Title:	Impact Assessment (IA)
Making an Order under Section 14 of the Planning Act 2008	**IA No:** DEFRA 1360
Lead department or agency: Defra	**Date: 28/04/2011**
Other departments or agencies: CLG	**Stage:** Consultation
	Source of intervention: Domestic
	Type of measure: Secondary legislation
	Contact for enquiries: John Manning, 020 7238 2019, john.manning@defra.gsi.gov.uk

Summary: Intervention and Options

What is the problem under consideration? Why is government intervention necessary?

The Planning Act 2008 sets thresholds for certain types of infrastructure projects to be classed as Nationally Significant Infrastructure Projects (NSIPs), streamlining their potentially lengthy and costly planning process by enabling project sponsors to make a single application to the Infrastructure Planning Commission (IPC/MIPU) rather than make multiple applications to many local planning authorities. Intervention is necessary because the Planning Act excludes thresholds for major wastewater transportation infrastructure projects (sewers), excluding them from the streamlined planning process. Without intervention there is a risk of lengthy delays in determining planning applications, causing "planning blight" for local communities and severe cost implications for project sponsors and investors.

What are the policy objectives and the intended effects?

The policy objective is to class major wastewater transportation infrastructures such as the proposed Thames Tunnel project as NSIPs so that, at the outset, project sponsors and investors know they can undergo the same streamlined planning process as other NSIPs such as major sewage treatment works. The effect of classing major wastewater transportation infrastructures as NSIPs would be to ensure that their planning process is transparent, democratically accountable, avoids lengthy delays, takes account of national need whilst ensuring local communities fully engage in the decision making process.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)

0 (do nothing)-Application/s made to local planning authorities under Town & Country Planning Act 1990.
1 (do minimum)-Secretary of State intervenes under s35 Planning Act 2008 after application/s are made under the Town & Country Planning Act 1990.
2 (preferred)-Make an Order under s14 of Planning Act 2008 which defines an unambiguous threshold above which a waste water transportation project is classed as nationally significant. This would enable a project above the threshold to undergo a single application to the IPC/MIPU. This would provide full certainty for all at the outset of the planning process, resulting in less time and cost to deliver a decision whilst reducing "planning blight" for local communities. The Evidence Base considers two threshold variants.
3-Amend s35 Planning Act 2008 to allow Secretary of State to direct that a project is of national significance requiring application to IPC/MIPU, before any application/s are made in relation to the development.

Will the policy be reviewed? It will be reviewed. **If applicable, set review date:** 10/2016 **What is the basis for this review?** PIR. **If applicable, set sunset clause date:** Month/Year	
Are there arrangements in place that will allow a systematic collection of monitoring information for future policy review?	Yes

SELECT SIGNATORY Sign-off For consultation stage Impact Assessments:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible SELECT SIGNATORY: ..... Date: .....

Summary: Analysis and Evidence

Policy Option 1

Description: (Do Minimum) Secretary of State intervenes under section 35 of the Planning Act 2008 after application/s are made under the Town & Country Planning Act 1990.

Price Base Year 2008	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 63.37	**High:** 91.60	**Best Estimate: 77.37**

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	N/A	0.01	**0.08**
High	N/A		0.01	**0.08**
Best Estimate	N/A		0.01	**0.08**

Description and scale of key monetised costs by 'main affected groups'

Total cost of £0.08m incurred for IPC/MIPU to assess the one additional project expected to be affected by the measure in the next ten years.

Other key non-monetised costs by 'main affected groups'

Local planning authorities will be affected with potential cost increases and reductions identified. These are expected to be negligible on balance: a reduced admin burden is offset by the loss of fee income for examining applications; any costs of a new admin burden in helping to provide views on proposed NSIPs to the IPC/MIPU are typically covered by the project promoter. It is possible that local planning authorities may incur a slight increase in costs, but these are considered minimal.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	N/A	7.00	**63.45**
High	N/A		10.00	**91.68**
Best Estimate	N/A		8.50	**77.45**

Description and scale of key monetised benefits by 'main affected groups'

Estimated benefits of £77.45m (total; best estimate) for project promoter, who benefits from avoided costs due to reduced time to reach application decision.

Other key non-monetised benefits by 'main affected groups'

Benefits to society due to the reduced time for wastewater transportation NSIPs reaching completion, so bringing forward their associated benefits. Currently non-monetised, an estimated benefit is expected to be available for the final IA based on modelling for the separate Thames Tunnel IA. Option 1 falls between Options 2 and 3 in terms of time saved, so the benefit to society is expected to be lower than that for Option 2 but higher than that for Option 3. Option 1 provides earlier certainty of the planning process for project sponsors and investors, compared to "do nothing" baseline.

Key assumptions/sensitivities/risks **Discount rate (%)** 3.5%

- It is assumed that only one project will be affected by the options being considered, in the next ten years.
- Benefits depend upon the assumptions made about the time saved by the option compared to the baseline. Since the option is certain to result in some time savings, which will exceed the relatively minor monetised costs, an overall net benefit can still be expected.
- Avoided cost for each month reduction in time to reach a decision is assumed to be £5m. Sourced from the project promoter and informed by similar estimates in the Planning Bill IA.
- It is assumed that changes to the planning application process do not affect the resulting decision.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs: £0m	**Benefits:** £9.31m	**Net:** £9.31m	Yes	OUT

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			Great Britain		
From what date will the policy be implemented?			April 2010		
Which organisation(s) will enforce the policy?			N/A		
What is the annual change in enforcement cost (£m)?			N/A		
Does enforcement comply with Hampton principles?			Yes		
Does implementation go beyond minimum EU requirements?			N/A		
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)			**Traded:** N/A	**Non-traded:** N/A	
Does the proposal have an impact on competition?			No		
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			**Costs:** N/A	**Benefits:** N/A	
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	**Micro** 0	**< 20** 0	**Small** 0	**Medium** 0	**Large** 100%
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on…?	**Impact**	**Page ref within IA**
Statutory equality duties[1] Statutory Equality Duties Impact Test guidance	No	20
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	20
Small firms Small Firms Impact Test guidance	No	20
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	20
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	20
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	20
Human rights Human Rights Impact Test guidance	No	20
Justice system Justice Impact Test guidance	No	20
Rural proofing Rural Proofing Impact Test guidance	No	20
Sustainable development Sustainable Development Impact Test guidance	No	20

[1] Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Summary: Analysis and Evidence

Policy Option 2

Description: (Preferred) Make an Order under s14 of Planning Act 2008 which defines a threshold above which a waste water transportation project is classed as nationally significant, enabling the project sponsor to make a single application to the IPC/MIPU.

Price Base Year 2008	PV Base Year 2011	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 68.04	**High:** 96.43	**Best Estimate: 82.04**

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	N/A	0.01	**0.08**
High	N/A		0.01	**0.08**
Best Estimate	N/A		0.01	**0.08**

Description and scale of key monetised costs by 'main affected groups'

Total cost of £0.08m incurred for IPC/MIPU to assess the one additional project expected to be affected by the measure in the next ten years.

Other key non-monetised costs by 'main affected groups'

Local planning authorities will be affected with potential cost increases and reductions identified. These are expected to be negligible on balance: a reduced admin burden is offset by the loss of fee income for examining applications; any costs of a new admin burden in helping to provide views on proposed NSIPs to the IPC/MIPU are typically covered by the project promoter. It is possible that local planning authorities may incur a slight increase in costs, but these are considered minimal.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	N/A	7.50	**68.12**
High	N/A		10.50	**96.51**
Best Estimate	N/A		9.00	**82.12**

Description and scale of key monetised benefits by 'main affected groups'

Estimated benefits of £82.12m (total; best estimate) for project promoter, who benefits from avoided costs due to reduced time to reach application decision.

Other key non-monetised benefits by 'main affected groups'

Benefits to society due to the reduced time for wastewater transportation NSIPs reaching completion, so bringing forward their associated benefits. Currently non-monetised, an estimated benefit is expected to be available for the final IA based on modelling for the separate Thames Tunnel IA. Option 2 delivers the greatest time savings so will deliver the greatest benefit to society; it also delivers greatest certainty of process for project promoters and potential investors at an NSIP's outset, compared to Options 1 and 3.

Key assumptions/sensitivities/risks **Discount rate (%)** 3.5%

- It is assumed that only one project will be affected by the options being considered, in the next ten years.
- Benefits depend upon the assumptions made about the time saved by the option compared to the baseline. Since the option is certain to result in some time savings, which will exceed the relatively minor monetised costs, an overall net benefit can still be expected.
- Avoided cost for each month reduction in time to reach decision assumed to be £5m. Sourced from the project promoter and informed by similar estimates in the Planning Bill IA.
- The 2 threshold variants 1(i) and 1(ii) are assumed to have no effect on costs and benefits of Option 2.
- It is assumed that changes to the planning application process do not affect the resulting decision.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs: £0m	**Benefits:** £9.87m	**Net:** £9.87m	Yes	OUT

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			England		
From what date will the policy be implemented?			September 2011		
Which organisation(s) will enforce the policy?			N/A		
What is the annual change in enforcement cost (£m)?			N/A		
Does enforcement comply with Hampton principles?			Yes		
Does implementation go beyond minimum EU requirements?			N/A		
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)			**Traded:** N/A	**Non-traded:** N/A	
Does the proposal have an impact on competition?			No		
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			**Costs:** N/A	**Benefits:** N/A	
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	**Micro** 0	**< 20** 0	**Small** 0	**Medium** 0	**Large** 100%
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on…?	**Impact**	**Page ref within IA**
Statutory equality duties[1] Statutory Equality Duties Impact Test guidance	No	20
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	20
Small firms Small Firms Impact Test guidance	No	20
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	20
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	20
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	20
Human rights Human Rights Impact Test guidance	No	20
Justice system Justice Impact Test guidance	No	20
Rural proofing Rural Proofing Impact Test guidance	No	20
Sustainable development Sustainable Development Impact Test guidance	No	20

[1] Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Summary: Analysis and Evidence

Policy Option 3

Description: Amend s35 Planning Act 2008 to allow Secretary of State to direct that a project is of national significance requiring application to IPC/MIPU, before any application/s are made in relation to the development.

Price Base Year 2008	PV Base Year 2010	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 26.98	**High:** 54.04	**Best Estimate: 40.51**

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	N/A	N/A	0.01	**0.08**
High	N/A		0.01	**0.08**
Best Estimate	N/A		0.01	**0.08**

Description and scale of key monetised costs by 'main affected groups'

Total cost of £0.08m incurred for IPC/MIPU to assess the one additional project expected to be affected by the measure in the next ten years.

Other key non-monetised costs by 'main affected groups'

Local planning authorities will be affected with potential cost increases and reductions identified. These are expected to be negligible on balance: a reduced admin burden is offset by the loss of fee income for examining applications; any costs of a new admin burden in helping to provide views on proposed NSIPs to the IPC/MIPU are typically covered by the project promoter. It is possible that local planning authorities may incur a slight increase in costs, but these are considered minimal.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	N/A	N/A	3.00	**27.06**
High	N/A		6.00	**54.12**
Best Estimate	N/A		4.50	**40.59**

Description and scale of key monetised benefits by 'main affected groups'

Estimated benefits of £40.59m (total; best estimate) for project promoter, who benefits from avoided costs due to reduced time to reach application decision.

Other key non-monetised benefits by 'main affected groups'

Benefits to society due to the reduced time for wastewater transportation NSIPs reaching completion, so bringing forward their associated benefits. Currently non-monetised, an estimated benefit is expected to be available for the final IA based on modelling for the separate Thames Tunnel IA. Option 3 results in the smallest time saving of the options being considered so delivers the lowest benefit to society; Option 3 provides earlier certainty of the planning process for project sponsors and investors, compared to "do nothing" baseline.

Key assumptions/sensitivities/risks **Discount rate (%)** 3.5%

- It is assumed that only one project will be affected by the options being considered, in the next ten years.
- Benefits depend upon the assumptions made about the time saved by the option compared to the baseline. Since the option is certain to result in some time savings, which will exceed the relatively minor monetised costs, an overall net benefit can still be expected.
- Avoided cost for each month reduction in time to reach decision assumed to be £5m. Sourced from the project promoter and informed by similar estimates in the Planning Bill IA.
- It is assumed that changes to the planning application process do not affect the resulting decision.

Direct impact on business (Equivalent Annual) £m):			In scope of OIOO?	Measure qualifies as
Costs: £0m	**Benefits:** £4.88m	**Net:** £4.88m	Yes	OUT

Enforcement, Implementation and Wider Impacts

What is the geographic coverage of the policy/option?			England		
From what date will the policy be implemented?			April 2012		
Which organisation(s) will enforce the policy?			N/A		
What is the annual change in enforcement cost (£m)?			N/A		
Does enforcement comply with Hampton principles?			Yes		
Does implementation go beyond minimum EU requirements?			N/A		
What is the CO_2 equivalent change in greenhouse gas emissions? (Million tonnes CO_2 equivalent)			**Traded:** N/A	**Non-traded:** N/A	
Does the proposal have an impact on competition?			No		
What proportion (%) of Total PV costs/benefits is directly attributable to primary legislation, if applicable?			**Costs:** N/A	**Benefits:** N/A	
Distribution of annual cost (%) by organisation size (excl. Transition) (Constant Price)	**Micro** 0	**< 20** 0	**Small** 0	**Medium** 0	**Large** 100%
Are any of these organisations exempt?	No	No	No	No	No

Specific Impact Tests: Checklist

Set out in the table below where information on any SITs undertaken as part of the analysis of the policy options can be found in the evidence base. For guidance on how to complete each test, double-click on the link for the guidance provided by the relevant department.

Please note this checklist is not intended to list each and every statutory consideration that departments should take into account when deciding which policy option to follow. It is the responsibility of departments to make sure that their duties are complied with.

Does your policy option/proposal have an impact on…?	**Impact**	**Page ref within IA**
Statutory equality duties[1] Statutory Equality Duties Impact Test guidance	No	20
Economic impacts		
Competition Competition Assessment Impact Test guidance	No	20
Small firms Small Firms Impact Test guidance	No	20
Environmental impacts		
Greenhouse gas assessment Greenhouse Gas Assessment Impact Test guidance	No	20
Wider environmental issues Wider Environmental Issues Impact Test guidance	No	20
Social impacts		
Health and well-being Health and Well-being Impact Test guidance	No	20
Human rights Human Rights Impact Test guidance	No	20
Justice system Justice Impact Test guidance	No	20
Rural proofing Rural Proofing Impact Test guidance	No	20
Sustainable development Sustainable Development Impact Test guidance	No	20

[1] Public bodies including Whitehall departments are required to consider the impact of their policies and measures on race, disability and gender. It is intended to extend this consideration requirement under the Equality Act 2010 to cover age, sexual orientation, religion or belief and gender reassignment from April 2011 (to Great Britain only). The Toolkit provides advice on statutory equality duties for public authorities with a remit in Northern Ireland.

Evidence Base (for summary sheets) – Notes

Use this space to set out the relevant references, evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Please fill in **References** section.

References

Include the links to relevant legislation and publications, such as public impact assessments of earlier stages (e.g. Consultation, Final, Enactment) and those of the matching IN or OUTs measures.

No.	Legislation or publication
1	Localism Bill 2011 http://services.parliament.uk/bills/2010-11/localism.html
2	Localism Bill 2011 Impact Assessment (Major Infrastructure Projects) http://www.communities.gov.uk/documents/localgovernment/pdf/1829675.pdf
3	Planning Act 2008 http://www.legislation.gov.uk/ukpga/2008/29/contents
4	Planning Bill 2007 Impact Assessment http://www.communities.gov.uk/documents/planningandbuilding/pdf/561912.pdf

+ Add another row

Evidence Base

Ensure that the information in this section provides clear evidence of the information provided in the summary pages of this form (recommended maximum of 30 pages). Complete the **Annual profile of monetised costs and benefits** (transition and recurring) below over the life of the preferred policy (use the spreadsheet attached if the period is longer than 10 years).

The spreadsheet also contains an emission changes table that you will need to fill in if your measure has an impact on greenhouse gas emissions.

Annual profile of monetised costs and benefits* - (£m) constant prices

	Y_0	Y_1	Y_2	Y_3	Y_4	Y_5	Y_6	Y_7	Y_8	Y_9
Transition costs	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Annual recurring cost	0.00	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total annual costs	0.00	0.05	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transition benefits	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Annual recurring benefits	0.00	0.00	30.00	60.00	0.00	0.00	0.00	0.00	0.00	0.00
Total annual benefits	0.00	0.00	30.00	60.00	0.00	0.00	0.00	0.00	0.00	0.00

* For non-monetised benefits please see summary pages and main evidence base section

Microsoft Office Excel Worksheet

Evidence Base (for summary sheets)

- BACKGROUND

  Infrastructure investment is vital to the UK economy and jobs. It is the backbone of our economy and its proper maintenance and renewal is critical for growth. The UK Government has made clear its commitment to new infrastructure in its recent spending review. It has also published its National Infrastructure Plan which sets out, for the first time, a broad vision of the infrastructure investment required to underpin the UK's growth.

  The Planning Act 2008 established a fast-track regime for making decisions on applications for development consent for major infrastructure projects. This was in recognition of the overly long and complex existing processes required for such projects. Thresholds were established for certain types of major infrastructure applications to be classed as Nationally Significant Infrastructure Projects (NSIPs). This streamlines the planning process for such projects by enabling a single application for development consent to be made to the Infrastructure Planning Commission (IPC), which is to be replaced by a more democratically accountable Major Infrastructure Planning Unit (MIPU) within the Planning Inspectorate from April 2012. The impact assessment produced at the time of the Planning Act 2008 estimated the annual benefit to business and the economy of a more timely approval of major infrastructure projects to be £300m.

  A planning application for a project with NSIP status is dealt with by the IPC/MIPU; it has expertise in large major infrastructure projects and can issue/recommend a Development Consent Order. If an application is made directly to IPC/MIPU at the outset, before application/s are made to LPAs, then the Development Consent Order can incorporate Compulsory Purchase elements, further simplifying and shortening the planning process for major infrastructure projects.

  Whilst a threshold was established for waste water (sewage and rainwater) treatment plants, no threshold was established for transportation infrastructures (sewers) that deliver waste water to these treatment plants.

  This Impact Assessment considers the impact of current planning procedures on waste water transportation infrastructure and provides an analysis of policy options to address the problems identified.

- PROBLEM UNDER CONSIDERATION

  Climate change and population growth are anticipated to increase the stress on the UK's water and sewerage infrastructure. Changing rainfall patterns are expected to result in wetter winters which is likely to lead to an increased capacity requirement for surface water drainage because heavy rainfall events are likely to become more frequent.

  In London these events will further strain an already overtaxed sewerage system, leading to more discharges of untreated waste water into the River Thames. Currently around 39 million cubic metres of waste water enter the Thames every year from London's combined sewer overflows (CSOs) when stormwater capacity is exceeded.These discharges occur, on average, once a week and have a significant environmental impact on the river. These discharges increase the likelihood of fish kills, create a higher health hazard for users of the river and damage the aesthetic appeal of the Thames.

  The Thames Tunnel project is an example of a nationally strategic waste water transportation infrastructure scheme. The project would see the construction of a tunnel to intercept storm sewage overflows and is the preferred infrastructure solution to ensure that the water in the Thames meets water quality objectives established by the Thames Tideway Strategic Study. These improvement works would also ensure the UK continued to meet its obligations under the Urban Waste Water Treatment Directive. The urgency of the works is increased by the infraction proceedings being pursued against the UK by the European Commission for an alleged breach of the Directive. Thames Water underwent an initial public consultation on the route for the Thames Tunnel and associated sites from September 2010 to Janaury 2011; it plans to undertake further public consultation on the Tunnel in Autumn 2011.

  At present, making applications to many local planning authorities for a nationally strategic waste water transportation infrastructure project can be very time consuming. This can subsequently lead to a lengthy delay in determining an application, resulting in "planning blight" for the local communities

concerned whilst also making it more difficult than necessary to progress nationally important schemes.

The Planning Bill 2007 IA recognised that the planning process for nationally important infrastructure projects was “overly long, complex and lacks a clear national strategy for each infrastructure type”. It was noted that this inhibited economic growth and prosperity whilst inhibited efforts to deal with climate change.

The specific problems identified in the Planning Bill IA, which are still relevant for waste water transportation infrastructure projects, included:

• An overly long and complex system which delays completion of projects that are in the national interest;

• A lack of consistency in the time taken to gain planning permissions, often with the national need for a project only being established late on;

• National need for infrastructure is often debated in the context of individual projects, instead of being debated nationally;

• Preparatory analysis on the impacts of a project may not be carried out in a timely manner, which causes delays;

• Inadequate local consultation limits the opportunity for local communities to influence proposed developments and can potentially exclude certain groups who are not made aware of a proposal;

• An individual project may require a number of approvals, often from different decision-makers. This can be time consuming and the complexity makes the system less accessible and understandable for the public or organisations; and,

• Inquiries can be expensive and their length difficult to estimate, in part because evidence is usually presented through oral cross examination of witnesses by counsel. It can be intimidating and difficult for members of the public to engage in the process effectively.

The Planning Bill IA also identified that one key effect of these problems was the negative effect on our quality of life in terms of services such as reliable water supplies, efficient transport, clean and affordable energy and effective disposal of waste. In terms of waste water transportation, an unnecessarily long planning application process leads to a delay in the construction of infrastructure which makes our environment clean and healthy; such delays have corresponding adverse consequences for our tourism and leisure industries.

- RATIONALE FOR INTERVENTION

The delivery of major infrastructure for the transportation of waste water requires a rapid, predictable and democratic planning system to ensure such infrastructure is effective, timely and provides high value for money. Improving the planning regime ensures that much needed new infrastructure such as the Thames Tunnel can be put in place.

Intervening via secondary legislation to establish a threshold for major waste water transportation infrastructures, such as the proposed Thames Tunnel, is deemed necessary so that such projects would also automatically be classed as NSIPs in the same way as other major infrastructure projects are, such as large sewage treatment works. This would enable the project sponsors to undergo the same streamlined planning process, via an application to the IPC/MIPU rather than multiple applications to many LPAs.

Without legislative intervention, the planning process for nationally significant waste water transportation infrastructure projects is likely to be less timely and more complex, benefitting neither the project sponsors nor local communities. One other non-legislative intervention option available would be for the Secretary of State to request LPAs to consider swiftly an application/s for a nationally strategic waste water transportation infrastructure. This is considered to be an ineffective option and so has been discounted.

- POLICY OBJECTIVE

The objective is to streamline the planning process for nationally significant waste water transportation infrastructures so that, at the outset, project sponsors and investors know such projects can benefit from the same streamlined planning process that currently exists for other nationally significant infrastructure projects (NSIPs) such as major sewage treatment works.

As NSIPs, the effect of the policy will be to ensure that the planning process for nationally strategic waste water transportation infrastructure projects:

- takes as long as necessary, whilst avoiding lengthy delays;
- is transparent and accountable;
- takes account of national need whilst ensuring local communities engage better throughout the decision making process.

- OPTIONS CONSIDERED

These policy options have been considered in this Impact Assessment:

0. **(Do Nothing Baseline)** Application/s are made to local planning authorities (LPAs) under the Town & Country Planning Act 1990; the Secretary of State makes no intervention. This is the 'do-nothing' situation, which requires no government intervention of any kind.
1. **(Do Minimum)** Secretary of State intervenes under section 35 of the Planning Act 2008 after application/s are made to LPAs under the Town & Country Planning Act 1990. This Option requires no new legislative intervention; it is the minimum Government intervention that could meet the policy objective of streamlining the planning process for major waste water transportation infrastructures.
2. **(Preferred)** Make an Order under section 14 Planning Act 2008 which defines a threshold above which a waste water transportation project is classed as nationally significant, enabling the project sponsor to make a single application to the IPC/MIPU.
   (i) Define a threshold based on the number of LPAs covered: where 4 or more are LPAs are covered, the project would be designated an NSIP.
   (ii) Define a volumetric threshold: where the maximum storage capacity of the infrastructure is 350,000 cubic metres (m3) or more the project would be designated an NSIP.
3. Amend section 35 of the Planning Act 2008 to allow the Secretary of State to direct that a project is of national significance requiring application to IPC/MIPU, before any application/s are made in relation to the development.

- BASELINE (OPTION 0)

Impacts are considered against Option 0, the 'do-nothing' option, which assumes that developers make applications to LPAs under the Town & Country Planning Act 1990 without intervention by the Secretary of State. The project would not be granted NSIP status under this route. It is possible that applications made to one or more LPAs could be referred to the Planning Inspectorate, for example at an appeal stage, but it would still not have NSIP status.

The baseline assumes that applications are made to local planning authorities (LPAs) under the Town & Country Planning Act 1990 with no intervention made by the Secretary of State. It requires no government intervention of any kind.

This would mean that multiple applications would be required to numerous LPAs, a process that would be both time consuming and expensive for project promoters. In the case of the Thames Tunnel, applications to 14 different LPAs would be necessary.

Whilst LPAs are able to make the final decisions about an infrastructure project in their own area under the baseline option, they may not be fully interested about the effects of their individual decision on neighbouring LPA areas. The externalities associated with their decision may be positive or negative; if an LPA doesn't internalise these effects during its decision making then an optimal decision may not be made. There may also be an inconsistent approach in respect of the imposition of planning conditions and conscious effort by some LPAs to be the last to grant consent in the hope of negotiating more planning gain.

The planning process followed under Option 0 is of uncertain length and is longer than necessary, causing 'planning blight' for local communities whilst decisions are being made as well as causing problems in the financing and scheduling of the infrastructure's construction.

Finally, if the do-nothing option were followed, additional complexity and cost is generated because the process does not streamline the wide range of consents that are required, including compulsory purchase orders. Applications that are initially and directly made to the IPC/MIPU can capture the range of consents at the outset, reducing the complexity and cost for the applicant and third parties.

(A project sponsor applying to LPAs for planning permission/s may also need to make separate application/s for any corresponding compulsory purchase orders, either at the same time as the planning application/s or on receipt of planning permission/s: these are separate but linked processes. A direct non-referred application for a Development Consent Order to the IPC/MIPU at the outset can incorporate compulsory purchase elements as well as development consent elements within a single order, so further simplifying and shortening the whole planning process for major infrastructure projects.)

- QUALITATIVE DISCUSSION OF THE OPTIONS

This section introduces the key advantages and disadvantages of each of the options in turn. These are also captured in analysis contained in the following section, on the costs and benefits of the options.

OPTION 1 (Do Minimum) Secretary of State intervenes under section 35 of the Planning Act 2008 after application/s are made to LPAs under the Town & Country Planning Act 1990.

The **advantages** of this option are that:

1) The Secretary of State can refer applications to the IPC/MIPU on a case by case basis, with no automatic "by-passing" of LPAs. This addresses the risk to Option 2 that projects could be misclassified.

2) It is likely to be more time and cost effective than Option 0 for an applicant where a large number of LPAs are involved, for example 14 in the case of the Thames Tunnel.

3) It should result in less time and cost to deliver a planning decision compared to Option 0, reducing potential "planning blight" for local communities.

Its **disadvantages** are that:

1) Multiple applications are still necessary to many LPAs, for example 14 in the case of the Thames Tunnel, which are potentially time consuming, complex for a large project and expensive to consider.

2) It does not capture the wide range of consents, including compulsory purchase orders that can be incorporated into a direct non-referred application for a Development Consent Order to the IPC/MIPU at the outset, leading to more complexity and cost for the applicant and more complexity for third parties.

3) Project promoters remain uncertain if an application will proceed to the IPC/MIPU, with its scheduled and more timely decision making process, until after planning application/s are submitted to LPAs. The corresponding uncertainty on the receipt of a project's planning decision can potentially make it harder to seek investment in a project and can adversely affect the total timescale of the project so making it more costly than necessary.

OPTION 2 (Preferred) Make an Order under section 14 Planning Act 2008 which defines a threshold above which a waste water transportation project is classed as nationally significant, enabling the project sponsor to make a single application to the IPC/MIPU.

The **advantages** of this option are that it:

1) Streamlines the planning process for nationally significant projects e.g. one application at the outset to the IPC/MIPU for a Development Consent Order, instead of multiple applications that may also include compulsory purchase orders to many LPAs.

2) Provides complete certainty at a project's outset on the need for an application to be made to the IPC/MIPU, without requiring intervention by the Secretary of State.

3) Is likely to be more time and cost effective for an applicant than Option 0 and Option 1 where a large number of LPAs are involved, for example 14 in the case of the Thames Tunnel project.

4) Should result in less time and cost to deliver a planning decision than Option 0, Option 1 and Option 3, reducing potential planning "blight" for local communities.

5) Provides at the outset more time and corresponding cost certainty of the application process for project promoters than Option 0 and Option 1, so helping raise investor confidence in the project.

Its **disadvantages** are that it:

1) Removes final planning decisions away from LPAs.

2) Might classify too many/not enough waste water transportation infrastructure projects as "nationally significant".

It has been considered what type of threshold would make a waste water transportation project of national, rather than local, significance and something that needs to be determined in line with national needs. There is a careful and delicate balance to be struck between enabling LPAs to make decisions on proposed infrastructure within their own areas and enabling a more strategic central body such as the IPC/MIPU to make recommendations for large important projects covering a large area that are truly nationally significant in nature. A threshold set at an inappropriately low level could capture projects that should continue to be most effectively dealt with by a few LPAs, offering no benefits for project sponsors in terms of reducing the time and corresponding cost of making multiple applications or offering no benefits for local communities in terms of minimising planning blight. Correspondingly, a threshold set too high might not define projects as NSIPs which should benefit from the more timely and streamlined process offered by an initial single direct application to the IPC/MIPU incorporating both development consent and compulsory purchase elements.

Two threshold variants of Option 2 were selected as most appropriate:

2(i) Where four or more LPAs are covered.
As there are relatively few places where the boundaries of four LPAs come close to meeting, an LPA-based threshold has been considered whereby a proposed wastewater transportation infrastructure project which would cover four or more LPAs would automatically be classed as a Nationally Significant Infrastructure Project (NSIP).

2(ii) Where the maximum storage capacity of the infrastructure is 350,000 cubic metres (m3) or more.
A volume-based threshold has been considered, where the volume of 350,000 m3 (the transportation infrastructure's maximum storage capacity before spill) was informed by experience of large projects within the past ten years. For example, the Lee Waste Water Tunnel project has a capacity of 370,000m3. Looking ahead to projects expected within the next ten years, the Thames Tunnel has an estimated 1,580,000m3 capacity.

Option 2(ii) is considered the most appropriate of the two variants. The LPA threshold in Option 2(i) could result in some local wastewater transportation infrastructures being classed as NSIPs when they are not of national significance and should instead be considered as local, with applications made to the LPAs affected. This is a risk in metropolitan areas where LPAs are geographically small. One example of the types of schemes that could inadvertently be caught by an LPA threshold is the Counters Creek flood alleviation scheme in London which, whilst it may involve works in up to 7 London Boroughs, would not be considered by most people to be an NSIP. This is because such schemes are not particularly significant in terms of their size, rather they lie at the boundaries of many geographically small metropolitan LPAs and so such schemes subsequently encompass a relatively large number of LPAs in relation to the schemes' actual size.

The volume threshold in Option 2(ii) would avoid this risk and, based upon past and future proposed projects, is felt to be at a level that would only capture projects considered to be of national significance.

Option 2(ii) would automatically classify waste water transportation infrastructure projects with storage capacity greater than 350,000m3 as NSIPs. Because this would create an unambiguous certainty and greater efficiency to the planning system without capturing infrastructure that should continue to be considered by LPAs, it is the preferred option.

The proposed 350,000m3 threshold within a draft Order will undergo public consultation that specifically seeks views on whether it is set at the right level to capture waste water transportation infrastructure projects that are truly nationally significant and which would benefit from the streamlined planning process offered by direct applications to the IPC/MIPU.

OPTION 3 Amend section 35 of the Planning Act 2008 to allow the Secretary of State to direct that a project is of national significance requiring application to IPC/MIPU, before any application/s are made in relation to the development.

This Option is currently met by clause 111 of the Localism Bill which is presently undergoing the Parliamentary scrutiny process. It is considered here to determine whether it fully satisfies the identified policy objectives.

The **advantages** of this option are:

1) It streamlines the planning process for nationally significant projects e.g. one application to the IPC/MIPU for a Development Consent Order, instead of multiple applications that may also include compulsory purchase orders to many LPAs.

2) The Secretary of State can direct applications to the IPC/MIPU on a case by case basis, with no automatic "by-passing" of LPAs.

3) It is likely to be more time and cost effective for an applicant where a large number of LPAs are involved, for example 14 in the case of the Thames Tunnel.

4) It should result in less time and cost to deliver a planning decision, reducing potential planning "blight" for local communities.

5) It provides more time and cost certainty of the application process for project promoters, so helping raise investor confidence in the project.

Its **disadvantages** are that:

1) It removes final planning decisions from LPAs.

2) Project promoters are dependent on a Secretary of State decision at the pre-application stage on whether a project promoter applies to the IPC/MIPU for development consent, so potentially adversely affecting investors' initial confidence in the project.

- COSTS AND BENEFITS OF THE OPTIONS

Three types of impact have been identified:

1. Net benefits to society from reducing delays in delivery of nationally significant wastewater transportation infrastructure;
2. Changes in structures of accountability as relating to these wastewater transportation projects; and,
3. Changes in administrative costs.

It is important to note that the costs and benefits assessed here relate only to the effects of altering the process by which a planning decision is reached. It is assumed that the planning decision would not differ under any of the Options, compared to the baseline.

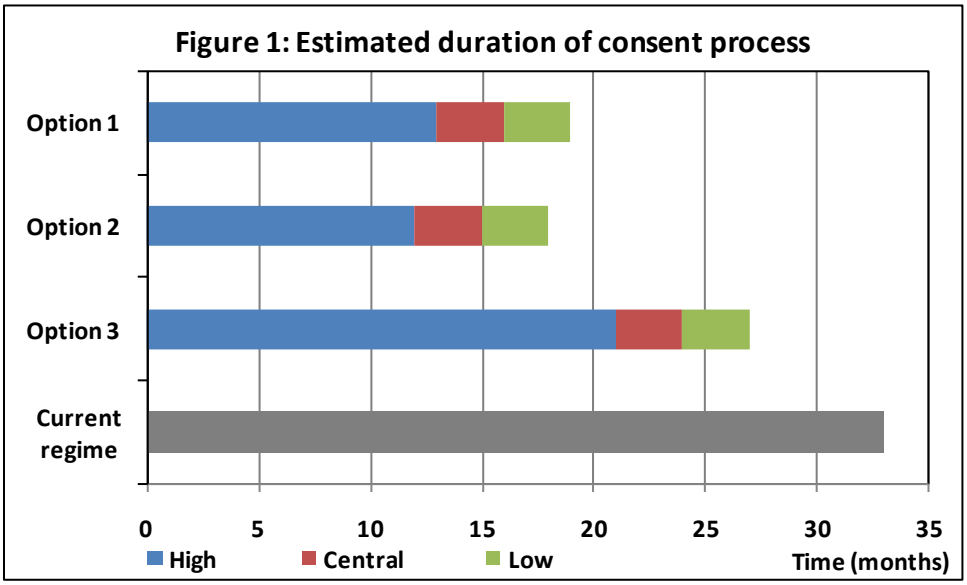
Only one project is expected to be affected by the proposed measures in the next ten years: the Thames Tunnel. The analysis presented here is therefore based upon the assumption that this is the only project. This has been informed by the Environment Agency's National Environment Programme (NEP), a list of environmental improvement schemes that ensure that water companies meet

European and national targets related to water quality. The NEP is produced after consultation with the water industry; water companies incorporate these requirements into their proposed business plans, which inform decisions on prices made by the water services regulation authority Ofwat.

1. **Net benefits to society from reducing delays in delivery of nationally significant wastewater transportation infrastructure.**

A faster consent process is expected to lead to earlier completion of the infrastructure project. There will be a benefit to society when projects that are in the national interest are completed earlier than they would otherwise have been. The reduction in time required to deliver a planning decision will also reduce potential planning 'blight' for local communities.

All the options being considered will result in a faster consent process. The estimated duration of the consent process is presented in Figure 1 below. It is assumed that the baseline, Option 0, would result in a decision being taken 33 months after applications are made. Option 2 represents the fastest route to consent, at 15 months under central estimates. Option 1 is assumed to take 16 months and Option 3 is assumed to take 24 months under central estimates. Low and high scenarios provide more optimistic and pessimistic timings. Annex 2 details the basis of all assumed timings.



The times saved (in months) by each option relative to the baseline are therefore:

	Option 1	Option 2	Option 3
Low	14	15	6
Central	17	18	9
High	20	21	12

Table 1: Estimated time savings (months) for examination of applications

These figures represent optimistic/pessimistic scenarios provided by the sponsors of the specific Thames Tunnel project; they represent the project sponsor's best estimates of when an application would be made to the IPC/MIPU. Option 2 assumes a Section 14 Order classifying the Thames Tunnel as an NSIP would take effect at some point between September 2011 to April 2012; Option 1 is informed by Option 2 and assumes that Secretary of State intervention to classify the project as an NSIP would take place within one month of applications being made to local planning authorities; Option 3 assumes that the primary legislation necessary to enable the Secretary of State to intervene before applications are made to local planning authorities would not take effect until Spring 2012 at the earliest, and likely to require further commencement orders. Timings for passage of applications through the IPC have been informed by comparison to projects currently undergoing its consideration. The timings for the baseline Option 0, the current regime without intervention by the Secretary of State, have also been provided by the sponsors of the Thames Tunnel project and are informed by recent case examples.

These time savings result in nationally significant wastewater transportation infrastructure being completed earlier relative to the baseline. Society will benefit from projects that are in the national

interest being completed sooner. The forthcoming Impact Assessment for the Thames Tunnel will include an estimate for the monetary benefit of the Tunnel, which can be used to illustrate the impacts of different timing and thus estimate the benefits to society of an earlier completion date. In this consultation stage IA, these benefits to society are non-monetised but it is anticipated that the relevant monetised benefits will be available and included in the final stage IA.

2. Changes in structures of accountability (non-monetised)

Accountability of national policy decisions: There would be national consultation and debate on the country's infrastructure needs. Currently, national policy is often in practice decided on an ad hoc basis through local decisions on individual projects. The Thames Tunnel is an individual project but one which affects a very large population, spanning multiple local authority areas. National decision-making, rather than the local decision-making assumed in the baseline, would ensure that the wider needs and interests of the large area as a whole are considered, in addition to the needs and interests of individual local areas across which the project spans. The EFRA select committee has recommended in its 5 April 2011 report on the draft National Policy Statement for waste water that 'the Government urgently brings forward proposals to amend the Planning Act 2008 to bring large-scale sewage collection and transfer schemes such as the Thames Tunnel within the planning regime for Nationally Significant Infrastructure Projects'.

Involvement of local communities: Public consultation would be required at the project development stage. Written representations and direct questioning would help to make the process more accessible. Members of the public would be more able to engage on a more equal footing with professional advocates.

Significant decisions would be taken nationally: Strategic decisions on the national need for infrastructure facilities are decided nationally under the options being considered.

Option 2 would provide the greatest certainty about the planning process, from a project's outset. The unambiguous threshold above which a project would automatically be designated an NSIP, coupled with the single application that could also include compulsory purchase orders, streamlines the process to the greatest extent. Option 1 streamlines the process the least, since the range of consents (including compulsory purchase elements) cannot be incorporated into a single application once multiple applications for planning permission are made to multiple LPAs and a subsequent intervention by the Secretary of State refers those applications to IPC/MPC. Option 3 does incorporate the range of consents into a single option but still requires intervention by the Secretary of State before any applications are made to LPAs.

Consequently Option 2 is expected to provide the greatest certainty of process for project sponsors, investors and local communities from the outset of a project's development. Options 1 and 3 would mean that classing a project as an NSIP would be considered on a case-by-case basis, which would remove the risk of misclassification associated with Option 2's threshold – but at the cost of a lower reduction in uncertainty for all at a project's outset, compared to Option 2.

The greater certainty of the planning process provided by Options 1-3 should help raise investor confidence in the project. Option 2, by providing the greatest certainty of the planning process at a project's outset, would do so to the greatest extent.

3. Changes in administrative costs

Changes in administrative costs will affect a number of groups:

- Promoters
- Central government
- Local authorities
- Infrastructure Planning Commission (IPC)/Major Infrastructure Planning Unit (MIPU)

Changes in costs for promoters

Costs are incurred by the project promoter whilst its application(s) are being considered. These relate to costs of staff time and accommodation costs. Therefore, the longer that it takes to reach a decision once applications are submitted, the more costly the process is for promoters. Since all options result in a faster process, the promoter avoids costs under all options compared to the baseline. It is estimated that for each one month reduction in the time taken to reach consent, the promoter has cost savings of £5m (undiscounted). Total cost savings are presented in Table 2 below, and further explanation is provided in Annex 2.

Table 2 Total discounted cost savings, £m (2008 price base, 2011 PV base)

	Option 1	Option 2	Option 3
Low	63.5	68.1	27.1
Best estimate	77.5	82.1	40.6
High	91.7	96.5	54.1

Option 2, being the option that has the fastest route to a planning decision, has the greatest cost saving. Option 3 has the lowest cost saving since it has the longest planning process.

Changes in central government costs

The changes to central government costs are judged to be negligible. Option 1 is expected to place the greatest burden on central government due to the intervention required by the Secretary of State to each LPA for which a planning application is made, which would require some cross-departmental coordination and administration; this would be a negligible increased cost for central government.

Changes in costs for local authorities

These are also assumed to be negligible. This is in accordance with assumptions from the Planning Bill Impact Assessment:

- Any loss in fee income to local authorities is offset by the reduced administrative burden associated with the transfer of the decision making process from LPAs to IPC/MIPU.
- The decision-making responsibility transferred from local authorities to the IPC will involve a small reduction in the administrative burden for local government.
- The requirement for scheme promoters to seek the views of the relevant local authority will also be a negligible new administrative burden for local government.

Changes in costs for the IPC/MIPU

Options 1-3 will generate additional costs for the IPC/MIPU, for considering the additional applications that are directed to them. The Localism Bill proposes that the IPC is abolished and replaced with the Major Infrastructure Planning Unit, to be based within the Planning Inspectorate, once the legislation is commenced (expected in April 2012).

The Localism Bill IA estimates the annual cost of accommodating the MIPU to be £1m, and the annual cost of its employers to be £3.2m. The Planning Bill IA also reports that the number of NSIPs expected per annum is 46, and no change from this is reported in the Localism Bill IA. Consequently the costs associated with one additional project can be estimated to be £0.09m (= £4.2m/46). Applications will vary in complexity and so the resources that must be dedicated to each will differ considerably. The averaging of the operating and employee costs provides the best available estimate of the additional costs. This Impact Assessment assumes that only one project will be affected by the proposed options in the next ten years – the Thames Tunnel – and so the total additional costs to the IPC/MIPU are assumed to be £0.09m (undiscounted). Applications are sent to the IPC/MIPU under each option, so the additional costs of £0.09m apply to them all.

Summary of costs and benefits

Costs

- Costs for IPC/MIPU of assessing additional project (£0.09m undiscounted).

Benefits

- Project promoter benefits from avoided costs due to reduced time to reach application decision (totals as in Table 2).
- Benefits to society due to reduced time for nationally significant wastewater project to reach completion (non-monetised).

Negligible impacts

- Impact on local authorities is assumed negligible overall.
- Impact on central government is assumed negligible overall.

Table 3 Total discounted costs and benefits, best estimate, £m (2008 price base, 2011 PV base)

£m	Option 1	Option 2	Option 3
Total costs	0.08	0.08	0.08
Total benefits	77.45	82.12	40.59

Table 4 Total discounted costs and benefits, all scenarios, £m (2008 price base, 2011 PV base)

£m, discounted		Low	**Best estimate**	High
Option 1	Total costs	0.08	0.08	0.08
	Total benefits	63.45	77.45	91.68
	Net benefit	*63.37*	***77.37***	*91.6*
Option 2	Total costs	0.08	0.08	0.08
	Total benefits	68.12	82.12	96.51
	Net benefit	*68.04*	***82.04***	*96.43*
Option 3	Total costs	0.08	0.08	0.08
	Total benefits	27.06	40.59	54.12
	Net benefit	*26.98*	***40.51***	*54.04*

- RISKS AND ASSUMPTIONS

  With regard to the preferred option (Option 2), the proposed threshold has been set at a level which should ensure that planning applications for local waste water transportation infrastructure projects will continue to be dealt with by the LPAs concerned.

  The only nationally strategic waste water transportation infrastructure project which is planned in the next 10 years, based on the best available evidence, is the Thames Tunnel project. This has been informed by the Environment Agency's National Environment Programme (NEP), a list of environmental improvement schemes that ensure that water companies meet European and national targets related to water quality. The NEP is produced after consultation with the water industry; water companies incorporate these requirements into their proposed business plans, which inform decisions on prices made by the water services regulation authority Ofwat.

- DIRECT COSTS AND BENEFITS TO BUSINESS CALCULATIONS (FOLLOWING OIOO METHODOLOGY);

  None of the policy options impose an additional cost on business. They all deliver cost savings to business – in this instance, the project promoter of any nationally significant waste water transportation infrastructure. The IA has assumed that in the next ten years, only one such project will submit a planning application: the Thames Tunnel.

  The cost savings to business arise from the reduction in time and associated cost of obtaining a planning decision, with Option 2 generating the greatest estimated cost savings. Due to the anticipated reduction in time and cost of obtaining a decision, the options are viewed as deregulatory and are therefore 'OUT's.

  The net direct impact on business has been calculated for all options, following the OIOO methodology – i.e. calculating the equivalent annual direct impact. A ten-year appraisal period has been used, along with a 3.5% discount rate. Relevant calculations are set out in Table 5 below.

Table 5 Direct impact on business calculations

£m (2008 price base)	**Option 1**	**Option 2**	**Option 3**
Direct cost to business (PV)	0.00	0.00	0.00
Direct benefit to business (PV)	77.45	82.12	40.59
Equivalent annual direct cost to business	0.00	0.00	0.00
Equivalent annual direct benefit to business	9.31	9.87	4.88
Net direct benefit to business (equivalent annual)	9.31	9.87	4.88

- SPECIFIC IMPACTS

STATUTORY EQUALITY DUTIES

We do not anticipate the policy having any adverse impacts. The main affected group are water and sewerage companies which promote major waste water transportation infrastructure projects.

ECONOMIC IMPACTS

Competition - We do not anticipate that any of the options will have any adverse impacts upon competition.

Small firms - We do not anticipate any adverse impacts upon small firms, under any of the options. Projects that are of national significance are expected to be undertaken by large developers rather than small firms. Consequently no effect on small firms is expected.

ENVIRONMENTAL IMPACTS

We do not anticipate that the measures will have any adverse environmental impacts, since the impact of projects themselves are not being considered – only the path by which their applications for planning consent are considered.

SOCIAL IMPACTS

Health and well-being - We do not anticipate the options having any adverse impacts on health and well-being.

Human rights - We do not anticipate the options having any adverse impacts on human rights.

Justice system - We do not anticipate the options having any adverse impacts on the justice system.

Rural proofing - We do not anticipate the options having any adverse impacts on rural areas.

SUSTAINABLE DEVELOPMENT

We do not anticipate the policy of streamlining the planning process and making its decision making swifter to have any adverse impacts on sustainable development.

- SUMMARY

  The policy objective is to streamline the planning process for nationally important waste water transportation infrastructures so that the decision making process:

  - takes as long as necessary, whilst avoiding lengthy delays,
  - is transparent and provides more certainty to all,
  - takes account of national need, and
  - ensures local communities are fully engaged and involved throughout.

  Based on the best available evidence, it is expected that the Thames Tunnel project will be the sole major waste water transportation infrastructure project likely to undergo a planning application in the near future.

  Our estimates suggest that all the proposed options (1 to 3) will deliver net benefits, under all scenarios. As can be seen in Table 4, Option 2 is expected to deliver the greatest net benefit of the options, across all scenarios.

  The preferred policy (Option 2) is to make an Order under section 14 of the Planning Act 2008. This would define an unambiguous threshold above which a waste water transportation infrastructure project would automatically be classed as a Nationally Significant Infrastructure Project (NSIP), without intervention by the Secretary of State. It would enable the promoters of a project above the threshold to know at the outset that they would need to make a single application for a Development Consent Order to the IPC/MIPU, so minimising the risk and associated dis-benefits of lengthy and correspondingly expensive delays.

  Option 2 delivers the greatest benefits because it results in the greatest time saving. One of the policy objectives is to streamline the planning process for proposed nationally important waste water transportation infrastructures; Option 2 is understood to achieve this best. Another element of the policy objective is to have a decision making process that provides more certainty and transparency for all.

  Option 2 enables project sponsors and investors to know at a project's outset that a single application for Development Consent is required. This is judged to provide the greatest certainty and transparency compared to Options 1 and 3, which require intervention by the Secretary of State at a later stage in a proposed project's life cycle. Project promoters and financers are very likely to consider a reliance on Secretary of State intervention to enable a single Development Consent application as making the project's process more lengthy and the process less certain, hence reducing promoters' confidence in a project at its outset.

  All options would maintain local community engagement and involvement because the consent process for NSIP applications requires extensive and wide consultation with local communities affected by a proposal. Option 2 provides the greatest time and corresponding cost certainty for project promoters and financers, so helping to raise investor confidence in the project at its earliest stages and subsequently help to attract private investment. A more timely planning decision would also reduce "planning blight" for local communities affected.

  It is recognised that Option 1 captures many of the monetised benefits also captured by Option 2, but without requiring new legislation. However it is felt that this do-minimum option does not capture the non-monetised benefits as successfully and consequently does not achieve the policy objectives as fully as Option 2. For instance, while Option 1 has a time saving that is just one month less than that of Option 2, Option 2 provides a much simpler streamlined planning process, eradicating all the uncertainty for project promoters surrounding the process at a project's outset, which Option 1 does not.

  Option 2 is therefore preferred as it offers the greatest expected net benefit, the greatest non-monetised benefits, and is anticipated to achieve all of the policy objectives most successfully.

Annexes

Annex 1 should be used to set out the Post Implementation Review Plan as detailed below. Further annexes may be added where the Specific Impact Tests yield information relevant to an overall understanding of policy options.

Annex 1: Post Implementation Review (PIR) Plan

A PIR should be undertaken, usually three to five years after implementation of the policy, but exceptionally a longer period may be more appropriate. If the policy is subject to a sunset clause, the review should be carried out sufficiently early that any renewal or amendment to legislation can be enacted before the expiry date. A PIR should examine the extent to which the implemented regulations have achieved their objectives, assess their costs and benefits and identify whether they are having any unintended consequences. Please set out the PIR Plan as detailed below. If there is no plan to do a PIR please provide reasons below.

Basis of the review: [The basis of the review could be statutory (forming part of the legislation), i.e. a sunset clause or a duty to review , or there could be a political commitment to review (PIR)]; Political commitment. It is expected that the Secretary of State would review the number of applications made to the IPC/MIPU as a result of an Order made under section 14 of the Planning Act 2008 ("a Section 14 Order").
Review objective: [Is it intended as a proportionate check that regulation is operating as expected to tackle the problem of concern?; or as a wider exploration of the policy approach taken?; or as a link from policy objective to outcome?] To ensure that the Order remains appropriate as to its scope of classifying projects as Nationally Strategic Infrastructure Projects (NSIPs).
Review approach and rationale: [e.g. describe here the review approach (in-depth evaluation, scope review of monitoring data, scan of stakeholder views, etc.) and the rationale that made choosing such an approach] The review will scan views from stakeholders such as local planning authorities and water and sewerage companies.
Baseline: [The current (baseline) position against which the change introduced by the legislation can be measured] The number of planning applications for waste water transportation infrastructures made since 2001 which would have been above the threshold defined by a Section 14 Order.
Success criteria: [Criteria showing achievement of the policy objectives as set out in the final impact assessment; criteria for modifying or replacing the policy if it does not achieve its objectives] Improvements in the time taken between application and consent for waste water transportation infrastructure projects that are nationally significant.
Monitoring information arrangements: [Provide further details of the planned/existing arrangements in place that will allow a systematic collection systematic collection of monitoring information for future policy review] Regular contact with stakeholders such as local planning authorities, water and sewerage companies and the IPC/MIPU.
Reasons for not planning a review: [If there is no plan to do a PIR please provide reasons here]

Annex 2: Assumptions underpinning assessment of costs and benefits

All cost figures provided by Thames Water are in 2008 prices, in keeping with Thames Tunnel accounting procedures. To maintain this consistency, all costs and benefits presented in this IA are in 2008 prices. The PV base year is 2011/12.

Only impacts arising from alterations to the planning application and decision-making process have been considered. It is assumed that the decision reached under each option (including the do-nothing) would be the same – i.e. that changing the process would not result in a different outcome.

A – Costs to promoters
B – Costs to central government and local authorities
C – Costs to the IPC/MIPU
D – Do nothing vs. Do minimum options

A. Costs to promoters

This Impact Assessment assumes that only one project will be affected by the proposed measures during the next ten years: the Thames Tunnel. This has been informed by the Environment Agency's National Environment Programme (NEP), a list of environmental improvement schemes that ensure that water companies meet European and national targets related to water quality. The NEP is produced after consultation with the water industry; water companies incorporate these requirements into their proposed business plans, which inform decisions on prices made by the water services regulation authority Ofwat.

The cost estimates used in this analysis are sourced from the Thames Tunnel project promoter, Thames Water. They capture the costs of preparing the necessary planning applications, their submission and examination. Figures exclude risk, design and price contingencies. Only costs from the 2011/12 financial year onwards are included – some elements of scheme development have already occurred but since the measures considered in this IA will not affect them they have not been included.

Table A2.1 Time and cost of application assumptions: best estimate scenario

Best estimate scenario	**Option 0 (baseline)**	**Option 1 (do minimum)**	**Option 2**	**Option 3**
TIME				
Time taken to reach decision (months after application)	33	16	15	24
Time saving (against baseline, months)	-	17	18	9
COSTS: undiscounted, £m (2008 price base)				
Cost of application: preparation & examination (undiscounted, £m)	152.8	67.8	62.8	107.8

Cost saving (against baseline, undiscounted, £m)	-	85.0	90.0	45.0
COSTS: discounted, £m (2008 price base, 2011 PV base)				
Cost of application: preparation & examination (discounted, £m)	144.1	66.7	62.0	103.5
Cost saving (against baseline, discounted, £m)		77.5	82.1	40.6

The table above sets out the time and costs of making applications that have been assumed under each option.

Cost savings
It can be seen that for each month's reduction in the time taken for an application decision, the project promoter saves £5m. Thus Option 2, which is estimated to save 18 months, has the greatest cost saving of £90m (undiscounted). Option 3, which has the lowest time saving of 9 months, saves £45m.

Whilst a project's application(s) are being examined, the project promoter continues to incur costs. The £5m/month figure for these costs represents the staffing and accommodation costs for the team, which includes planners, engineers, designers, modellers and legal and communications staff. Since this figure is based upon the actual costs for a specific project (the Thames Tunnel), a more detailed cost breakdown is not possible due to commercial sensitivity. The options being considered all reduce the time taken to reach a planning decision, and consequently save the project promoter £5m for each one month saved. The cost saving per month is assumed to be constant across the options under consideration, since all options result in applications being referred to the IPC/MIPU.

These cost estimates have been compared to those presented in the Planning Bill Impact Assessment. The costs here are somewhat greater than in the Planning Bill IA, where the greatest cost savings are in the aviation sector, for which savings of £1m per month are assumed. However the planning requirements for the Thames Tunnel are understood to be significantly more challenging and complex, so the £5m per month figure is considered to be accurate and not overstate costs. The Thames Tunnel proposal includes 22 construction sites spanning 14 planning authorities in the centre of London and it is this complexity which drives the high monthly costs.

Time savings
The assumptions about the time taken for decisions to be reached for each option are set out in Table A2.1. These were developed with the Thames Tunnel project promoter. The baseline assumption of 33 months reflects the time taken to get approval for the 22 different construction sites, from the 14 local planning authorities that would be involved. The baseline and Options 1 and 2 assume that applications can be submitted in summer 2012. Option 3 assumes that the primary legislation necessary to enable the Secretary of State to intervene before applications are made to local planning authorities would not be in place until Spring 2012 at the earliest, and likely to require further commencement orders, so delaying an application to the IPC/MIPU by an estimated 8-months. Options 1-3 are informed by the speed at which current applications are passing through the IPC. Option 1 takes one month longer than Option 2 to allow time for the Secretary of State to intervene once applications are submitted, to direct them to IPC/MIPU for consideration.

It is understood that the baseline used in the Planning Bill IA is different to that used here. The length of project examination under the Planning Bill status quo varies between 3 and 24 months, depending on the scheme type. Aviation schemes are assumed to take the longest, water supply and waste water and waste schemes are assumed to take 12 months. The data supplied by the project promoter in this instance, Thames Water, assumes that under Option 0 it would take 33 months from the date of applications to decision. With applications having to be made to 14 Local Planning Authorities, it is understood that the application process for the Thames Tunnel is complex.

Developing a range of cost savings estimates
In addition to the best estimate scenario, low and high scenarios were developed for the estimates of cost savings to project promoters. Table A2.2 below sets out the assumptions about the amount of time taken to reach a decision following submission of applications under each scenario. The low scenario takes three months longer to reach a decision, for each option compared to the best estimate scenario. The high scenario takes three months less compared to the best estimate. Time savings are therefore +/- three months for the high and low scenarios respectively. The central estimate reflects timescales observed for projects currently passing through the application process to IPC. The high estimate was chosen to match the cap placed on the consent time in the Planning Bill IA, of 12 months for projects automatically referred to the IPC under s14 of the Planning Act 2008. The low estimate applies a symmetrical additional 3 months to the best estimate timings.

Table A2.2 Time assumptions for promoter cost savings estimates

	Option	Low	Best estimate	High
Total time taken (months)	1	19	16	13
	2	18	15	12
	3	27	24	21
Time saved compared to baseline (months)	1	14	17	20
	2	15	18	21
	3	6	9	12

B. Costs to central government and local authorities

Both of these impacts are judged to be negligible.

Central government

- None of the options are expected to lead to more than a negligible change in the number of staff dealing with wastewater transportation infrastructure consents. It is considered that the difference in work required between options would be marginal.

- There is therefore no change expected in costs of funding these staff or their accommodation.

- For projects to be eligible under Option 2, they must be covered by a National Policy Statement (NPS). The Thames Tunnel is the only project that has been identified as falling under the proposed measures in the next ten years. This has already been

covered by the waste water NPS, which went to consultation in 2010. Consequently none of the measures will result in additional costs to Government to produce NPSs.

Local authorities

- The involvement of local authorities will differ between the baseline and each of the options considered.
- In the baseline local planning authorities would be responsible for making the decisions on the individual planning applications they would receive. Under each of the options this responsibility would be taken away from them.
- Options 1-3 remove the decision-making responsibility and fee income from local authorities. It is considered that the reduction in administrative burden offsets the loss of fee income and so the net impact here is negligible.
- Under Options 1-3, the views of local authorities will be sought during the consultations and application examination processes. The administrative costs they incur undertaking these activities are typically covered by the project promoter; overall a small increase in costs to them is possible but this is judged to be negligible.

C. Costs to the IPC/MIPU

The IPC, or its successor MIPU, will be given consent responsibility under Options 1-3 for nationally significant wastewater transportation projects that are referred to them (whether automatically as under Option 2 or via an intervention by the Secretary of State as per Options 1 and 3).

Estimates from the Localism Bill IA put the annual cost of accommodating the MIPU at £1m, and the annual costs of its employers at £3.2m. The equivalent figures for the IPC (from the Planning Bill IA) are £1m and £7.0m respectively. From the Planning Bill IA, 46 NSIP applications are expected per year. No change to this is reported in the Localism Bill IA.

These figures can be used to estimate the marginal cost for the IPC/MIPU to examine one additional project application. For the IPC, this is £0.17m and for the MIPU it is £0.09m.

It is understood that due to differing project complexities, the resources that must be devoted to each will differ. To estimate the marginal cost for the IPC/MIPU to examine an additional project, an average cost estimate has been used. This represents the best available estimate of the additional costs. The Localism Bill is currently passing through Parliament and is assumed here to receive Royal Assent in December 2011. While additional costs have been estimated above for both the IPC and for the MIPU, only the latter have been taken forward to use in the final cost-benefit analysis because it is assumed that the changes established by the Localism Bill will be in place ahead of the measures considered here.

This Impact Assessment assumes that only one project will be affected by the proposed options in the next ten years – the Thames Tunnel – and so the total additional costs to the MIPU are assumed to be £0.09m. This cost arises under Options 1, 2 and 3.

D. Do nothing vs. Do minimum options

The do-nothing option (Option 0) represents the approach that a project promoter would have to take, in the absence of any government intervention.

It is recognised, however, that existing policy levers could address in part the problem that has been identified. Option 1 therefore represents the do-minimum option, which would utilise existing legislation – thereby minimising the degree of government intervention.

Whilst Option 1 would minimise the degree of Government intervention, Option 2 is preferred because it fully achieves the policy objectives. In particular, establishing a threshold above which waste water transportation projects are automatically designated as NSIPs maximises certainty at the project's outset for project promoters and investors. Additionally Option 2 streamlines the process as much as possible, removing the need for promoters to submit multiple applications to local authorities, including compulsory purchase order applications, which would be necessary under the do-minimum Option 1.

It is useful to consider the effect of comparing Options 2 and 3 to Option 1, rather than Option 0 – i.e. taking the do-minimum as an alternative baseline. Table A2.3 presents the same information as Table A2.1, but presenting Options 2 and 3 relative to Option 1 rather than Option 0.

Table A2.3 Time and cost of applications, relative to do-minimum (best estimate scenario)

Best estimate scenario	**Option 0 (baseline)**	**Option 1 (do minimum)**	**Option 2**	**Option 3**
TIME				
Time taken to reach decision (months after application)	33	16	15	24
Time saving (against do-minimum, months)	-	-	1	- 8
COSTS: undiscounted, £m (2008 price base)				
Cost of application: preparation & examination (undiscounted, £m)	152.8	67.8	62.8	107.8
Cost saving (against do-minimum, undiscounted, £m)	-	-	5.0	- 40.0
COSTS: discounted, £m (2008 price base, 2011 PV base)				
Cost of application: preparation & examination (discounted, £m)	144.1	66.7	62.0	103.5
Cost saving (against do-minimum, discounted, £m)		-	4.6	- 36.9

Adopting the do-minimum as an alternative baseline has the effect of reducing the benefits of Options 2 and 3 because the time saving compared to the baseline is lower. In the case of Option 2 it is a one month saving, and for Option 3 it is an increase of 8 months.

The monetised costs – the cost of the IPC/MIPU assessing an additional project – are not additional when Option 1 is used as the baseline, since the cost is also incurred under Option 1. Consequently the NPV of Option 2 is £4.6m, and the NPV of Option 3 is - £36.9m, implying that Option 2 delivers a small net benefit relative to the do-minimum while Option 3 leads to a net increase in costs relative to it.

These NPV figures do not capture the non-monetised costs and benefits. The most significant of these is the greater certainty afforded by Option 2 relative to Option 1. Option 1 requires an intervention by the Secretary of State, once applications have been submitted to local authorities. Project promoters would be liable to the risk that such an intervention didn't occur whilst developing their applications and up until the point that applications were submitted. For Option 2, promoters would know the IPC/MIPU would consider their application as soon as it was apparent the project was sufficiently large to satisfy to the threshold. In addition, Option 1 would only enable applications for planning permission to be referred to the IPC/MIPU, following Secretary of State intervention - Option 2 enables project promoters at the outset to make an application incorporating both planning permission elements and compulsory purchase order elements directly to the IPC/MIPU.