

Presidential Roundtable Summary: *What should be in the second National Infrastructure Assessment?*

September 2021

Our discussion highlighted that the biggest issue for future infrastructure interventions is finding a way to pay for development fairly. This challenge is acute for climate resilience and the net-zero transition.

A debate needs to be had and quickly on issues such as paying for decarbonising heat and making homes more energy-efficient. That debate is inherently political as it addresses choices about where the burden should sit. Several suggestions were put forward, including the concept of 'market making'; however, while finance may not be an issue, funding certainly will be. ICE explored some of these challenges in our previous roundtable discussion with the [Chair of the UK Infrastructure Bank](#).

For its part, organisations like the European Bank for Reconstruction and Development were already making their direction of travel clear, with a new 'Paris-agreement' compliant strategy that will make it more challenging to invest in airports, roads and gas pipelines.

In the short term, issues around funding public transport in a post-Covid society need to be answered. ICE's [discussion paper](#) explored the challenges around public transport funding and set out a range of principles to guide a new funding model.

And the issue of what to do with diminishing fuel duty, given the continued electrification of vehicle fleets, was once again raised. A [previous roundtable on the Transport Decarbonisation Plan](#) explored this issue, but the Plan ducked putting forward a sustainable solution.

What needs to be considered in the Baseline and NIA2?

The Baseline, as with NIA1, will cover all the drivers we would expect: economic growth, population trends, the role of new technology and the long-term effects of Covid-19. There will also be cross-cutting themes, including levelling up, climate and environmental resilience and net-zero. Our discussion highlighted key aspects beneath each of these.

Decarbonising heat was identified as the single biggest net-zero challenge and one where progress is slowest. Alongside public transport funding recovery, we also need to look at how to revamp it to make it more compatible with new technology-enabled approaches such as micromobility – this was recognised as a global issue.

There was support for net-zero being the main focus, as this will naturally reinforce levelling up and resilience. But there is a big question that NIA2 will need to answer: how directive should interventions be? Particularly on levelling up, should the focus be on underpinning the direction of travel for places or actively shaping that direction towards, for example, the Sustainable Development Goals? Understanding this will be critical to meeting political expectations behind levelling up. An answer will have to consider social value and consider other issues, such as which sectors to prioritise in the early stages for access to replacement networks. The NIC will need to set the framework for decisions to be made so that government can commit to clear pathways over the long term.

What do we need to talk about more?

There were several topics highlighted that we need to talk more about when it comes to infrastructure development. The first was maintenance, which is forever stuck between politics and reality due to how it is funded (resource, not capital budgets). We all need to push the message of the importance of maintenance funding consistently.

The second area was our approach to retrofit. It was highlighted that we are still building housing and other assets that we know we will need to retrofit before 2050; that behaviour is inconsistent with how we should act in a climate emergency. What role can standards play in ending this?

Third, we need to take a less geographic agnostic approach when considering the distributional effects of infrastructure investment. Indeed, compared to the first NIA, we can now go even further to consider broader distributional effects using detailed modelling such as those available from [DAFNI](#). There was a hope that NIA2 could consider broader impacts beyond economic ones.

With a process running through to 2023, this is very much the start of the debate. ICE will be convening future discussions to ensure the NIC can get the level of insight and challenge it needs to develop a robust long-term assessment of UK infrastructure need.