

The UK government's National Infrastructure Strategy (the Strategy) was published last week, minutes after Rishi Sunak delivered the Spending Review.

Reading the foreword written by Boris Johnson, we are reminded of the promises of the 2019 Election Campaign and a pre-COVID-19 world:

"For decade after decade, Governments of every political stripe have failed to invest enough in the UK's regions and nations. It is one of the reasons why the quality of our national infrastructure has fallen behind that of other countries. This Strategy will change that."

"I want to bring hope and opportunity for each part of the UK. Levelling up is my Government's core purpose."

One can sense the frustration that the government's infrastructure plans have been delayed by some months.

The Strategy sets out a framework for infrastructure development and improvement on many fronts, and a positive tone is set. However, those hoping for a document listing named, new, tangible projects, some of them shovel ready, will be disappointed. Our assessment of the highlights is discussed below. A number of these also featured in the Spending Review.



Highlights

National Infrastructure Bank

The Strategy sets out the government's plans to establish a new infrastructure bank for the UK. Headquartered in the north of England, the bank will co-invest alongside private sector investors, including banks and institutional investors. The bank will also be able to lend to local and mayoral authorities to support regional infrastructure projects, in line with the government's levelling up agenda. It is also expected that the bank will undertake some of the activities formerly performed by the European Investment Bank following the UK's departure from the EU.

Levelling Up

A clear message within the Strategy is that levelling up has become the "Government's core purpose". In order to achieve this aim, the government has set out a number of key strategies aimed at prioritising those areas that have received less support in the past. These include a £4 billion cross-departmental "Levelling Up Fund" to be invested in local infrastructure across England, a £4.2 billion fund to support large city regions outside London with intra-city transport settlements, £27 billion of investment in key strategic roads outside London and the expansion of devolution within England. The Levelling Up Fund has attracted particular attention: it is intended to be accessed by local authorities in awards of up to £20 million each to help fund "local infrastructure that has a visible impact on people".

The Green Book Review

In line with the government's levelling up agenda, a review of the Green Book has taken place to ensure investment is spread across the UK, where historically the dominance of benefit cost ratio (BCR) in decision-making meant that, typically, infrastructure schemes in London and the home counties would be favoured over schemes in the regions. The updated Green Book sees an end to the dominance of BCR, and instead appraisals must now give a comprehensive picture of both costs and benefits, which will also include non-monetisable and non-economic impacts. Alongside these key changes, the government has also confirmed that proposals will no longer be "place blind", meaning proposals are to be developed in line with local strategies and demonstrate how they will impact different areas.

Brexit – Simplifying Procurement

Outlined within the Strategy is the government's intention to design more streamlined procurement regulations post-Brexit. The government regards the current procurement regime as burdensome and slow, and plans to publish a green paper to propose "radical" reform, including reducing and simplifying current procedures, embedding transparency by default, and improving the way commercial tools, such as framework agreements, operate to improve open competition.

UK Gigabit

The government promises £5 billion of investment to support a UK-wide roll-out of gigabit broadband, a Shared Rural Network extending 4G mobile coverage to 95% of the UK, and £250 million of investment to ensure resilient and secure 5G networks. Given that reference is made to current UK coverage lagging behind many competitor countries, levelling up this aspect of infrastructure will be more important than ever where people are likely to increasingly work from home in the post-COVID-19 "new normal". It is expected that by next year, more than half of all UK premises will have access to gigabit-capable connections. 85% gigabit-capable coverage is targeted by 2025.



Green Industrial Revolution

In line with the Ten Point Plan for a Green Industrial Revolution issued in November [[link to SPB article here](#)], the Strategy sets out further how the plan will be delivered. The government aims to mobilise £12 billion in public investment and potentially three times this amount from the private sector. The Ten Point Plan is fundamental to delivering net-zero emissions by 2050. The government's key measures to achieve this aim include significant investment in offshore wind farms, £1 billion to support the establishment of carbon capture and investing £1.3 billion in charging infrastructure to support the adoption of electric vehicles ahead of the ban of new petrol and diesel cars by 2030.

Private Sector Investment

The Strategy recognises that the private sector plays a key role in achieving the infrastructure aims of this government. Historic levels of investment will be required in UK infrastructure over the coming years, a large proportion of which will come from the private sector, including £51 billion from water companies between 2020 and 2025. The government confirms its commitment to supporting private investment, hence its in-depth review and publication of the "Infrastructure Finance Review", published alongside the Strategy. The Infrastructure Finance Review sets out the government's three key principles for driving private sector investments: providing investors with long-term policy certainty, maintaining a strong and enduring system of independent economic regulation and using a range of policy tools and innovative funding mechanisms to embrace opportunities.

Other Notable Points

Project Speed

Announced in the summer, “Project Speed” was set up to review the infrastructure project life cycle and identify where improvements could be made to deliver faster infrastructure projects. The Strategy expands on this further and identifies a package of reforms that aim to achieve the government’s objective of building back “better, greener and faster”. Included in the plans are the reform of environmental regulations, wide-ranging improvements to the current planning system (including a refresh of the Nationally Significant Infrastructure Projects process) and streamlining of the decision-making process.

HS2

Coined as this government’s “flagship national transport project”, the Strategy reiterates the key role HS2 plays in delivering essential connectivity between the UK’s biggest cities and releasing capacity on an overloaded rail network. The Strategy also provides details surrounding the commitments made by the government to deliver HS2, including the strengthening of HS2 governance and the inception of a new ministerial task force, as a result of the Oakervee review.

Devolution

With a view to achieving the government’s stated vision to level up the whole of the UK, the Strategy talks of expanding devolution within England, and implementing the devolution deal in West Yorkshire. Further details are to be set out in the English Devolution and Local Recovery White Paper, which is expected over the coming months. Plans are also being developed to ensure that devolved administrations will receive funding to enable public transport investment in Scotland, Wales and Northern Ireland, which is expected to complement the Levelling Up Fund.

Relocation of Civil Servants

The Strategy mentions plans to relocate 22,000 civil servants out of London and the South East by 2030.

Financing Models

The Strategy confirms that PFI and PF2 will remain retired, citing fiscal risk, inflexibility and complexity, but explains that the government is open to expanding existing revenue support models – for example, the Regulated Asset Base model (currently in place for the Thames Tideway Tunnel but under consideration for new nuclear) and Contracts for Difference (now including onshore wind and solar for allocation round 4), recognising that the private sector plays a vital role in achieving the UK’s infrastructure ambitions. It is also confirmed that the government will fund a review of PFI contracts, to ensure that they are well managed and to support authorities to take back PFI assets as legacy PFI/PF2 contracts expire.



Union Connectivity Review

Plans are underway to deliver a Union Connectivity Review to identify options to improve transport links across the four nations of the UK, to include consultation with the devolved administrations. The review will be chaired by Sir Peter Hendy and the report is expected by summer 2021. It will explore existing connections, long-term trends in demand and technological developments and environmental impact.

Towns Fund

The Towns Fund promises to revitalise more than 100 struggling town centres and high streets in order to galvanise local economies to support both their immediate recovery from the pandemic and their long-term economic and social regeneration. October 2020 saw the first seven Town Deals being agreed, with further successful towns to be announced in the next few months.

Construction – “Least Productive Industry” and “Major Contributor to Greenhouse Gas Emissions”

Whilst the Strategy recognises that the UK’s construction industry contributed £117 billion to the UK economy in 2018 and supports more than 2 million jobs, it is also noted that it is one of the nation’s least productive industries and that the built environment is a major contributor to greenhouse gas emissions. We look forward to the publication of the Construction Playbook in winter 2020, which will set out policies and principles to “help UK construction to live up to its full potential”. The Construction Playbook will be embedded in a multiyear implementation programme, which will be further built upon in the Infrastructure and Projects Authority’s promised Transforming Infrastructure Performance publication in 2021.

Flooding

The Strategy indicates that the government expects to invest £5.2 billion in flood defences and minimising the impact of flooding to better protect 336,000 properties at risk of increased flooding from coastal erosion as a result of climate change. This is considered as part of the overall investment towards tackling climate change.

Next Steps

If the last few days of November have not been busy enough for policy papers touching on transport, energy and infrastructure, the next 12 months could also be busy. The Strategy promises:

In the next three months:

- The Union Connectivity Review
- The Construction Playbook
- The Integrated Rail Plan
- The Energy White Paper

In the next six months:

- The Net Zero Review final report
- The National Infrastructure and Construction Pipeline
- Transforming Infrastructure Performance 2021
- A transport decarbonisation plan

In the next 12 months:

- The English Devolution and Local Recovery White Paper
- An electric vehicle charging infrastructure strategy
- A heat and buildings strategy
- A hydrogen strategy
- An industrial decarbonisation strategy
- A refreshed Industrial Strategy

Alongside the above, the National Infrastructure Commission (NIC) has also set out an ambitious target to commission a new study on technologies to remove greenhouse gas, a priority for the NIC in 2021, which will make recommendations to government on deployment of technology to achieve negative emissions, underpinning policy and a decision timeline for achieving net-zero.

The Strategy states that, taken together, the above documents will set out the full scope and scale of the government's ambitions to level up and unite the country, decarbonise the economy, and revolutionise how the UK funds and delivers infrastructure.

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