

The UK's Second National Infrastructure Assessment: what needs to happen next? ICE Presidential Roundtable summary

November 2023

Background

The National Infrastructure Commission (NIC) was established in 2015 to provide the UK government with independent, evidence-based advice on the country's economic infrastructure needs.

The latest in the NIC's advice, [the second National Infrastructure Assessment \(NIA2\)](#), was published in October 2023.

Described as the most comprehensive review yet of how investing in infrastructure will support regional growth and help the UK reach net zero, NIA2 shows how long-standing challenges, including limited grid capacity, poor road and rail connectivity, and the high cost of building infrastructure in the UK, are holding back progress.

Greater policy certainty, faster decision-making, stable regulation, and a more effective planning system are all part of the solution.

At an ICE-hosted presidential roundtable with the NIC, there was clear support from senior industry figures for the NIC's vision and recommendations, which are based on a 30-year time horizon.

The discussion considered what needs to happen now that NIA2 has been published, specifically looking at the actions that need to be taken across both government and industry.

And with a general election on the horizon, what needs to be done differently this time to ensure the recommendations are adopted by all political parties in full?

Recap: [The first National Infrastructure Assessment](#) was published by the NIC in 2018, and since then there has been progress on some of the Commission's recommendations.

This includes growth in renewable electricity generation, the establishment of the UK Infrastructure Bank, further devolution deals for mayoral authorities, and clear pathways for the rollout of gigabit-capable broadband and the uptake of electric vehicles.

But in amongst that progress, some areas are stalling: there have been meagre efforts to decarbonise heat and improve energy efficiency, many existing infrastructure assets are in poor condition, lack of grid capacity is constraining growth, carbon emissions from transport are not declining, and transport connectivity in and between major English regional cities is not up to scratch.

The UK Government [responded to the first assessment](#) in full in 2020, either endorsing or partially endorsing over 80% of the recommendations. The recommendations were formed into the UK's first [National Infrastructure Strategy](#), which had a strong focus on addressing regional inequalities and delivering on the 2050 net zero target.

The challenges ahead

NIA2 reinforces infrastructure's central role in meeting the UK's big challenges, centred around three strategic themes: net zero, growth across all regions, and climate and environmental resilience.

The NIC is clear that these challenges can be met head-on and be made affordable, but only if decisions are made quickly and committed to for the long term.

NIA2 sets out that around £30bn of public sector investment is needed a year until 2040 – in line with the top end of current Treasury plans – along with the private sector increasing its investment from today's £30-£40bn to £40-£50bn in the 2030s and 2040s.

In order to attract that investment, the NIC says the UK government needs to set clear plans and stick to them. This gives certainty to investors and helps build supply chains. In addition, the planning system for major projects, especially energy transmission schemes, must be sped up as it is currently acting as an inhibitor to growth.

Some of the headline recommendations for the government include:

- Make a clear decision that electrification is the only viable option for decarbonising buildings at scale, ruling out public funding for hydrogen heating.
- Add low-carbon, flexible technologies to the electricity system to ensure supply remains reliable, and create a new strategic energy reserve to boost economic security.
- By 2025, set clear resilience standards for all infrastructure sectors, and better maintenance practices.
- Invest £22bn in public transport upgrades in England's largest regional cities to unlock economic growth.
- Conduct an urgent and comprehensive review of rail priorities for the North and the Midlands following the recent decision to cancel the northern leg of High Speed 2, to ensure that the challenges of capacity and connectivity are being addressed.

Developing a positive narrative

The discussion was broadly welcoming of the NIC's recommendations and the assessment's positive narrative that infrastructure is a solution to many of the challenges the UK faces.

Specifically, attendees welcomed the systems-thinking approach the NIC has taken, a greater focus on maintenance and investment in existing infrastructure assets, the need for swift action on speeding up the infrastructure planning system, and the recognition that demand-side policies for urban transport, in addition to better public transport options, would likely be required to manage congestion.

However, some attendees felt the consequences of government inaction needed to be made clearer in the assessment, particularly the economic and environmental costs. The UK government, and the public, need to know what the impacts will be if the NIC's recommendations are not enacted.

Others felt there was too little focus within NIA2 on active travel, particularly as it represents an affordable and sustainable solution to challenges like congestion and decarbonisation compared with other options.

What's stopping policymakers from turning the NIC's vision into reality?

The first NIA was formed into a National Infrastructure Strategy by the UK government under the leadership of then-Prime Minister Boris Johnson.

However, in part due to the economic and political climate, the strategy has not been taken forward by ministers with the enthusiasm needed.

Governments may not agree with or implement every recommendation to the letter – and it is worth noting that a fifth of the NIC's recommendations from the first assessment were not endorsed – but it is clear that policymakers, for the most part, heed the NIC's advice.

When they do, the results are visible, and people benefit. When they don't, problems get stored up for the future.

The biggest barrier as to why the current or any future government wouldn't adopt the recommendations in NIA2 is, naturally, affordability. Slow and stagnant growth in the UK, coupled with a high inflationary environment, do not create strong fiscal conditions for infrastructure investment.

NIA2 focuses strongly on the need for the majority of investment to come from private sources, but this requires certainty and stability. Only recently, the UK government has made two major policy changes – [rolling back on some net zero policies](#), and [cancelling the northern leg of HS2](#) – which impact on private sector confidence.

Another reason why a government may not adopt recommendations is due to a failure to heed warnings. This was evident in the most recent [Contracts for Difference auction](#), where the energy industry had sounded alarm bells for months that the strike price for offshore wind was too low. Ultimately, the government did not budge on its position and not a single bid for offshore wind generation materialised.

The discussion turned to the long timeframes that infrastructure investment operates on. It is virtually impossible to have a five-year period of certainty, never mind a 25-year period, and so there must be an acceptance that the policy environment will change. This will impact on the context in which the NIC's recommendations were made, and so there is value in revisiting and updating proposals.

Political short-termism is another reason. Areas such as speeding up planning, which typically runs into public opposition, means that policymakers are being asked to take a short-term hit – which may well be to their detriment in terms of ambitions – for long-term benefit to the country.

Policymakers have to be engaged in the right way to ensure the recommendations are adopted. In part this is about developing a clear narrative to engage decision-makers and the public with: this infrastructure investment is not for the benefit of contractors or consultancies – it's for society.

Participants spoke of a role here for the NIC in changing public perceptions of infrastructure and painting a clearer picture through storytelling and even images that can give the public and policymakers a vision of the end goal.

What's the role of the industry?

The Commission outlines in NIA2 that the UK must get better at controlling the costs of major infrastructure projects if the UK's challenges are to be met.

Attendees did not disagree with that sentiment, though made it clear that not enough is spoken of the many infrastructure projects delivered on, or ahead of, time and budget.

Participants discussed that costs are very different to budgets. Many projects that go wrong have a budget problem. On public sector projects in particular, clients are working within much stricter budgetary constraints. This can result in a more frugal approach and poorer overall outcomes.

Many of the problems here can be traced back to poor governance and a lack of strong leadership. Participants also raised issues about a lack of clarity at the very outset of projects – do clients fully understand from the start what they want to build?

The discussion covered whether NIA2 is aligned with other government strategies, such as how the government sources its materials as a client e.g. does the government want to source lower carbon steel from Europe, or would it prefer to use UK steel? The lack of a clear industrial strategy was held up as one reason for this lack of alignment.

What next?

The assessment has been published at a time when policy stability and direction are needed more than ever.

As the UK heads towards a general election, the ICE has made it clear that any future discussion and policies on infrastructure must use the NIC's recommendations as its foundation.

Transformation of the UK's infrastructure is essential and there is no time to waste if climate targets are to be reached and fairer economic growth delivered.

But given recent changes in direction on net zero and transport policies, there are clearly challenges ahead.

If the UK continues its stop/start approach to infrastructure planning and fails to commit to long-term goals, costs will rise even further and the country will miss out on that much-needed private investment.

And ultimately, this means the problems being faced by the public will get bigger.

Questions to take away

- Do strategic infrastructure assessments always need to paint a positive picture, or should they be clearer on the consequences of inaction and delay?
- Do these consequences need to be spelt out in economic terms to better engage policymakers and the public? If so, would this be viewed by some as scaremongering?
- Poor governance on major projects was cited as a key barrier to delivering on the UK's infrastructure ambitions. With the sheer scale of infrastructure investment (both new networks and maintaining existing ones) planned to be coming down the pipeline, as set out in the NIC's recommendations, can the UK project manage all of this?

Further reading:

[5 takeaways from the UK's second National Infrastructure Assessment](#) (2023)

[NIA2: framing the challenge for the next 30 years of UK infrastructure](#) (2023)

[ICE Presidential Roundtable summary: day one infrastructure priorities for the next UK Parliament](#) (2023)