

# England's Economic Heartland Strategic Alliance

## National Needs Assessment – Call for Evidence

### Submission of England's Economic Heartland Strategic Alliance

#### Context

1. England's Economic Heartland Strategic Alliance is a strategic partnership that involves 8 Local Transport Authorities and 4 Local Enterprise Partnerships. Stretching from Oxfordshire to Cambridgeshire, the Alliance represents an economy valued at £92.5bn, and is home to 175,000 businesses that employ 1,640,000 people out of a total population of 3.45m.
2. The Alliance Partners share a common aim: to look beyond current success and through collaborative work are committed to the aim of:
  - Raising productivity to match, and where possible exceed, that of our global competitors
  - Addressing identified barriers to the delivery of economic growth
3. The Alliance initiative is in response to the recognition by the partners that:
  - In terms of strategic infrastructure the issues (and solutions) extend beyond any one single upper-tier authority
  - Issues that are common to one or more upper-tier administrative area may benefit from a co-ordinated response
  - There is a need for stronger integration of investment by Government, its agencies, local authorities, as well as infrastructure and service providers
4. The Alliance Partners have established the Strategic Transport Forum with the aim of:
  - Providing the opportunity to share technical expertise and resources across the Partners to assist in the development, assessment and implementation of proposals
  - Enabling a more efficient and meaningful engagement with the Department for Transport, infrastructure agencies (such as Highways England and Network Rail) and service providers (such as bus and train operating companies)
  - Providing the focus for a single conversation on strategic transport infrastructure.
5. In this way the partners will be able to:
  - Enable rationalisation of standards, practices and policies in order to improve the efficiency and effectiveness of day-to-day operation of the transport system and response to disruption (accidents, emergencies and extreme weather events)
  - Build upon locally identified needs to develop and maintain a single overview of strategic transport priorities in liaison with the Local Transport Authorities/Boards and other stakeholders as appropriate
  - Manage the resources available to establish project teams as a means of providing leadership required to develop strategic proposals, including engagement with business and the wider community
  - Establish joint bidding teams to undertake and commission technical work (including the development of business cases) to secure investment funding to enable the delivery of strategic proposals
  - Work with Government and its agencies to co-design nationally delivered transport investment programmes.

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6. The Strategic Alliance leaders have set out their commitment to seek to establish a statutory Sub-national Transport Body at the earliest opportunity: work has begun on developing an Expression of Interest with a view to submitting it to Government in December 2016.
7. At the same time the Alliance leaders have identified the need for a strategic approach to the identification and prioritisation of wider infrastructure requirements that support economic activity and growth: an approach that embraces strategic transport infrastructure requirements alongside digital infrastructure, energy, water, fluvial and waste.
8. The Alliance leaders have identified the need for an active dialogue with the National Infrastructure Commission to ensure the strategic infrastructure requirements of the sub-national economy are better understood and reflected nationally.

### Responses to the Questions Posed by the Executive Group

9. In calling for submissions the Executive Group have offered the following vision for UK national economic infrastructure in the period up to 2050:

The UK will invest efficiently, affordably and sustainably in the provision of infrastructure assets and services to drive the economic growth necessary to enhance the UK's position in the global economy, support a high quality of life and shift towards a low carbon future

**Q1: *Do you agree with our proposed vision and outcomes? What amendments would you propose?***

10. There is a need for clarity as to whether this vision applies to the work of the Executive Group and/or the National Infrastructure Commission.
11. The vision is necessarily high-level and aspirational: as a statement of intent it offers a foundation on which subsequent work can build. However, as a basis for identifying strategic infrastructure requirements it is insufficient.
12. Any assessment of infrastructure requirements needs to be informed by an understanding of consumer expectations and/or aspirations (from both a business and individual perspective). It also needs to be based on an understanding of the level of service associated with specific infrastructure that is considered to be needed to support economic activity and growth.
13. Value judgements will therefore be needed in determining investment priorities as to the investment required to reach the desired level of service. Those value judgements will need to be taken within the context of an indication of the likely level of public sector funding available. They will also need to be taken within the context of the strategic policy framework for a (sub-national) area.
14. It would be inappropriate for either the Executive Group or the National Infrastructure Commission to make those value judgements without reference to the views of local partners. The Commission should therefore be required to make those judgements on a collaborative basis with sub-national groupings of local authorities.
15. Taking a longer-term view of the infrastructure requirements necessary to support economic growth will be a significant contributory factor to providing the clarity sought by private sector investors. However, it will be important to retain a degree of flexibility in terms of the timing or sequencing of infrastructure investment so as to enable local partners and delivery agencies to respond to economic opportunities that might arise in the short-term. Such flexibility will also be essential in order to be able to respond to the continued disruption to current business models.

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16. As a consequence of these uncertainties the Executive Group and the Commission should adopt a scenario based approach to identifying longer-term infrastructure requirements.
17. It will be impossible for the Executive Group or the Commission to take a considered view on infrastructure priorities in the absence of a 'light-touch' spatial strategy for England. Experience in the devolved administrations has demonstrated the ability to develop an overarching spatial strategy that is fit for purpose without the need to resort to detailed or unnecessarily lengthy studies.
18. A longer term view on strategic infrastructure requirements cannot be formed in the absence of an overarching spatial strategy. It is axiomatic that strategically significant infrastructure will have an impact on the investment decisions of business and the locational choices of individuals.
19. This reinforces the critical importance of the work of the National Infrastructure Commission being undertaken on a collaborative basis with sub-national groupings of local authorities. Such groupings would be well placed to feed into the preparation of an overarching spatial strategy by the Commission.
20. The Executive Group and Commission need to explicitly consider the extent to which identified infrastructure requirements have the potential to be transformational: the measure of such infrastructure may not necessarily lie in its size or cost of it but its ability to act as a catalyst for wider change. Delivery of East West Rail is an example of transformational infrastructure in the Heartland area, as would investment in improved east-west road connectivity.

**Q2: *What will be the main drivers of demand for UK national economic infrastructure over the next 35 years that we should consider in our assessment?***

21. Whilst the overall level of demand for infrastructure will rise in response to increased economic activity and growth, the key challenge facing the assessment of infrastructure requirements is the extent to which the nature of that demand continues to change in response to wider technological and social changes.
22. As already noted the Executive Group and the Commission need to adopt a scenario based approach in Identifying longer-term infrastructure requirements in order to make some allowance for such factors.
23. The level of disruption to current business models as a result of technology enabled innovation continues to increase, as does the pace of that change. New business models are continuing to emerge driven by a focus on providing new and enhanced customer centred services, both physically and digitally.
24. For example, within the transport sector the emergence of the concept of 'mobility as a service' – enabled by digital infrastructure – is forcing transport service providers (from car manufacturers, through public transport operators to peer-to-peer services) to respond. The consequence of this is a shift away from 'ownership' of transport to having 'access' to it.
25. Such a trend is part fuelled by changes in expectations amongst the 'millennial' and subsequent generations; it is also part fuelled by a reluctance on the part of individuals to accept the costs associated with traditional ownership models (including operating costs – e.g. insurance costs for younger drivers).
26. Such trends are a manifestation of the impact of the 'Internet of Things' and indicative of the extent to which our traditional approach to assessing future infrastructure requirements needs to evolve. The Commission will need to set out its approach to these challenges in advance of undertaking its assessment of future infrastructure requirements.

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27. All of which serve to reinforce the importance of the Commission considering transport infrastructure requirements alongside those of digital and energy infrastructure.
- Q3: *What will be the main constraints on the UK's ability to provide sufficient UK national economic infrastructure assets and services over the period and what solutions or mitigations of those constraints should the UK adopt***
28. By taking a longer-term view on infrastructure requirements the Commission will immediately address one of the key barriers to the UK realising its economic potential.
29. A constraint moving forward will be the extent to which private sector investors gain confidence in the ability of the new framework to deliver. Certainty of funding will be critical in this regard. The Commission will need to set out its assumptions in respect of the likely level of public sector funding available, within a context provided by the Government of the day.
30. Continuity of funding (beyond the 5-year Political-cycle) will avoid creating the inertia and additional costs that are inevitably incurred when public sector investment is 'stop/start'. As recent reports into the rail sector have identified, the planning and delivery of strategically significant infrastructure is more efficient and cost effective when it is take forward on a timescale that reflects the reality of such projects, as opposed to the shorter-term Political-cycle.
31. Delivery inertia and avoidable costs will be further minimised through a reduction in the number of separate funding schemes or mechanisms used by the public sector to deliver strategically significant infrastructure.
32. The Strategic Alliance has had a number of informal discussions with the contracting sector, both locally and nationally. These have highlighted the extent to which a longer-term perspective on infrastructure requirements that the Alliance can provide, allied with greater certainty of funding, will create new opportunities to increase private sector investment.
33. Efficient and effective infrastructure investment in England has been consistently hampered by repeated changes to the infrastructure planning framework. Constant change creates fresh inertia as the players (public and private sector) adjust to the changes.
34. The establishment of the National Infrastructure Commission and the commitment to take a longer-term perspective of identifying infrastructure requirements should be used by future Government's as the foundation on which to build. The emergence of sub-national strategic planning – building on the framework established under the Cities and Local Government Devolution Act 2016 – offers the opportunity to support initiatives at the national level.
- Q4: *What nationally significant investments in capacity or changes in policy and regulation should we prioritise to deliver these outcomes and deal with these drivers of demand?***
35. The economy of England's Economic Heartland is significant for the UK: it makes a net contribution to the UK Exchequer thereby contributing to national initiatives to realise the economic potential elsewhere in the country. Whilst the Heartland economy is already one of the most productive in the country, the economic potential of the area has yet to be fully realised. Raising levels of productivity across the Heartland to match the best performing parts of it would generate in excess of an additional £10bn GVA per annum (a 10% increase). Even then, levels of productivity would not match those of leading global competitors.
36. A failure to invest in strategically important infrastructure across the Heartland area not only suppresses its economic potential relative to global markets, but also serves to act as a constraint on the northern part of the UK realising its economic potential. Businesses in the

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Midlands and North reliant upon access to global markets through the UK's international gateway ports on the south coast are dependent upon the Heartland's infrastructure.

37. The Alliance is preparing its submissions for the next round of strategic planning for the Strategic Road Network - Highways England (Roads Investment Strategy 2) - and the rail sector (Initial Industry Plan). In doing so it is drawing extensively on existing strategies, including those set out within the Strategic Economic Plans for the Heartland area.
38. Although this work is on-going it is clear that improved east-west connectivity is a key priority for the Strategic Alliance. Whilst good progress has been made with the western section of East-West Rail, there remains considerable work to be done to ensure that the full restoration of a heavy rail link between Oxford and Cambridge.
39. At the same time, the commissioning of the Highways England led East-West Expressway study is a reflection of the need for improved east-west road connectivity: although the Alliance partners emphasise that the issue is not confined to a single east-west corridor.
40. Improved north-south connectivity is equally important to the Heartland realising its full economic potential. The Highways England led study along the A1 corridor between the M25 and Peterborough is recognition of this fact.
41. The Strategic Alliance partners have identified the importance of allocating the capacity released on the West Coast Main Line post the opening of HS2 in support of economic activity and growth across the Heartland.
42. The Strategic Alliance is actively supporting the Rees Jeffreys Road Fund led study into the identification of a Major Road Network – a combination of Highways England Strategic Road Network and the more strategically significant Local Transport Authority owned roads. The principle underpinning the study is an acknowledgement that economic activity and growth is dependent upon a network that is wider than Highways England's.
43. Whilst the study does not report until the autumn, the Strategic Alliance partners are working with the study team to validate their initial thinking in terms of an indicative Major Road Network. This is seen by the Strategic Alliance as potentially forming the basis for identifying future strategic infrastructure requirements.
44. The Strategic Alliance is also beginning to explore the potential for the Major Road Network to also be the basis for looking to improve network resilience in the event of incidents (whether planned or unplanned).
45. In strategic terms the identification of improved east-west connectivity (both rail and road) has wider benefits. It will create improved orbital alternatives for movements that currently have to transit through London. Providing relief in this way opens up the opportunity for capacity on radial routes into/out of London to be reallocated: the Commission will need to consider the wider impact of infrastructure in the Heartland area on the case for further investment in large-scale strategic transport infrastructure projects within London.
46. All of the above considerations further emphasise the need for the Commission to undertake its remit within a light-touch national spatial strategy, produced in collaboration with sub-national groupings of local authorities.
47. The initial focus of the Strategic Alliance partners has been on strategic transport infrastructure. However the Political leadership has identified the need to develop an overarching strategic infrastructure plan: coincidentally anticipating the remit of the Commission. The Strategic Alliance is therefore looking for a strong, collaborative working relationship with the Commission.

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48. Of immediate interest to the Strategic Alliance partners are issues relating to digital infrastructure and the provision of future energy supplies (the Strategic Alliance has previously responded to the Commission's call for evidence on the latter issue), both of which are seen as being critical to enabling the Heartland to realise its economic potential within the context of on-going economic growth.
  49. The Strategic Alliance would welcome the opportunity to work with the Executive Group and the Commission on issues relating to these core areas of interest – strategic transport, digital infrastructure and energy infrastructure.
  50. At some point the National Infrastructure Commission will need to take a view as to how it will take account of the on-going failures in the housing market and the implications this has on the locational choices of individuals, and as a consequence the impact it may have on the need for infrastructure investment. Access to labour markets is a necessary foundation for economic success: to therefore exclude any consideration of the housing market and the implications this has on the transport system is to run the risk of challenges being made to the recommendations of the Commission.
  51. Whilst the need to improve the delivery of new housing in response to demand is undisputed, policy thinking at the national level over exaggerates the impact that an increase in the total housing stock will have in addressing the failures within the housing market overall. With house price inflation continuing to exceed wage inflation, and with housing affordability a proxy indicator for both house builders margins and the accumulated equity value generated within the housing market, locational choices for individuals will continue to require them to offset transport costs with their ability to invest in housing.
  52. Whilst it is not for the Commission to address failures within the housing market, it is important that the Commission work closely with sub-national groupings of local authorities to consider the wider implications of strategically significant infrastructure at the local level.
- Q5: *In what areas can demand management or other forms of behavioural change make a significant impact? What are the blockers and enablers for realising these opportunities?***
53. Earlier comments have highlighted the extent to which technological and social changes are having an impact on the nature of demand for infrastructure. Set against this backdrop the Commission and the wider public sector need to provide leadership in the place setting agenda by identifying the key challenges that need to be addressed in order to realise an agreed vision. They then need to enable the innovators and entrepreneurs to respond to show leadership in developing solutions to those challenges (for example through opening-up data sources, in the way that TfL have done so within London).
  54. The availability of 'big data' and innovative application of digital solutions are likely to offer significant opportunities for both businesses and individuals alike to make intelligent use of the available infrastructure and how it is accessed. Partners within the Alliance are already working collaboratively on opening up opportunities for data to be more widely available.
- Q6: *How can greater cross-sectoral decision making be encouraged?***
55. A key driver for the Strategic Alliance being established in the first instance was recognition of the potential to use the skill sets available within local partners more effectively. The partnership is founded on the principle of enhanced collaborative working, not only amongst the partners but with other key organisations (within both public and private sectors).
  56. The work of the Commission needs to similarly be undertaken on a collaborative basis, using emerging sub-national groupings of local authorities as the basis for establishing effective working relationships.

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57. Setting the work of the Executive Group and the Commission within the context provided by a 'light-touch' national spatial strategy will encourage, in part, greater cross-sectoral decision making.
58. There remains some residual strategic infrastructure planning capability in England – a legacy in part of the era of statutory regional planning and a capability that is being drawn upon by partnerships developing proposals for sub-national transport bodies. However, opportunities to redistribute skills held within central Government departments to directly support local partners in sub-national strategic planning should be explored.
- Q7: *What opportunities and challenges are presented by devolution of infrastructure decision making?***
59. A key driver for establishing the Strategic Alliance was recognition of the need for local partners to work collaboratively on addressing strategically significant issues. An underpinning principle of the Strategic Alliance is the ability, and desire, to have a single strategic conversation with Government, its agencies and bodies such as the National Infrastructure Commission.
60. As this submission there is a need for the work of the Executive Group and Commission to be both mindful of the reality of living in an uncertain world, and the fact that decisions on strategically significant infrastructure will have wider implications locally. The devolution of infrastructure decision making – building on the emergence of Sub-national Transport Bodies – offers the opportunity to reduce the bureaucracy associated with the development and implementation of strategically significant infrastructure proposals.
- Q8: *What new and emerging technologies and disruptive trends should we consider in producing this assessment?***
61. The key issue for the Commission and the wider public sector is not to become focused on a specific technology. As noted earlier, the Commission and the wider public sector need to provide leadership in the place setting agenda, in the process identifying the key challenges that need to be addressed in order to realise an agreed vision. They then need to have a means of working collaboratively with innovators and entrepreneurs to enable market led solutions to those challenges.
62. In so doing the focus needs to be on better understanding the need of the consumer (both businesses and individuals), something that will be aided by the use of 'big data' as a means of insight. The Executive Group and Commission might usefully consider the use of expert 'sounding boards' that draws on knowledge in the academic and entrepreneurial communities.
63. Initiatives such as those of the Chartered Institution of Highways and Transportation, are leading the discussion within the transportation sector on how to approach 'planning for uncertainty'. This could usefully help inform the Commission in developing its approach to scenario based planning.
64. Alliance partners are actively involved in enabling and encouraging technological innovation. Building on the work to date within Milton Keynes the partners' ambition is to promote the Alliance area as one in which innovation is actively encouraged. Opportunities are being explored to build on experience in London regarding the use of technological solutions to improve customer services.
65. The Commission, and indeed Government, will need to review the public sector's approach to the development of strategic business cases for infrastructure – for example a key weakness of the current approach to business case development is the difficulty of taking

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into account the wider impacts of transformational infrastructure. The Strategic Alliance would be interested in working with the Commission on this issue.

**Q9: *How can we improve public engagement in infrastructure decision making?***

66. Experience with the framework for promoting Nationally Significant Infrastructure Projects has demonstrated the ability to engage a broad range of interests in the consideration of proposals for national significant infrastructure projects. The Commission should look to build upon this experience wherever possible.
67. The Alliance partners have an established track record – through the East-West Rail Consortium – of how collaborative working at the sub-national level enables a single strategic conversation with national agencies. The Alliance partners see this as a potential model on which to build for the future.

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**England's Economic Heartland Strategic Alliance  
Participating Bodies**

Local Transport Authorities

Bedford Borough Council  
Buckinghamshire County Council  
Cambridgeshire County Council  
Central Bedfordshire Council  
Luton Council  
Milton Keynes Council  
Northamptonshire County Council  
Oxfordshire County Council

Local Enterprise Partnerships

Buckinghamshire Thames Valley  
Northamptonshire  
Oxfordshire  
SEMLEP