

HOUSING, PLANNING & ENVIRONMENT OVERVIEW AND SCRUTINY COMMITTEE

DATE: 16 NOVEMBER 2017

SUBJECT: INTERIM NATIONAL INFRASTRUCTURE ASSESSMENT CONSULTATION

REPORT OF: EAMONN BOYLAN, CHIEF EXECUTIVE, GMCA

PURPOSE OF REPORT

To provide a briefing for Scrutiny members on the interim national infrastructure consultation that was launched on the 13 October 2017.

RECOMMENDATIONS

Members are asked to:

1. Note the report and key issues identified – section 2.4
2. Note the previously GMCA/LEP recommendations – section 3.4
3. Identify the specific issues that the Greater Manchester response should highlight.

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1. BACKGROUND

- 1.1 The National Infrastructure Commission (NIC) was created in 2015 to provide independent advice and analysis to Government on the infrastructure requirements and future strategy for infrastructure decisions in the UK.
- 1.2 The NIC was formally launched on the 30th October 2015, with Lord Adonis appointed as Chair. The NIC is an executive agency of HM Treasury and its formal role is to: provide expert, independent advice on pressing infrastructure issues, and produce and in-depth assessment of the UK's major infrastructure needs on a 30-year horizon. Its objectives are to:
 - Foster long-term and sustainable economic growth across all regions of the UK
 - Improve the UK international competitiveness
 - Improve the quality of life for those living in the UK
- 1.3 The main output of the NIC is the National Infrastructure Assessment. This is a report analysing the economic infrastructure needs of the UK over the next 30 years with the NIC producing one National Infrastructure Assessment each Parliament which will then be formally laid before Parliament.
- 1.4 On the 27 October 2016 the NIC launched a 15-week Call for Evidence to shape the development of its National Infrastructure Assessment. All interested parties were encouraged to submit evidence, ideas and solutions. A joint GMCA/LEP response was submitted on the 9 February 2017 (see Section 3 below). The responses to the call for evidence were published by the NIC on the 16 October 2017 and can be viewed at:
<https://www.nic.org.uk/publications/responses-call-evidence-interim-national-infrastructure-assessment-2/>
- 1.5 The NIC are now consulting on the interim National Infrastructure Assessment. The first full assessment will be published in 2018 following this consultation and will lead to the development of a final view of the priorities to 2050 as well as recommendations to Government.

2. INTRODUCTION

- 2.1 Consultation on the interim National Infrastructure Assessment was launched on 13 October 2017. The chairman (Lord Adonis) of the National Infrastructure Commission was supported at the launch by five of the country's seven Mayors – from the West Midlands, Greater Manchester, London, Cambridge and Peterborough and the West of England.
- 2.2 The opening section of the assessment highlights the commission's commitment to work with the recently elected metro mayors. Stating that:
"In parallel with the Assessment the Commission will work with them on developing integrated and comprehensive infrastructure strategies. Whilst transport planning will be central to this work, the Commission will also aim to take a broader perspective, encouraging metro mayors to consider the full spectrum of potential priorities for each city-region".

- 2.3 The assessment covers all of the key sectors of economic infrastructure. It encompasses transport, energy, water and sewerage, flood risk, digital and waste. Whilst the assessment doesn't cover housing, it is identified as "the greatest capacity challenge of them all". The assessment is also guided by the Commission's objectives to "support sustainable economic growth across all regions of the UK, improve competitiveness and improve quality of life".
- 2.4 The interim National Infrastructure Assessment examines seven key areas, and sets out the vision and priorities for helping meet the country's needs up to 2050. These seven areas are:

(1) Building a digital society: fast, reliable data services everywhere -

Requirement for substantial investment in digital infrastructure in the form of fibre optic cables and mobile networks. But choice over how to deploy it. Infrastructure has a long life and needs to be build and designed well. Support from a national design council covering all of the main infrastructure sectors. New ways to measure the state of the UKs infrastructure will be developed. Cost benefit analysis is widely used but has its limitations.

(2) Connected, liveable city-regions: linking homes and jobs -

Cities are the engine of growth but to succeed they need effective infrastructure, this includes intercity connections but is more than this and urban transport is not joined up. New technology will play a part such as 'mobility as a service' but will not solve issues of congestion or capacity. The new Metro Mayors provide an opportunity to correct the existing lack of integrated transport and it is crucial that they have funding and resources.

(3) New homes and communities: supporting delivery of new homes -

Housing supply has failed to keep up with demand. Housing cannot be created without the underpinning of transport and utilities. Smart, sustainable and liveable communities depend upon reliable and high-quality infrastructure. In return the value of new and existing infrastructure is enhanced if it enables housing to be built and gives people choices of where to live and work. System limitations include poor co-ordination between new infrastructure in relation to housing supply and the lack of responsiveness with some infrastructure framework. Better co-ordination is needed.

(4) Low-cost, low carbon: ending carbon emissions from power, heat and waste -

There are strong targets for the reduction of greenhouse emissions and good progress has been made. The cost of some supply options has decreased more rapidly than predicted. New storage and demand management technologies will be needed to enable even high levels of renewable energy. There is a gap between existing Government targets and policy and sudden changes in policy have increased the risk for private sector investors. It will not be possible to continue using natural gas to heat buildings. Carbon capture and storage will be needed as well as energy from waste. Demand will have to be managed. There are two priorities (1) improve energy efficiency and (2) provide long term certainty to deliver low cost energy.

(5) A revolution in road transport – seizing the opportunities of electric and autonomous vehicles - Most journeys are made by road, predominantly by car. The car is about to undergo a revolution with electric, autonomous and connected vehicles will make road travel more comfortable and safer. Society will have to make choices about what changes in road design and use are acceptable for new vehicles. And whether motorists are willing to give up some degree of individual control to improve overall traffic flows. With electric vehicles, fuel duty income will decline. A new pricing system will be needed and new forms of pricing will be required alongside new forms of vehicle ownership.

(6) Reducing the risk of extreme weather: Making sure the UK can stand up to drought and flooding – The UK relies on water and flood risk infrastructure that dates back in some cases more than a century. Risk are increasing including from climate change, a growing population and higher environmental standards. The public has a low awareness and has a short term focus on the value of water infrastructure. Efficiency and resilience as well as demand management are needed. A longer term, more joined up and integrated approach to flooding, drainage and sewerage is required. Green infrastructure approaches to flood risk management and river catchment management can provide multifunctional benefits, as can changes to agricultural subsidies but are not necessarily effective against extreme flooding events and investment in traditional defences are required.

(7) Financing and funding infrastructure in efficient ways: getting the balance right between public and private sectors – The UK's infrastructure is built, owned and run by a mix of the public and private sectors. Constraints set by the Government's fiscal remit mean that access to private sector finance will continue to be key to serving the UK's infrastructure needs. However projects can only be financed if there is a clear funding stream and a way to pay back the upfront costs. The European Investment bank and the Green Investment bank have played an important role in financing infrastructure by undertaking due diligence on complex and 'first of a kind' projects. The EIB may leave the UK market post Brexit. However the GIB may change after prioritisation. New institutions may still be needed.

- 2.5 The assessment is about setting the right framework now to help different localities plan for the future. There is an emphasis on liveability and the integration and interdependency between planning for homes and homes, transport infrastructure and other critical utilities such as digital, water, flood risk management, energy and greenspace.
- 2.6 The consultation is supported by 28 open consultation questions (See Appendix A) and the deadline for responses to the consultation is **12 January 2018**.

3. GREATER MANCHESTER RESPONSE

- 3.1 The following groups and boards will be utilised to gather views from different organisations and stakeholders on the strategic infrastructure issues that

Greater Manchester should raise through the consultation. The identified groups/boards are:

1. Greater Manchester Planning and Housing Commission
2. Greater Manchester Digital Infrastructure Leadership Group
3. Greater Manchester Infrastructure Advisory Group
4. Natural Capital Group / Low Carbon Hub
5. Transport for Greater Manchester
6. Greater Manchester Waste Disposal Authority

3.2 The Greater Manchester Combined Authority (GMCA) will respond to this consultation and will consider a draft response when it meets on the 15 December.

3.3 The Greater Manchester response will be shaped by the new Greater Manchester Strategy (GMS): Our People our Place¹ following commitments in the implementation plan:

- Through the Infrastructure Advisory group, outline the vision, scope and process to develop a Strategic Infrastructure Plan to enhance the resilience of existing infrastructure and to accommodate growth and to
- Work with GM's main infrastructure providers to promote collaboration and synchronisation of investment plans

3.4 The views of Scrutiny members are sought in relation to the issues that the response should cover, including but not limited to those outlined above.

4. RECOMMENDATIONS

4.1 Recommendations are found at the front of the report.

¹ See: https://www.greatermanchester-ca.gov.uk/news/article/214/blueprint_for_the_future_of_greater_manchester_revealed

Appendix A

CONSULTATION QUESTIONS

Consultation Questions

- 1) How does the UK maximise the opportunities for its infrastructure, and mitigate the risks, from Brexit?
- 2) How might an expert national infrastructure design panel best add value and support good design in UK infrastructure? What other measures could support these aims?
- 3) How can the set of proposed metrics for infrastructure performance (set out in Annex A) be improved?
- 4) Cost-benefit analysis too often focuses on producing too much detail about too few alternatives. What sort of tools would best ensure the full range of options are identified to inform the selection of future projects?
- 5) What changes are needed to the regulatory framework or role of Government to ensure the UK invests for the long-term in globally competitive digital infrastructure?
- 6) What are the implications for digital infrastructure of increasing fixed and mobile convergence? What are the relative merits of adding more fibre incrementally over time compared to pursuing a comprehensive fibre to the premises strategy?
- 7) What are the key factors including planning, coordination and funding, which would encourage the commercial deployment of ubiquitous connectivity (including, but not only, in rural areas)? How can Government, Ofcom and the industry ensure this keeps pace with an increasingly digital society?
- 8) How can the risks of 'system accidents' be mitigated when deploying smart infrastructure?
- 9) What strategic plans for transport, housing and the urban environment are needed? How can they be developed to reflect the specific needs of different city regions?
- 10) What sort of funding arrangements are needed for city transport and how far should they be focused on the areas with the greatest pressures from growth?
- 11) How can the Section 106 and Community Infrastructure Levy regimes be improved to capture land and property value uplift efficiently and help fund infrastructure? Under what conditions are new mechanisms needed?
- 12) What mechanisms are needed to deliver infrastructure on time to facilitate the provision of good quality new housing?
- 13) What will the critical decision factors be for determining the future of the gas grid? What should the process for deciding its future role be and when do decisions need to be made?

14) What should be the ambition and timeline for greater energy efficiency in buildings? What combination of funding, incentives and regulation will be most effective for delivering this ambition?

15) How could existing mechanisms to ensure low carbon electricity is delivered at the lowest cost be improved through:

- Being technology neutral as far as possible
- Avoiding the costs of being locked in to excessively long contracts
- Treating smaller and larger generators equally
- Participants paying the costs they impose on the system
- Bringing forward the highest value smart grid solutions

16) What are the critical decision factors for determining the role of new nuclear plants in the UK in scenarios where electricity either does, or does not, play a major role in the decarbonisation of heat? What would be the most cost-effective way to bring forward new generation capacity? How important would it be for cost-effectiveness to have a fleet of nuclear plants?

17) What are the critical decision factors for determining the role of carbon capture and storage in the UK in scenarios where electricity either does, or does not, play a major role in the decarbonisation of heat? What would be the most cost-effective way to bring it forward?

18) How should the residual waste stream be separated and sorted amongst anaerobic digestion, energy from waste facilities and alternatives to maximise the benefits to society and minimise the environmental costs?

19) Could the packaging regulations be reformed to sharpen the incentives on producers to reduce packaging, without placing disproportionate costs on businesses or creating significant market distortions?

20) What changes to the design and use of the road would be needed to maximise the opportunities from connected and autonomous vehicles on:

- motorways and 'A' roads outside of cities?
- roads in the urban environment?
- How should it be established which changes are socially acceptable and how could they be brought about?

21) What Government policies are needed to support the take-up of electric vehicles? What is the role of Government in ensuring a rapid rollout of charging infrastructure? What is the most cost-effective way of ensuring the electricity distribution network can cope?

22) How can the Government best replace fuel duty? How can any new system be designed in a way that is fair?

23) What should be done to reduce the demand for water and how quickly can this have effect?

24) What are the key factors that should be considered in taking decisions on new water supply infrastructure?

25) How can long-term plans for drainage and sewerage be put in place and what other priorities should be considered?

26) What investment is needed to manage flood risk effectively over the next 10 to 30 years?

27) What would be the most effective institutional means to fulfil the different functions currently undertaken by the European Investment Bank if the UK loses access? Is a new institution needed? Or could an expansion of existing programmes achieve the same objectives?

28) How could a comprehensive analysis of the costs and benefits of private and public financing models for publicly funded infrastructure be undertaken? Where might there be new opportunities for privately financed models to improve delivery?