or reject the principle of, need for, and location of an individual project of major importance. This, the Government sees "*would add weight and accountability to the overall decision-making process*". Parliament's endorsement would not confer planning permission, only that Parliament thought it fitting for the project to proceed to detailed scrutiny at a local planning inquiry. The Government's proposed timetable for the Parliamentary procedures is set out in the box at the top of the next page. An analysis of further details of the proposed procedures will be undertaken by the House of Commons Procedure Committee, and is beyond the scope of this short briefing, which concentrates on the features of technical appraisal of MIPs.

### The Government's proposed timetable for Parliamentary scrutiny of MIPs

The Government's primary purpose for these proposals is to speed up the planning of MIPs. Thus, the Department of Transport, Local Government and the Regions (DTLR) has proposed the following timetable:

- **day 0** - the Secretary of State designates a MIP, and copies the details to Parliament. The public can begin representations to Parliament directly and to the Secretary of State (who will copy these to Parliament).
- **day 21** - deadline for developer to submit, to the Secretary of State, a statement of need and benefits. This too is submitted to Parliament
- **day 42** - deadline for representations to the Secretary of State, but Parliamentary scrutiny can continue.
- **day 56** - deadline for the Secretary of State to deliver to Parliament a summary of representations received.
- **day 60** (as sitting days<sup>4</sup>) - the earliest time for laying the draft Order for the MIP. Parliament can continue its scrutiny until the debate takes place on the draft Order.

## Technical input to project appraisal

### Principles

The precise nature of the project appraisal necessary for MIPs will be determined by the particular procedures Parliament itself adopts. Clearly, the provision of all relevant technical information is a fundamental requirement. Similarly, it is important to have access to sources of independent advice and analysis<sup>5</sup> and to apply robust frameworks for appraisal that can take into account adequately the economic, social and environmental factors involved in the project. Also, open and transparent processes of decision making should strive to be independent of vested interests and to employ inclusive processes that provide ready access to, and effective engagement by the public.

### Appraisal in practice

Any project appraisal requires three basic aspects to be examined. First, the project should comply with national, regional and local land use planning guidance and policy. Second, the proposed principle and design for the project should be appropriate for meeting its stated objectives. This should take into account potential alternative means to meet the objectives, and also other locations and engineering designs. For example, the A34 Newbury bypass was proposed to relieve congestion and pollution in the town centre and allow through traffic to flow more freely. Matters for appraisal included whether a new road was the best way to meet the objectives, and any scope for public transport and traffic management schemes. Once a road solution was chosen, further questions arose over how effects from road alignments and engineering designs could be minimised.

Lastly, the question arises as to whether the balance of all costs, risks and benefits of any proposed MIP is acceptable in the national context - i.e. set against a developer's statement of need and benefits (see box above). This would require the assessment of the impacts of the proposed scheme on sustainable development<sup>6</sup>, i.e. on economic, environmental and social factors (see box opposite).

### Good practice in project appraisal

**Scoping** - The first stage of an appraisal is to identify the key issues arising from the project in terms of its effects on:

- **Environmental factors** including (among others) climate change, air and water pollution, soil quality, landscape and wildlife conservation, noise and nuisance, cultural heritage and archaeology
- **Economic factors** such as the number of jobs created locally, the impact on local, national and regional economies, earnings and income
- **Social factors** including effects on populations, health, communities, deprived and vulnerable groups, and access to leisure and cultural amenities.

**Assessment and mitigation** - This is the 'heart' of the appraisal, and comprises a series of steps to identify:

- the features of the proposed development and the alternatives considered
- the nature and magnitude of the effects of the project
- the significance of those effects
- measures to avoid, substitute for or mitigate unacceptable effects
- the significance of any residual effects
- proposals for monitoring and review.

### Assessing environmental impacts

Procedures for assessing the environmental impacts of particular projects are well established and legally codified in the EU Environmental Assessment Directive<sup>7</sup>. They are transposed into UK law through a range of statutory instruments. The Government has produced guidance on good practice in environmental impact assessment and there is a professional registration scheme for practitioners. Nevertheless, environmental assessment still suffers from a number of limitations, not least that alternative options, and cumulative, indirect and non-local effects are rarely assessed.

Recognising such limitations, the DTI's Foresight Programme (through the Environmental Appraisal Taskforce of the Energy and Natural Environment Panel) recommended<sup>8</sup> that Government should work with the professional community to develop and spread best practice in appraisal. Similarly, quality standards and more comprehensive data sources are required, alongside better relationships between academic researchers and professional practitioners. The Task Force also recommended that guidance be developed for public officials to use cost-effective environmental appraisal.

### Economic impact

To date, there has been less formal codification of economic appraisal, although HM Treasury has published its 'Green Book' on the use of economic appraisal<sup>9</sup> of public investment decisions. This guidance stresses that appraisal is essential for good decision-making and that good appraisal entails: clarity about objectives; identification of alternative ways of meeting them; estimation of the costs and benefits of each option; and a full account of the associated risks and uncertainties. However, it recognises that no technical analysis can ever give "the right answer" - it can only ever be an essential input into good decision-making.

### Assessing social impacts

There is very little formal guidance on the consideration of social impacts. However, the International Association for Impact Assessment has published a set of guidelines produced by US authorities<sup>10</sup>. This sets out a wide range of social factors that should be included but stresses that social impact assessment should consider the interests of all those potentially affected by a project. A key concern within social impact assessment is to determine the distribution of the costs, risks and benefits arising from a project, and to identify mitigation measures to enable a more equitable distribution. The Environmental Appraisal Task Force emphasised the need to develop tools and guidance for social impact assessment.

### Pulling the appraisals together

Good decision-making requires that environmental, economic and social factors are brought together and that the results of appraisals are taken fully onboard. In recent years the idea of developing a framework for 'integrated' appraisal (sometimes known as 'sustainability' appraisal) has attracted growing attention. Since the mid-1990s, this has been increasingly applied to development plans, although issues remain.

First, any appraisal needs to be undertaken at a time when it can influence decision-making. Second, appraisal is only one input to inherently political decision-making and cannot substitute for it. Finally, the development of integrated appraisal tools is still in its infancy, although one such tool (Quality of Life Capital<sup>11</sup>) has recently been developed, and is now being piloted.

Appraisal will have to use a range of tools such as environmental and social impact assessment, risk assessment and cost-benefit analysis, with efforts made to integrate these tools during the appraisals and in the period of decision-making. The development of integrated appraisal will proceed incrementally and pragmatically, with tools designed to be 'fit for purpose'. Parliamentary scrutiny of MIPs would require that specific appraisal techniques were developed to meet its unique needs, but drawing on experience from elsewhere.

### Public involvement

Considering the views of people and organisations likely to be affected by a development has long been widely recognised as essential in any project appraisal. Such involvement aims to ensure both fairness in decision-making and also to reveal sources of information and perspectives that technical analysts may overlook or misinterpret. Indeed, for *environmental* decision-making, public participation is a requirement of the 1998 Aarhus Convention<sup>12</sup>. This has yet to be transposed into law, but an EU draft directive is currently being prepared.

In 2001, POST published a report on public dialogue in science and technology<sup>13</sup>. This showed that a fundamental requirement of effective public involvement is to define its objectives clearly. These can range from relatively straightforward receipt of public views and comments, through more involved processes of

consultation and deliberation, to the transfer of some (or all) decision-making responsibility to the public.

Once the objectives have been agreed, the method of public involvement can be defined, and this crucially affects its outcome. Much work here has shown that the chances of winning acceptance for a project are increased with earlier inclusion in project design of potentially affected people.

## Issues

### Designating projects as MIPs

The Government's consultation paper states that the Secretary of State would be "*sparing*" in designating MIPs for Parliamentary scrutiny. Indeed, in evidence to the Commons Environmental Audit Committee<sup>14</sup>, the Secretary of State suggested that Parliament might be asked to make Decisions in Principle on MIPs around two or three times each year. The DTLR suggests that the Secretary of State would be likely to examine each case separately and "*focus on schemes he judged to be of national significance.*"

DTLR has outlined the types of projects that might be considered as MIPs (see box on page 1). At this stage, however, the technical basis for the criteria by which a project could be designated as a MIP remains unclear. Similarly, it is not clear of the project types outlined by DTLR, which would truly be of national (rather than regional or local) importance, and so how many of these types of development would be designated as MIPs. As such, some suggest that MIPs are likely to come forward less frequently than envisaged by the Secretary of State.

### Scope of the appraisal

As well as deciding on the principle of and need for a MIP, the Government's proposals also seek Parliament's endorsement of its planned location. In response, the Council for the Protection of Rural England (CPRE) has expressed concern, arguing that this would deny local people an opportunity to question the appropriateness of the location. CPRE argues that this is a vital principle of a local public inquiry and that Parliament ought not to make decisions on location. However, it is difficult to see how a Decision in Principle on a project intended for a specific location (such as a second runway at Gatwick airport) could avoid considering local issues.

Perhaps more important is to acknowledge that location-specific appraisals are likely to be complex, and unique to each project. As such, the exact nature of advice and analysis (and hence the timescales necessary) to support decision-making on MIPs by both Houses of Parliament may vary from project to project.

### Ensuring robust appraisal

It is the Government's stated intention that the proposed procedures for considering MIPs should allow both Houses of Parliament to "*fully consider*" a scheme. In its initial response to the Government's proposals, the Royal Town Planning Institute called for an independent body to distil the issues for Parliament. It argued that without

objective information, Parliament “*would not be able to come to the right decision*”. If the two Houses take on the role proposed by DTLR, they would need to consider how they could assure themselves that they would receive timely, comprehensive and high quality information. Two options arise: to provide the resource internally, or to have sufficient internal capacity to commission, manage, interpret and communicate information from external experts.

More generally, the Foresight Environmental Appraisal Task Force recommended a range of actions necessary to improve the rigour of project appraisals, including:

- quality standards
- training and guidance for public officials on simple approaches to integrated project appraisal
- tools and processes for social impact assessment
- means of integrating social, economic and environmental appraisals.

### Public involvement

Current planning inquiry procedures have some measure of public input. Many argue however, that they are inadequate, particularly in three respects: they require specialised knowledge of inquiry procedures; many individuals or small groups find it difficult to access the system, and few have sufficient resources to be effective. The Government’s proposals for MIPs would create a new level of public involvement in the planning system. Some groups, such as CPRE, Friends of the Earth (FoE), the Royal Society for the Protection of Birds (RSPB), and the Town and Country Planning Association (TCPA) have expressed concern that this level may create a significant challenge to effective public involvement. Many people do not regularly take part in government consultations or Parliamentary processes, particularly if these are exercised through ‘traditional’ means like written consultations. As such, TCPA, FoE, RSPB and CPRE are concerned that Parliamentary scrutiny of MIPs will create further barriers to public involvement. Indeed, TCPA has suggested that a Parliamentary committee scrutinising a project should visit the locality, actively seek out local opinion and take formal evidence there.

It has been widely acknowledged (e.g. by the Public Administration Select Committee<sup>15</sup>, the Government, and the Leader of the House of Commons<sup>16</sup>) that processes are needed to enable more people to connect with Parliament in general. Also, as discussed above, public participation in decision-making can help to improve the technical quality of the process. Nevertheless, public participation is not a simple task. As discussed above, objectives must be clear, and the method adopted for engaging the public should be specifically designed to meet the objectives<sup>17</sup>. Therefore, given the forthcoming requirements of the Aarhus Convention for public participation, questions arise over how scrutiny of MIPs can, as the Convention states:

- provide “*reasonable timeframes*” for participation
- adopt “*appropriate*” methods of participation
- take “*due account*” of participation in decision-making.

### Resources for appraisal

Appraisal resources will depend on: the frequency of Parliament’s scrutiny of MIPs; the precise Parliamentary procedures adopted; the timescales adopted for decision making and the capacity and capabilities of Parliament to undertake robust appraisals and enable effective public engagement. These factors will have a direct effect on the resources required for Parliament to give ‘proper consideration’ to the project.

### Review

Over time, a project’s design or external circumstances may change. Should this occur after a project has gained Parliamentary endorsement, the evidence base on which the two Houses of Parliament had appraised the proposal might lose some relevance, with implications for the previously made decision. The questions arise whether and how such Parliamentary decisions could respond to such circumstances.

### Endnotes

- 1 Department of Transport, Local Government and the Regions, 2001. *New Parliamentary Procedures for processing major infrastructure projects*. 17 December 2001. Available on DTLR’s web site at: [www.planning.dtlr.gov.uk/consult/majinfra/pdf/infostruc.pdf](http://www.planning.dtlr.gov.uk/consult/majinfra/pdf/infostruc.pdf)
- 2 POST is also examining overseas experience of similar systems.
- 3 Some groups have argued parliamentary scrutiny at this stage.
- 4 This is in relation to Parliamentary adjournments, with the ‘clock stopping’ for adjournments of 4 days or more.
- 5 Local authorities employ their own professionals and use consultants; Planning Inspectors can use technical assessors.
- 6 This is an overarching principle of Government policy-making.
- 7 EU Environmental Assessment Directive (85/337).
- 8 DTI (2001). *Towards more sustainable decisions*. Report of the Environmental Appraisal Task Force of the Energy and Natural Environmental Panel (see [www.foresight.gov.uk](http://www.foresight.gov.uk))
- 9 HM Treasury (1997) “*The Green Book*” *Appraisal and Evaluation in Central Government*. Treasury Guidelines. London: The Stationery Office. [www.treasury.gov.uk/mediastore/otherfiles/75.pdf](http://www.treasury.gov.uk/mediastore/otherfiles/75.pdf)
- 10 e.g. see *Guidelines and principles for social impact assessment*. Available on the International Association for Impact Assessment website at: <http://www.iaia.org/Publications/SIA%20Guide.PDF>
- 11 see [www.qualityoflifecapital.org.uk](http://www.qualityoflifecapital.org.uk)
- 12 UNECE (1998). *Convention on access to information, public participation in decision-making and access to justice in environmental matters*. Done at Aarhus, Denmark, 25 June 1998
- 13 POST report 153, “*Open Channels – public dialogue in science and technology*”, March 2001 ([www.parliament.uk/post/pn153.pdf](http://www.parliament.uk/post/pn153.pdf))
- 14 House of Commons Environmental Audit Committee 2001. Evidence for 22/11/01, Q166, HC 326-ii. 18 December 2001.
- 15 Commons Public Administration Committee, 2001. *6th report (2000-01) Public Participation: Issues and innovations*. HC 373-I. Government response: 1st report (2001-02), HC 334, Nov 2001.
- 16 Select Committee on Modernisation of the House of Commons. *Memorandum submitted by the Leader of the House of Commons*. Session 2001-02 HC440 December 2001.
- 17 e.g. an over-reliance on internet-based dialogue on MIPs might disproportionately exclude those without ready internet access.

---

POST is an office of both Houses of Parliament, charged with providing independent and balanced analysis of public policy issues that have a basis in science and technology.

Parliamentary Copyright 2002  
The Parliamentary Office of Science and Technology, 7 Millbank,  
London SW1P 3JA Tel 020 7219 2840

[www.parliament.uk/post/home.htm](http://www.parliament.uk/post/home.htm)