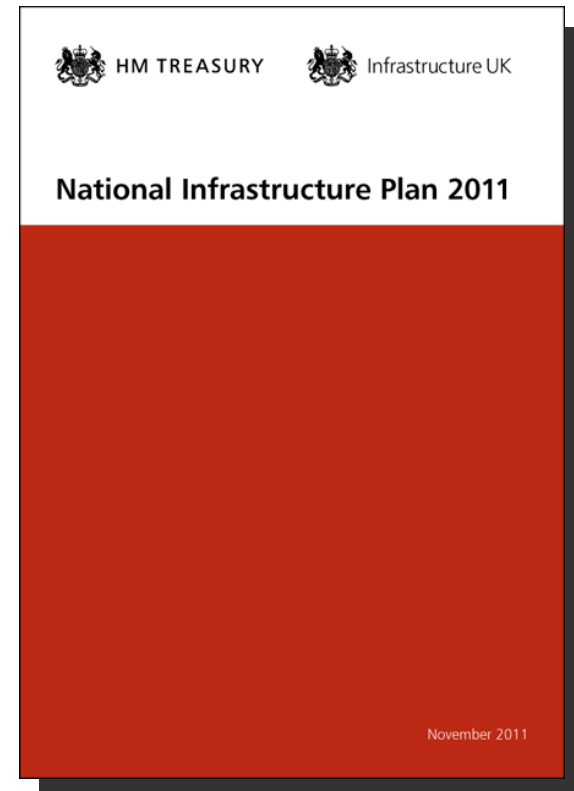




# National Infrastructure Plan 2011

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HM Treasury



## Outline

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1. Why publish a National Infrastructure Plan?
2. A vision for the UK's infrastructure
3. Funding and financing infrastructure investment
4. Focusing on delivery

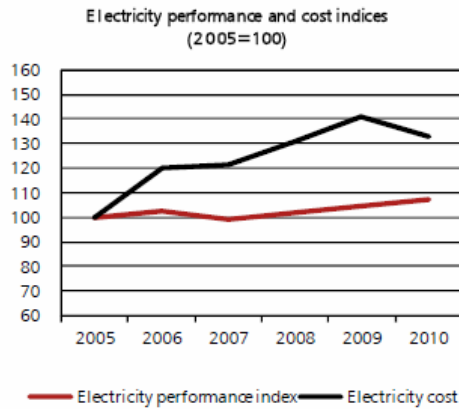
## 1. Why publish a National Infrastructure Plan?

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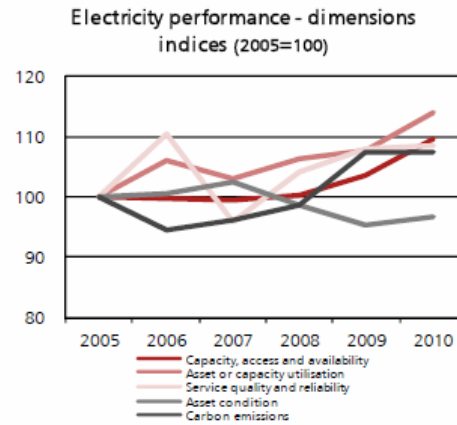
- Demand for a clear, long term strategy and pipeline
  - Helps delivery
  - Gives business confidence
- Growth Review Phase 2
- Joining up thinking across sectors, dealing with cross-cutting issues
- Useful exercise
  - How is our infrastructure performing?
  - What are our priorities?
  - What are we doing about it?
- Transparency
- Putting infrastructure on the agenda (with objectivity)

## 2a. The vision – performance and cost analysis

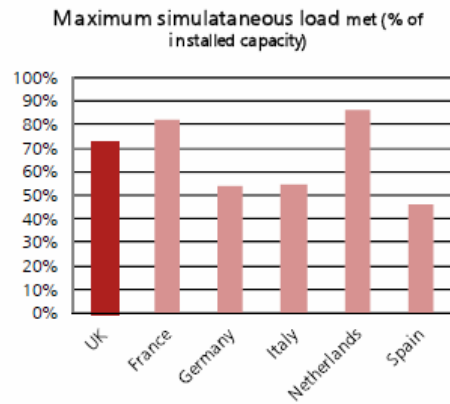
Chart 3.E: Electricity performance and cost – details and comparative performance



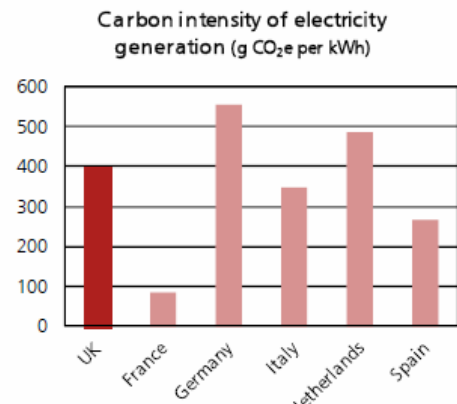
Source: For more details on methods, definitions and sources used in the construction of the indices, see Annex D



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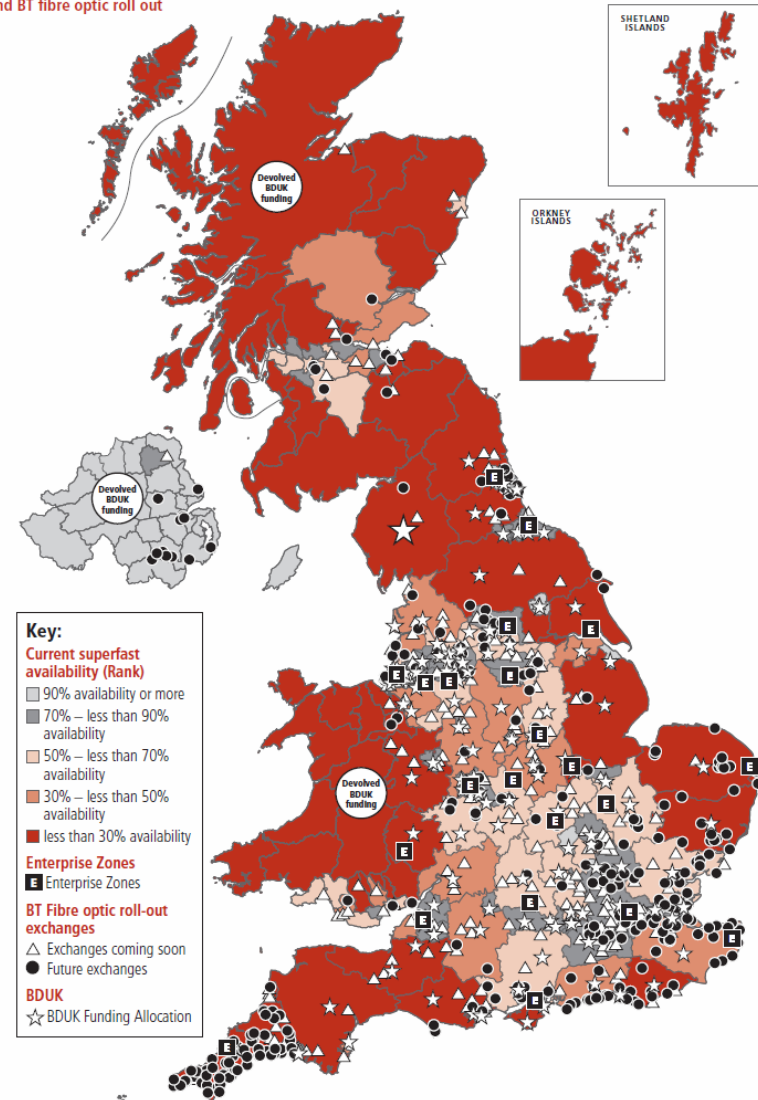


Sources: Department of Energy and Climate Change, ENTSO-E  
Notes: 2010 data



Sources: EEA, OECD, Department of Energy and Climate Change  
Notes: 2009 data

Figure 3.C: Overall performance of fixed line broadband across the UK, Broadband Delivery UK investment and BT fibre optic roll out



## 2a. The vision – performance and cost analysis

- Lots of caveats!
- In general, performance has risen but so have costs
- Airport performance has fallen due to capacity constraints

| Sector                | Evolution of performance since 2005 | Evolution of cost since 2005 |
|-----------------------|-------------------------------------|------------------------------|
| Major roads           | ↑                                   | ↑                            |
| Rail                  | ↑                                   | →                            |
| Airports              | ↓                                   | ↑                            |
| Ports                 | ↑                                   | ↑                            |
| Electricity           | ↑                                   | ↑                            |
| Gas                   | ↑                                   | ↑                            |
| Communications        | ↑                                   | ↓                            |
| Water and sewerage    | ↑                                   | ↑                            |
| Waste                 | ↑                                   | ↑                            |
| Flood risk management | ↑                                   | ↓                            |

Source: HM Treasury analysis.

- In transport, reliability has improved, but congestion/crowding has risen
- Energy security is a challenge as many power stations are due to close

|                       | Capacity access and availability | Asset or capacity utilisation | Service quality and reliability | Asset condition |
|-----------------------|----------------------------------|-------------------------------|---------------------------------|-----------------|
| Major roads           | →                                | →                             | ↑                               | ↑               |
| Rail                  | ↑                                | ↓                             | ↑                               | ↑               |
| Airports              | ↓                                | --                            | ↓                               | --              |
| Ports                 | →                                | ↓                             | ↑                               | --              |
| Electricity           | ↑                                | ↑                             | ↑                               | ↓               |
| Gas                   | ↑                                | ↑                             | ↓                               | →               |
| Communications        | ↑                                | --                            | ↑                               | --              |
| Water and sewerage    | ↑                                | ↑                             | ↑                               | ↑               |
| Waste                 | ↑                                | ↑                             | ↑                               | --              |
| Flood risk management | ↑                                | --                            | --                              | ↑               |



## 2b. The vision – long-term ambitions for each sector

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- Transport

- targeted investments aimed to reduce road and rail congestion the worst pinch points
- maintain the status of the UK as an international hub for aviation
- improve integration between different modes of transport
- ensure transport greenhouse gas emissions are falling

- Energy

- security of supply of electricity
- diverse mix of gas sources
- reduce carbon intensity of electricity
- a smarter electricity grid
- remain competitive with other countries and affordable for households and businesses

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- Communications

- best superfast broadband network in Europe by 2015
- efficient use of spectrum resources
- high quality mobile data and voice network with near-universal 99 per cent coverage
- regulatory system that can adapt rapidly to changes in technology, demand and lifestyles

- Environmental networks

- maintain security of water supply, water quality and effective removal of waste water in face of rising demand and climate change pressures
- ensure 145,000 households in England better protected against flood and coastal erosion
- reduce biodegradable municipal waste sent to landfill to 50 per cent of the 1995 level in 2013 and to 35 per cent in 2020

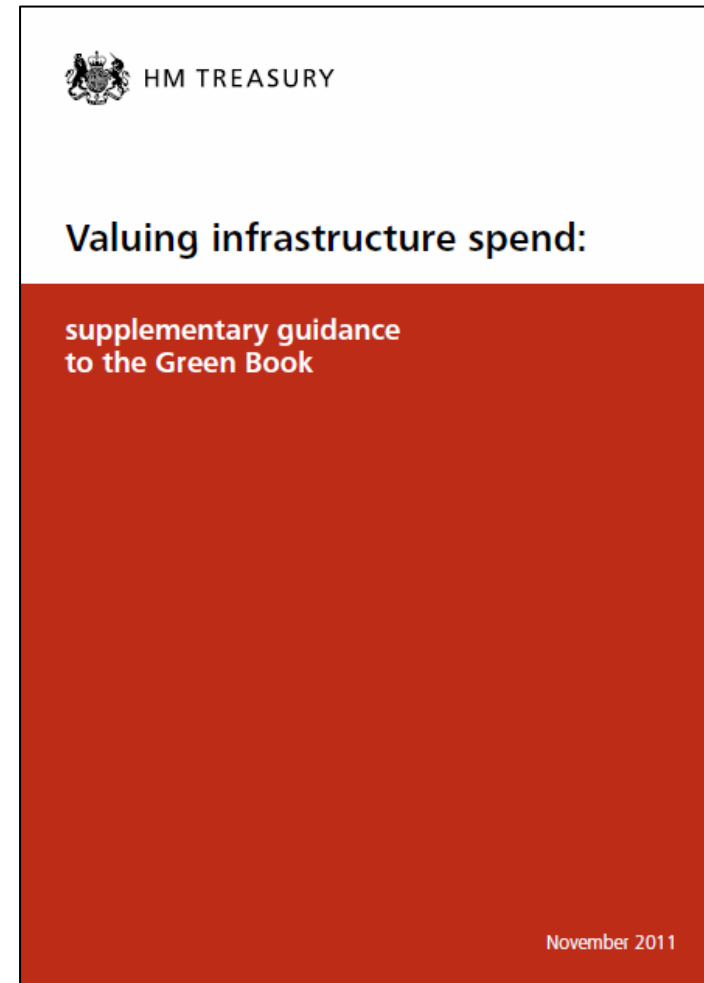
Note: this is a selection from the fuller list of ambitions in the National Infrastructure Plan



## 2c. Opportunities and risks across sectors

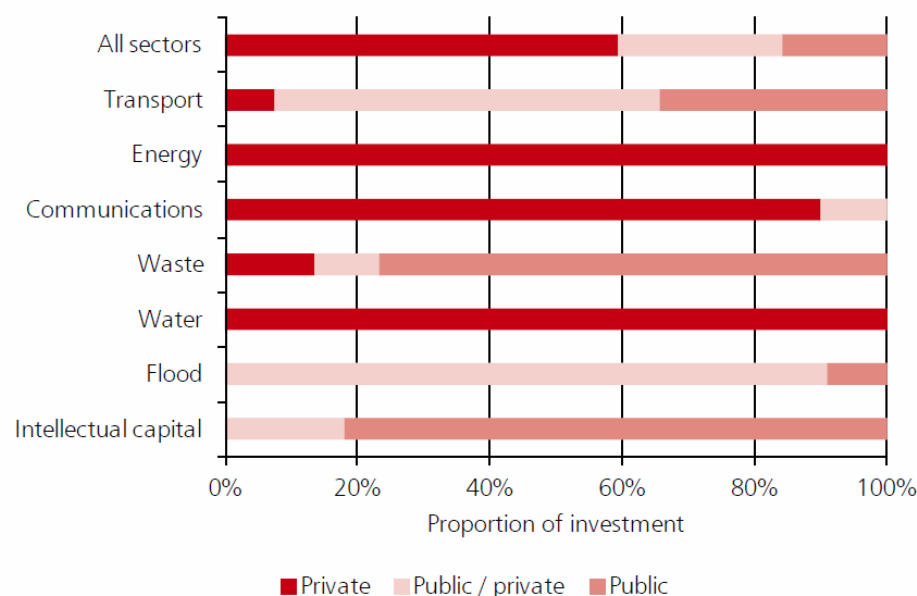
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- Recognising opportunities from interdependencies in delivery
  - Research
  - Reviews of projects and land use
- A consistent approach to appraisal
  - Green Book guidance
- Prioritising security and resilience across sectors
- Understanding relationships between sectors
- Taking an integrated approach to infrastructure and housing planning



### 3a. Funding and financing – a new approach to private investment

Most UK infrastructure investment is already funded by the private sector:



Source: HM Treasury analysis.

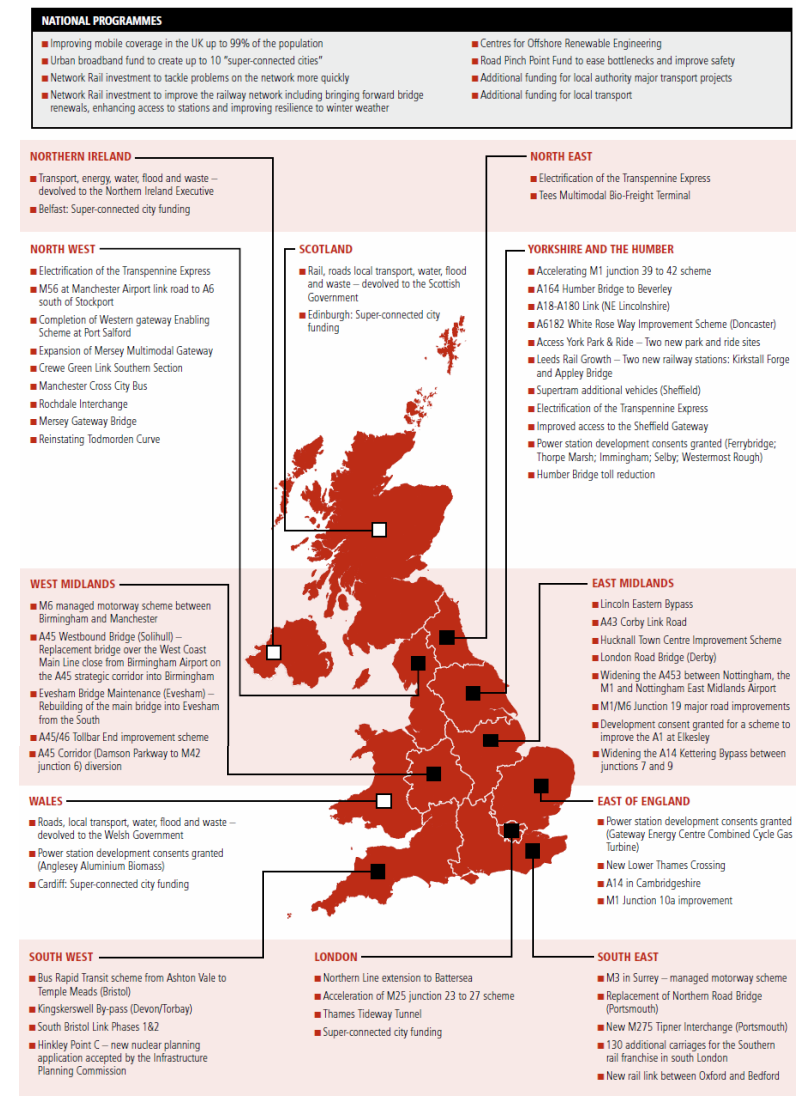
The Government is taking a new strategic approach:

- **new investors:** the Government has signed a Memorandum of Understanding with two groups of UK pension funds, and is also working with the Association of British Insurers. These initiatives target up to £20 billion of investment
- **new sources of revenue:** the Government will explore tolls to increase capacity on the A14 and will also consider tolls for other new road capacity proposals
- **more flexibility for local authorities:** the Government will consider allowing city mayors to borrow against the Community Infrastructure Levy (CIL) to support major infrastructure, including for extending the Northern Line to Battersea
- **using guarantees:** the Government will, subject to affordability, consider using guarantees to support specific projects where this provides best value for money, recognising that the private sector cannot always bear every risk

## 3b. Funding and financing – £2.7bn of new investment

- £1 billion on roads
  - managed motorways on M3 and M6, improvements to M1/M6 Junction 19, the A14 Kettering Bypass, widening of the A453, A45/46 Tollbar End improvement scheme, and smaller projects to tackle bottlenecks
- £1.4 billion on rail
  - electrification of the Transpennine route, new link between Oxford and Bedford, enhancement and renewal works, smart ticketing, new carriages, and limit rail fare increases
- £170 million on local transport
  - including the Kingskerswell Bypass in Devon, the Lincoln Eastern Bypass and Manchester Cross City Bus
- £100m on broadband
  - up to ten ‘super-connected cities’ with 80-100 megabits per second broadband

Note: around £1 billion of the investment in railways is funded by Network Rail.



## 4a. Focusing on delivery – prioritising major projects

- The Government has identified 40 projects and programmes that are of national significance and critical for growth
- A new Cabinet Committee, chaired by the Chief Secretary to the Treasury, will tackle poor coordination and planning and regulatory hold ups, and focus commercial expertise to ensure delivery
- Action over the summer has:
  - enabled eight major projects to proceed, including the A1 at Elkesley and seven electricity generation projects worth £4bn
  - led to a commitment to build a new crossing across the Lower Thames,
  - supported development of the London Gateway port by helping the developer identify traffic management measures

|                                                                                   |                                                                                     |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| <b>Transport</b>                                                                  |                                                                                     |
| <b>Roads</b>                                                                      |                                                                                     |
| Highways Agency programme in construction – pre-2010 Spending Review              | New Lower Thames crossing                                                           |
| Highways Agency managed motorways programme – Spending Review projects            | Mersey Gateway Bridge                                                               |
| Highways Agency trunk road improvements programme – 2010 Spending Review projects | Local transport projects – funded at or before 2010 Spending Review                 |
| Highways Agency – Autumn Statement package                                        | Local authority major transport schemes – development pool projects                 |
| Alternative approaches to resolving issues along the A14 corridor                 |                                                                                     |
| <b>Public transport</b>                                                           |                                                                                     |
| Crossrail                                                                         | Reading upgrade programme                                                           |
| Thameslink                                                                        | High Speed Two (subject to consultation)                                            |
| Rail infrastructure and rolling stock enhancement                                 | Northern rail connectivity (Liverpool-Newcastle including Northern Hub)             |
| East Coast Main Line                                                              | Intercity Express Programme                                                         |
| Great Western Electrification                                                     | London Underground investment programme                                             |
| Kings Cross Station improvements                                                  | Northern Line Extension to Battersea                                                |
| <b>Airports</b>                                                                   |                                                                                     |
| Gatwick capital investment programme                                              | Heathrow capital investment programme                                               |
| <b>Ports</b>                                                                      |                                                                                     |
| Ports – container terminal projects                                               | Ports – renewable energy projects                                                   |
| <b>Local infrastructure funding programmes</b>                                    |                                                                                     |
| Growing Places Fund                                                               | Regional Growth Fund                                                                |
| <b>Energy</b>                                                                     |                                                                                     |
| Electricity generation – new nuclear investment                                   | Electricity generation – wind energy investment                                     |
| Carbon Capture and Storage investment                                             | Electricity and gas transmission and distribution investment                        |
| Electricity generation – gas investment (CCGT)                                    | Smart meters                                                                        |
| Electricity generation – biomass investment                                       |                                                                                     |
| <b>Communications</b>                                                             |                                                                                     |
| 4G mobile auction and rollout                                                     | Fixed broadband investment – private and public                                     |
| Rural mobile coverage                                                             | Urban broadband fund                                                                |
| <b>Water and sewerage and flood risk management</b>                               |                                                                                     |
| Thames Tideway Tunnel                                                             | Flood and coastal erosion risk management programme (including Thames Estuary 2100) |

## 4b. Focusing on delivery – bringing down costs

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### Reforming the planning system

In addition to existing wide-ranging reforms, the government will:

- **reform statutory consultees:** ensure the key consenting and advisory agencies have a remit to promote sustainable development
  - **speed up the consenting system:** simplify a number of consents, make it easier to apply and introduce a 13 week maximum timescale for the majority of non-planning consents
  - **ensure fairness in the consenting process:** implement a more effective mechanism for applicants to obtain an award of costs where a statutory consultee has acted unreasonably
- **improve performance of statutory consultees:** demonstrate sustainable development role, strengthen relationships, increase transparency
  - **build more flexibility into planning:** amend guidance on the new major infrastructure planning process, particularly for the pre-application phase
  - **speed up the appeals procedure,** streamline Inquiry Procedure Rules to improve consistency of practice and certainty for investors – emphasis on pre-appeal engagement
  - **review the habitats & wild birds directives as currently implemented,** to reduce unnecessary costs and delays, and provide more help for business in complying with directives

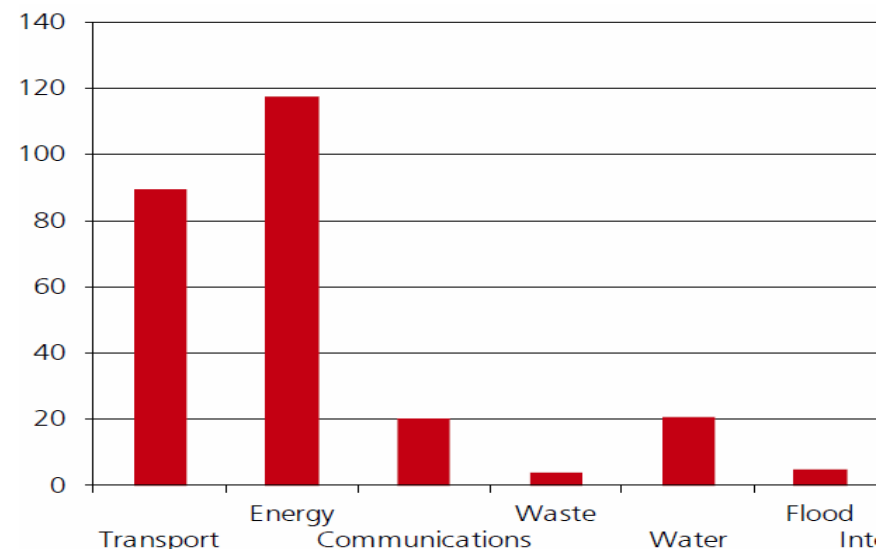
## 4b. Focusing on delivery – bringing down costs

### Implementing the Cost Review

The Government:

- **has started simplifying technical standards**, for example London Underground aim to cut the pages in their standards from 12,400 to 400
- **is improving procurement processes**, working with regulators and industry to streamline processes, smooth workflows and reduce burdens
- **has published a future pipeline** of 500 major infrastructure projects, worth over £250bn, to give clarity to investors and help industry plan

*Infrastructure investment pipeline value by sector (£bns)*



## Contact

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