

Armitt Review

Programme for establishing a National Infrastructure Commission during the 2015-2020 Parliament

Following the publication of the Arritt Review in September 2013, this paper sets out the timeline of activities that would make the proposed National Infrastructure Commission (the Commission) effective over the period of the next Parliament. The paper should be read alongside the draft National Infrastructure Bill and covers three key areas:

- setting up the Commission, including the passage through Parliament of a National Infrastructure Bill;
- producing the first National Infrastructure Assessment ; and
- production of the first Sector Infrastructure Plans (SIPs) by the Government.

The programme put forward in this paper would allow an independent assessment of the UK's long term infrastructure needs to be drawn up by half way through the next Parliament. This would give politicians and the public a clear idea of the infrastructure challenges that we face as a nation over the next 25-30 years in order to remain internationally competitive. Equally importantly, it would spell out the likely consequences of doing nothing. As a result, the debate around infrastructure investment in the UK could take place on a more informed basis. This in turn should make it easier to establish political consensus around major schemes.

The Government could then commence the process for Parliament to approve the Sector Infrastructure Plans (SIPs). These would set out how the needs identified by the Commission will be addressed, how the investment required would be delivered and paid for and what sectors or specific projects are to be prioritised in the light of any affordability constraints.

Establishing the National Infrastructure Commission

The legislation to establish the Commission would be among the first Government Bills of the next Parliament and be positioned as one of the priorities of the new Government's programme.

The National Infrastructure Bill would give the Commission statutory independence and set out its remit – particularly what it needs to consider when completing the initial National Infrastructure Assessment. It would also:

- require Government Departments and other relevant public bodies to provide the Commission with information; and

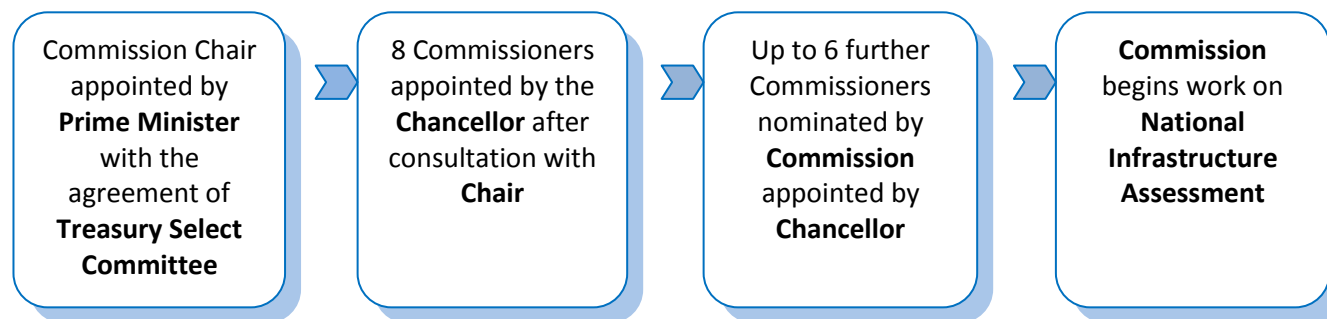
- provide for stable funding to underpin the Commission’s work. Funding would be agreed in 10 year tranches by means of a House of Commons resolution, which would allow Parliament to ensure that funding for the Commission is set at adequate levels.

The National Infrastructure Bill would also provide for legislation impacting on other relevant institutions to be amended in order to allow the Commission to fulfil its remit. This would include:

- introducing a new duty on all economic regulators both to act in accordance with the Commission’s National Infrastructure Assessment once endorsed by Parliament, and the relevant Sector Infrastructure Plans once approved by Parliament; and
- new obligations for Government Departments (Transport, DECC, Defra and DCLG) such that Sector Infrastructure Plans (which would replace the current National Policy Statements designated under the Planning Act 2008) are produced in line with the National Infrastructure Assessment as approved by Parliament, within a 2 year timescale.

In order to accelerate the production of the first National Infrastructure Assessment, the Commission would be set up in shadow form once the Bill has been given a Second Reading by the House of Commons.

Figure 1: Appointment of Commission members and staff within the first year of the Parliament



The Chair of the Commission would be appointed by the Prime Minister. This would be with the consent of the Treasury Select Committee of the House of Commons with the leaders of the opposition parties and the devolved governments also being consulted. The Draft Bill proposes that eight other members of the Commission would then be appointed by the Chancellor after

consultation with the Chair and up to a further six members of the Commission would be nominated by the Chair and then appointed by the Chancellor.

The Commission's members would be appointed on the basis of both technical expertise and to allow decisions to be taken on a sufficiently broad basis such that there can be a reasonable expectation of political consensus. Members would include specialists and academics, from all major infrastructure sectors as well as prominent former politicians and those who bring the perspective of trades unions, economists, environmentalists and local government.

From the point when the National Infrastructure Commission is established, Infrastructure UK (IUK) would in part be incrementally phased into the Commission and, in part, as appropriate, wound down. Once the Commission is established it would then appoint expert committees and (as necessary) sub-committees in each infrastructure sector to gather evidence to develop the National Infrastructure Assessment. It is anticipated that the secretariat to support the work of the Commission's sector committees would be largely be drawn from IUK.

Producing the National Infrastructure Assessment

Work on the first National Infrastructure Assessment would begin in mid 2016. Over the next 12 months, expert committees would produce reports on each of the following infrastructure sectors, which are largely in respect of which National Policy Statements are currently designated. These are:

- energy generation, storage, distribution and supply, including renewable energy, fossil fuels and nuclear power;
- transport covering ports, transport networks (including railways and roads) and aviation;
- water storage, transfer, supply and treatment, including waste water; and
- hazardous waste

In addition to this, three further sectors would be within the Commission's remit:

- telecommunications (e.g. super-fast Broadband); and
- strategic flood defences.

The reports would comment on the infrastructure capacity that the UK will be required to develop over the next 25-30 years in order to maintain its international competitiveness. This would be based on long term assumptions provided to the Commission by the Chancellor including:

- economic growth forecasts;
- population trends;
- long term tax and spending policy as forecast by the Office of Budget Responsibility;
- Government forecasts of housing growth;
- environmental and climate change considerations;
- regulatory requirements such as those of the EU; and
- any other matters which the Government might refer to the Commission.

To help undertake their work the sector teams would:

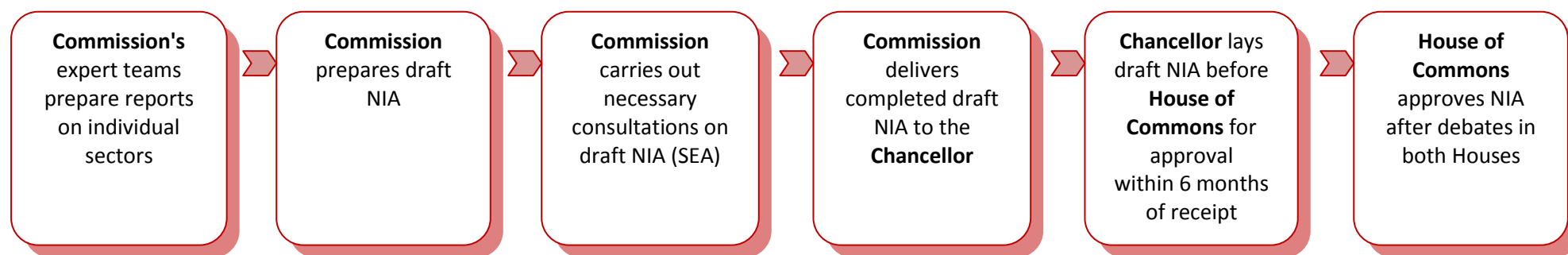
- have a Memorandum of Understanding in place with each of the relevant Government Departments in order to provide access to any modelling tools and analysis;
- be able to request evidence from regulators and delivery organisations such as Network Rail and the Highways Agency; and
- be able to commission work such as studies on global benchmarks and resilience/condition of existing assets and forecast technological change within each sector.

Plans for funding and financing investment and the prioritisation of the Government's resources would be a key element of the Sector Infrastructure Plans to be produced by each relevant Government Department (see below).

The Commission members would then review the work of the sector committees to ensure that all interdependencies had been acknowledged. A draft National Infrastructure Assessment would then be produced for consultation and updated after the conclusion of consultation.

The Commission would deliver its first National Infrastructure Assessment to the Chancellor, who would then have a statutory obligation to lay the Assessment before Parliament for its approval within six months, together with such amendments that the Government might propose.

Figure 2: Preparation and approval of the National Infrastructure Assessment



While the National Infrastructure Commission was being set up, the Government would continue to deliver the projects set out in the present National Infrastructure Plan against the background of existing National Policy Statements and to press on with responding to the recommendations of the Davies Commission. This is consistent with the wider approach of the Armitt Review, since the Commission's primary purpose is to establish greater clarity around medium to long term national needs and not to intervene in short term issues around individual projects.

Producing the Sector Infrastructure Plans

Once the Commission's conclusions around long term needs have been approved by Parliament, then individual Government Departments would have a statutory duty to produce and designate Sector Infrastructure Plans (SIPs) to support the Assessment within 2 years.

Within each SIP, the Government would add the next level of detail as to how the needs identified by the Commission will be met by setting out specific schemes and projects. For example:

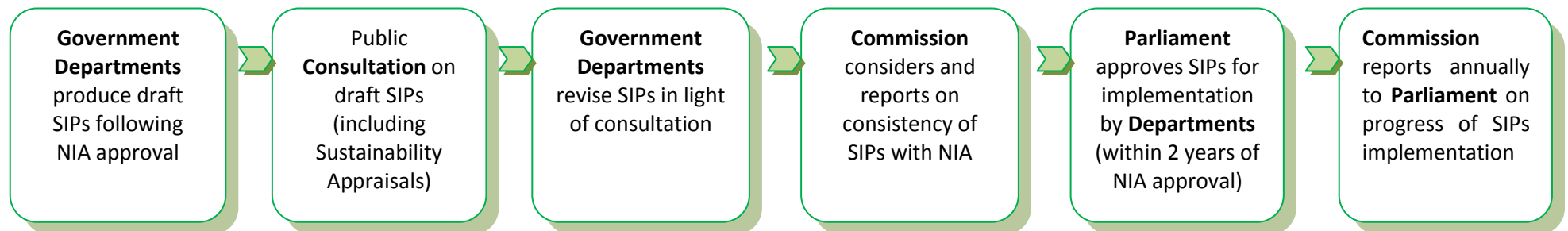
- if the Commission identified a need for extra reservoir capacity in the south-east of England, the SIP for water supply would set out the preferred location for this; and
- if the Commission highlighted a need to improve transport connectivity between certain centres of population, then the transport networks SIP would bring forward specific road and rail proposals to address this.

However, the SIPs would be required go further than the existing National Policy Statements. To improve public/investor confidence, they would also explain:

- the different sources of funding that would be drawn upon in order to deliver any proposed investment;
- detailed timescales for the procurement and delivery of projects; and
- the preferred vehicle(s) for delivering infrastructure investment.

Once each SIP has been produced in draft, the Commission would review the document and when the draft SIP is then laid before Parliament by the responsible government department, a statement would have to be included containing the Commission's assessment of the SIP. This statement would either confirm the SIP's consistency with the Commission's National Infrastructure Assessment or set out the areas of inconsistency together with an analysis of what that might mean for overall delivery against the needs identified. This would give public transparency as to whether the plans developed by the Government effectively address the long term needs that have been identified by the Commission.

Figure 3: Preparation and approval of SIPs



Once approved by Parliament, the SIPs would in aggregate form a new evidence-based National Infrastructure Plan for the UK and planning decisions on individual nationally significant infrastructure projects would then be taken based on the SIPs instead of National Policy Statements.

Going forward, a key function of the Commission, via its annual report, would be to monitor how effectively the proposals contained within the SIPs are actually being implemented.

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