

**NATIONAL
INFRASTRUCTURE
COMMISSION**

Better infrastructure for all

10 Victoria Street
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Rt Hon Darren Jones MP
Chief Secretary to the Treasury
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

27 November 2024

Dear Chief Secretary

Many thanks for your letter of 7 October, in which you set out the crucial role that infrastructure will play in helping the government to achieve its growth and clean power missions. You reiterated that the government intends to publish a ten-year infrastructure strategy in the spring of 2025 and it was very encouraging that you acknowledged that the Commission's second National Infrastructure Assessment should provide the underlying foundations for the strategy.

You have asked the Commission to deliver some further work in support of the strategy and to provide updated analysis and recommendations in certain policy areas. We have had productive conversations with your officials and an overview of the agreed workplan is enclosed at Annex A of this letter.

Your letter also requested input from the Commission in co-creating the strategy itself. We welcome the chance to work with ministers and officials to shape the development of the strategy and undertake some joint stakeholder engagement.

Finally, you also confirmed the plan to create a new organisation, the National Infrastructure and Service Transformation Authority, through a merger of the Commission with the Infrastructure and Projects Authority. This will bring strategy and delivery together and creates the opportunity to build a body with the capabilities and mandate to help implement the infrastructure strategy. We have been working in partnership with the Infrastructure and Projects Authority as part of our work on the strategy, and this early joint working will undoubtedly prove valuable as the new organisation takes shape.

The development of the strategy, followed by its timely, effective delivery, is absolutely vital. A comprehensive strategy underpinned by stable policymaking, plus a credible pipeline backed by long-term investment, represent the crucial building blocks.

We are committed to working with you to meet these challenges. I look forward to welcoming you to a Commission meeting later this year, when we can discuss these important issues in more detail.

Kind regards



Sir John Armitt
Chair, National Infrastructure Commission

Annex: Supplementary analysis by the National Infrastructure Commission to inform government’s 10 year infrastructure strategy

The second National Infrastructure Assessment (NIA2) sets out a long-term view of the UK’s economic infrastructure needs and priorities. It identifies an infrastructure gap between the assets we have today and the ones we will need in future to support economic growth, net zero and resilience. NIA2 provides a set of costed recommendations to help to close the gap. The Commission’s view is that the recommendations still stand, are consistent with government’s growth and clean energy missions, and so provide a strong foundation for the ten year infrastructure strategy. However, there are a number of areas that would benefit from further analysis and recommendations to reflect, in particular, government’s focus on the benefits of infrastructure investment, its housing and industrial strategy commitments, and the desire to develop a credible project pipeline. This supplementary work, set out below, will inform the development of the infrastructure strategy and its conclusions will be published in due course. The Commission will work with relevant government departments, agencies, local government, industry and others to develop our analysis.

Policy area and key question(s) addressed	Further details and scope
<p>1. Transport:</p> <ul style="list-style-type: none"> i. How can surface transport best support economic growth? ii. What are the potential scale of economic returns on investment across different modes/geographies, and how should this be reflected in an investment hierarchy? iii. How should transport investment be prioritised to address growth needs over the next 10 years, and what are the key investment priorities? 	<ul style="list-style-type: none"> • Set out role of transport in supporting the growth mission and the theory and evidence of the links between transport and growth as well as related strategic benefits at national and regional levels. • Ensure alignment with government priorities, including housing delivery, net zero, industrial strategy priority sectors. • Quantify the potential economic returns on investment across different transport modes/geographies to inform an understanding of the priority areas of investment to support growth. • Advise on investment prioritisation using evidence of where transport investment acts as a constraint on growth to inform strategic priorities for surface transport investment within a broad fiscal envelope.

Policy area and key question(s) addressed	Further details and scope
<p>2. Public investment programme:</p> <p>i. What does the evidence tell us about investment in economic infrastructure and resulting economic growth?</p> <p>ii. What are the key features of any successful public investment programme?</p>	<ul style="list-style-type: none"> • Lay out the evidence on investment in infrastructure and returns for economic growth; include a top-down look at the optimal aggregate level of investment in infrastructure over 10 years, and prioritisation of investment for growth. • Cover all economic infrastructure on the public sector balance sheet. • Provide public and private investment charts and tables, as in NIA2, but with additional spend reflecting government commitments and other new/changed spending in the infrastructure strategy. • Calculate available headroom against a fiscal remit considering committed programmes, projects and funds. • Support HMT on revising budget setting frameworks to provide greater certainty and stability to infrastructure sector.
<p>3. Infrastructure pipeline</p> <p>i. What are the key features of an effective infrastructure pipeline?</p> <p>ii. How should the pipeline be structured, governed and updated, so that industry/supply chain and investor confidence is maximised?</p>	<ul style="list-style-type: none"> • Review international approaches to pipelines and their governance. • Set clear objectives for a pipeline that will: deliver long-term industry confidence; harness learning effects and innovation; optimise supply chain and skills programming. • Design high-level architecture of a system (inc. data) that will generate a pipeline and keep it up to date; include public and private economic infrastructure, working in collaboration with IPA.
<p>4. Strategic and spatial planning</p> <p>i. What are the strategic and spatial implications of NIA2 recommendations which would likely be reflected in the pipeline?</p>	<ul style="list-style-type: none"> • Provide an overview of the spatial and strategic implications of NIA2 recommendations including cross-sectoral (e.g. water and energy), and with wider national and local government objectives (e.g. housing, industrial strategy, nature recovery).

Policy area and key question(s) addressed	Further details and scope
ii. What is the role of strategic and spatial planning in both populating a pipeline and providing confidence in its delivery? iii. Where are they current barriers to strategic and spatial infrastructure planning, and what reforms can help to support pipeline delivery?	<ul style="list-style-type: none"> • Review current governance arrangements for identifying and managing key spatial and strategic interactions, and identify barriers which could undermine confidence in the infrastructure pipeline. • Advise on the framework and components of a more strategic and spatial infrastructure planning approach, including the potential for sectoral strategic spatial plans beyond energy, mechanisms for alignment with local plans, and the role of decision-making tools like the land use framework.
5. Flood risk management i. What principles should be applied when identifying funding for flood infrastructure (both new and existing)? ii. What subsequent reforms to current governance arrangements would be required?	<ul style="list-style-type: none"> • Set out the Commission’s view of principles to apply when identifying appropriate sources of funding for new, and the maintenance of existing, flood infrastructure; consider balance between central and local public funding, and private sources. • Establish the most appropriate geographic levels for plans for reducing flood risk; including consideration of devolving funding to match risk responsibility. • Consider existing governance arrangements, suggesting potential changes to improve delivery of the next programme.
6. Other sectors and cross-cutting policy areas <p>In the energy sector, we will focus on delivery of the government-commissioned electricity distribution networks study, which covers the main gap from NIA2 and is designed to ensure that distribution networks can meet future demand increases and support economic growth. In the water, digital and waste sectors, we will work with departments using NIA2 recommendations to inform policy development but do not plan to provide supplementary advice. We will use our recent cross-cutting work on resilience (where we have called for clearer standards to be developed across infrastructure sectors) and the cost drivers of major projects (where we have identified four root causes that can contribute to systemic failures), to inform the supplementary analysis.</p>	