

Strategic Transport Forum 20th January 2017

Agenda Item 4: National Infrastructure Commission Interim Report

Recommendation: It is recommended that the meeting:

- a) Welcome the publication of the National Infrastructure Commission's Interim Report and confirm its commitment to work collaboratively with the Commission as part of its on-going programme of work.
- b) Whilst welcoming the initiative of the Secretary of State for Transport to explore alternative delivery models for East-West Rail, set out its on-going concern regarding the timescale associated with delivery of the Western Section
- c) Whilst welcoming the availability of development funding for the Oxford – Cambridge Expressway, set out the importance of the development work being taken forward in collaboration with the Strategic Transport Forum so as to ensure it takes into account the work to identify a Major Road Network
- d) Emphasise to Government the critical importance of funding allocations determined nationally better reflecting the need for investment in strategic transport infrastructure to support delivery of planned economic and housing opportunities.

1. Context

- 1.1. The National Infrastructure Commission published its Interim Report on the Cambridge-Milton Keynes- Oxford corridor on 16th November. Government's response to their recommendations was set out by the Chancellor of the Exchequer in his Autumn Statement on 23rd November.
- 1.2. A key driver for establishing the Strategic Alliance was the recognition amongst the partners that:
 - Strategic infrastructure issues (and solutions) extend beyond any one single area
 - Issues that are common to one or more areas can 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.
- 1.3. Although the NIC recommendations need to be viewed in the round, they fall into two broad groups. The first (recommendations 1-3) set a series of challenges that the Commission feels need to be addressed in order to establish a joined-up strategy that links infrastructure with the planning for and delivery of new homes. The second group (recommendations 4-7) deal with specific strategic transport infrastructure proposals that

can form the basis of a new multi-modal spine across the Heartland area and the implications that this may have for local transport strategies in the major urban areas.

- 1.4. The NIC Interim Report paints a picture of economic potential across the Heartland area, highlighting the fact that the success of the area is important to the UK economy as a whole, that the area benefits from having the conditions that offer the potential to realise a substantial increase in economic activity, but that that economic potential requires investment in infrastructure if it is to be realised. The report talks in terms of the area having a 'once in a lifetime opportunity' to deliver a multi-modal spine across the area, one that is part of a wider infrastructure system that supports sustainable economic growth.

2. Planning for Growth

- 2.1. The Strategic Transport Forum published the position statement 'Planning for Growth' at its meeting on 14th October. This is identified five immediate priorities:
 - For the Government to commit to the full delivery of East-West Rail from Oxford to Cambridge
 - To press the case for a new Oxford to Cambridge Expressway standard road to delivery economic growth and better connectivity
 - To plan and manage our routes through a Major Road Network with funding from Vehicle Excise Duty from 2020
 - Investment in key transport interchanges
 - Strategic Local Connectivity – improved 'first mile/last mile' links
- 2.2. In addition the position statement set out the opportunity to take work forward in a number of other key areas, including:
 - Transport Safety
 - Total Transport
 - 'Smart/integrated ticketing'
 - Encouraging innovation in transport
 - Network Resilience

3. Government's Response

- 3.1. The government's response to the National Infrastructure Commission's recommendations was set out by the Chancellor of the Exchequer in his Autumn Statement, supplemented by a series of more detailed announcements by the Secretary of State for Transport.

East-West Rail

- 3.2. The Chancellor confirmed that £100m of funding was being brought forward towards the cost of constructing the Western Section of East West Rail. He also confirmed the allocation of £10m of development funding in support of the Central Section. The latter is particularly significant in that it ensures continuity by enabling the team working on the development of the Central Section to be retained.

- 3.3. At the beginning of December the Secretary of State for Transport set out his vision for improving the delivery and operation of rail infrastructure. In doing so he made specific reference to opportunity presented by East-West Rail to develop an approach to infrastructure delivery and operation and appointed Rob Brighouse to chair the organisation he is setting up to take this forward.
- 3.4. Initial meetings between Rob Brighouse and representatives from the East West Rail consortium are being set up. Briefings from officials in advance of those discussions have emphasised the Secretary of State's commitment to the East West Rail scheme as a whole, as well as his focus on seeking to put in place arrangements that will enable the scheme to be delivered faster, cheaper and with a degree of 'vertical integration'.
- 3.5. Meanwhile, it is worth noting that the first phase of the Western Section (linking Bicester and Oxford) was formally opened on 12th December by the Secretary of State for Transport, with the Network Rail Chief Executive also in attendance.

Oxford to Cambridge Expressway

- 3.6. The Chancellor confirmed that he is making £27m of development funding available to take forward work on this proposal. Details of how this will be managed are yet to be set out, however informally discussions with the Department for Transport have indicated that the expectation is that any work taken forward would be done so on a joint basis with the Strategic Alliance in its role as an emerging Sub-national Transport Body.
- 3.7. In addition, Highways England have indicated that they will share their thinking on the emerging route strategies which will shape Highways England's input into the next Roads investment Strategy.

Major Road Network

- 3.8. Discussions between the emerging Sub-national Transport Boards and DfT/Highways England have served to reinforce the support for the concept of a Major Road Network. They have also served to emphasise the expectation that emerging Sub-national Transport Bodies should take the lead, working with DfT and Highways England, in developing a proposal for their areas.
- 3.9. Planning for Growth identifies that the Strategic Alliance will identify a Major Road Network as part of its work to develop a longer-term Transport Strategy (one that will in due course be adopted by the STB). The work to identify an appropriate MRN will need to be undertaken in collaboration with the local planning authorities to ensure that the linkage between strategic transport and land use planning is strengthened.
- 3.10. The Autumn Statement also included confirmation that it remains the government's intention to establish the National Road Fund by ring-fencing Vehicle Excise Duty.

4. Sub-national Transport Body

- 4.1. The Commission's Interim Report supports the principle of considering issues relating to strategic transport issues via a corridor-wide level – i.e. through a single Sub-national Transport Body.
- 4.2. It is clear that the work of the Strategic Alliance through the Strategic Transport Forum continues to gain momentum, with its role as an emerging Sub-national Transport Body being recognised by government as well as infrastructure owners/operators.
- 4.3. Later in the agenda, this meeting is asked to agree to commission bespoke work to identify potential options for the governance for the Sub-national Transport Body, in parallel with the work proposed in collaboration with the National Infrastructure Commission this will enable potential linkages between the strategic transport and wider strategic infrastructure agendas to be considered.
- 4.4. Undertaking this work in parallel with the second stage of the Commission's work will offer the opportunity to have a definitive proposal for the STB prepared by the end of the calendar year. Once a proposal has been submitted to the Secretary of State for Transport it is anticipated that completion of the necessary secondary legislation processes would take approximately 12 months, thereby potentially enabling the STB to be established in spring 2019.
- 4.5. The Alliance's work on the governance for the proposed STB will need to be in addition to the work required to be commissioned in respect of developing a long-term Transport Strategy for the corridor.

5. Strategic Transport Forum Commentary/Response

- 5.1. The publication of the National Infrastructure Commission's Interim Report and the Government's subsequent response are significant, representing as they do recognition of the significance of the Heartland area to the longer term success of the UK economy.
- 5.2. Of particular significance is the Commission's recognition of the 'once-in-a-lifetime' opportunity created by the investment in East West Rail and the Oxford-Cambridge Expressway to establish a multi-modal spine that provides a step-change in east-west connectivity. However the investment in the creation of the multi-modal spine does not reduce the need for wider investment in the Heartland's transport system.
- 5.3. As the Commission itself identifies, realising the potential for housing and economic growth is dependent upon improving the connectivity across the Heartland area – east-west and north-south. It is also dependent upon ensuring that infrastructure requirements are identified having looked at the transport system in the round, not as individual modes. It is for that reason that the Commission's support for managing strategic transport issues at a strategic (sub-national) level is particularly welcome.

- 5.4. Under investment in the Heartland's strategic transport infrastructure means that the lack of capacity within the transport system serves to act as a barrier to investment, with the level of service provided to users deteriorating and resilience of the system declining.
- 5.5. Making good the under-investment in strategic transport infrastructure in order to support planned housing growth and initiatives – such as Enterprise Zones – to deliver their potential. Whilst the Heartland's cities are a focus for much activity the Commission needs to give greater recognition to the scale of growth planned for (and being delivered) in areas that lie outside of the cities and their immediate environs.
- 5.6. The Heartland economy is already characterised by its high level of entrepreneurial activity, and whilst the cities are major drivers of economic growth (and housing need) they are by no means the dominant focus for growth.
- 5.7. The Commission's Interim Report identifies a shortfall in the extent to which planned housing is being delivered. It is also critical in places as to the failure of local authorities to plan more strategically.
- 5.8. However what the Commission's Interim Report fails to take into account is the adverse impact that the delay in delivering strategic transport infrastructure has in enabling local partners to adopt a strategic approach.
- 5.9. At the time East-West Rail was identified as being of national significance (and included within the national programme for delivery), it was planned that rail services on the Western Section (of which services on the route via Aylesbury are an integral part) would be running in 2017. The Commission's Interim Report suggests that services may not in fact be running until 2024.
- 5.10. The Secretary of State's subsequent announcement to establish a special organisation tasked with exploring the opportunities to deliver East West Rail faster and cheaper is particularly welcome. However, having identified the importance of improved east-west connectivity in its Interim Report, the Commission fails to recognise the implications for the delivery of planned growth that arise as a consequence of the failure to deliver strategic transport infrastructure (such as East-West Rail) in a timely manner.
- 5.11. Through the East West Rail Consortium local partners are continuing to work with the Department for Transport, and with the Secretary of State's appointment to head the special organisation tasked with exploring alternative delivery models.
- 5.12. The Consortium will continue to undertake work-in-kind ahead of the delivery of the Western Section as part of its commitment to help ensure that rail services are running at the earliest opportunity possible.
- 5.13. The identification of additional 'development funding' for the Central Section of East West Rail was also to be welcomed. Good progress has been made in recent months with the need to identify a potential corridor for the Central Section. Again, through the East West Rail Consortium local partners will continue to work with Network Rail and the Department

for Transport to ensure that the funds made available by the Government help accelerate the delivery of Central Section.

- 5.14. The announcement of additional funding to take forward the development of proposals for the Oxford – Cambridge Expressway is also to be welcomed.
- 5.15. Through its document 'Planning for Growth' the Strategic Transport Forum identified the delivery of East-West Rail and the Oxford – Cambridge Expressway as being complementary, with both being required to address the strategic deficit in east-west connectivity.
- 5.16. The Strategic Transport Forum at its previous meeting agreed to adopt the concept of a Major Road Network as a key building block for longer-term transport strategy for the Heartland area. The concept recognises the reality that the key road network is in fact a combination of Highways England's Strategic Road Network and the more significant roads owned and managed by Local Transport Authorities.
- 5.17. Building on the recommendations in the Commission's Interim Report about the importance of improving the integration of strategic transport planning with that for housing and economic growth, it is important that the identification of the Major Road Network is shaped by the content of emerging Local Plans, and the opportunities identified by Local Enterprise Partnerships through their Strategic Economic Plans. It is essential that work on the Expressway is not undertaken in isolation on this broader piece of strategic transport planning.
- 5.18. As has already been touched on in this paper, a constraint on the delivery of planned growth has been under investment in strategic transport infrastructure: the Commission's recognition of the critical importance of improving connectivity as a means of realising the Heartland's economic potential confirmation of this reality.
- 5.19. It is therefore implicit that if the Commission's assessment of the shortfall in delivery of planned growth is to be addressed it is essential that greater weight is given to the Heartland's infrastructure requirements when determining the allocation of investment funds controlled nationally. It is appreciated that the Commission's Interim Report was too late to significantly influence the allocation of funds distributed through the most recent round of Local Growth Fund. However, in seeking to hold local partners to account for the delivery of planned growth, there is an obligation on Government to give greater priority to making national funds available to local partners.

6. Next Steps

- 6.1. The continued involvement of the National Infrastructure Commission in help identify potential solutions that will enable the economic potential of the Heartland area to be realised, is to be welcomed.

- 6.2. A key driver for the Strategic Alliance being established was a recognition amongst the partners as to the need to work collaboratively to improve the efficiency and effectiveness of strategic infrastructure planning – a point on which the Commission concurs.
- 6.3. Elsewhere on the agenda for this meeting the scope of the Strategic Alliance work programme for the year ahead is mapped out. Progress with this programme is dependent upon the level of resources available. However what is clear is the importance of pressing forward at pace, working collaboratively with the National Infrastructure Commission to identify practical solutions to the key barriers to delivering planned growth.

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Annex 1**Extract from National Infrastructure Commission's Interim Report****A Joined-Up Strategy linking Infrastructure and Homes
(pages 9-10)**

To maximise the benefits of significant new infrastructure investment, local stakeholders will need to demonstrate collective strategic leadership, often across administrative borders. This includes development a shared vision for the corridor and a strategic plan for its development that commands the support of government and wider stakeholders.

If taken forward as part of a wider strategy for planning and housing, new investment in transport infrastructure within the corridor has the potential to:

- Better link homes to employment, opening up both major strategic sites and smaller local sites for high quality housing development
- Co-ordinate patterns of new development, creating focused opportunities to build new communities around transport hubs and interchanges
- Create inclusive liveable places, connecting people and communities with opportunities for work and leisure
- Mitigate congestion in city centres
- Provide a catalyst to private investment, unlocking broader local and national benefits
- Increase land values, allowing local authorities and government to capture a share of uplifts to support infrastructure investment

A strategy for infrastructure and homes will also need to be linked to the area's strategy for skills and social infrastructure as well as the UK's wider industrial strategy. The Commission has not examined skills and social infrastructure as part of this study but recognises their importance alongside physical infrastructure to economic success.

The Commission recognises that through partnerships such as East West Rail consortium, England's Economic Heartland and the Fast Growth Cities group, progress has been made in the area. Going forward, the challenge remains to create a strategic plan or plans with consistent support across the corridor, encompassing planning, transport and funding.

Recommendation 1: Local authorities, Local Enterprise Partnerships, government departments and national delivery agencies, should work together to develop an integrated strategic plan for infrastructure, housing and jobs across the corridor.

- **The plan should provide a framework for cross-corridor economic and transport strategies and for strategic spatial plans which, when combined enable a step-change in housing provision and connectivity**
- **The plan should also ensure that options for funding infrastructure are fully integrated into the strategy**

- **The Commission will support this process as part of the second phase of the Cambridge-Milton Keynes-Oxford study**

A new vision for how future communities and major new infrastructure projects are designed and developed will need to inform this strategy if it is to win widespread support. This will need to respect the character of the diverse areas that make-up the corridor

Recommendation 2: The quality of infrastructure design and its impact on maintaining and enhancing the character of the built environment should be central to any strategic plan for the area.

- **As part of the next stage of its work the Commission will continue to work with urban planners and the design community to understand how infrastructure can enable new and expanded settlements which incorporate the highest standard of design and place making**

In addition to strategic planning it is crucial for success that joint governance structures can be formed that support collective decision making

Leadership on different issues will be required at different spatial scales. While collaboration on strategic transport infrastructure is likely to require collaboration at the whole corridor level, leadership on strategic spatial planning may require local authorities to collaborate around a travel to work area or across clusters of housing market areas. The delivery of specific new transport and housing sites may require different institutional structures again, for example new development corporations focused on exploiting the potential around key transport hubs and interchanges.

To succeed, any new model for strategic leadership must be built from the ground up through an inclusive process. Given the importance of the corridor to the UK economy, national government must recognise its stake in the success of this work.

Recommendation 3: Local authorities, Local Enterprise Partnerships, government departments and national delivery agencies, should work together to develop proposals for the joint governance arrangements required to deliver co-ordinated planning.

- **This work should build on and strengthen existing cross-corridor collaborations and should consider the potential for formal joint governance mechanisms (e.g. joint committees, combined authorities, sub-national transport bodies or the creation of unitary authorities). These should include consideration of future devolved powers, freedoms and financial flexibilities**
- **The work should also consider the full range of delivery mechanisms capable of accelerating housing growth, including looking at the potential for new development corporations to accelerate and drive delivery.**
- **The Commission will support this process as part of the second phase of the Cambridge-Milton Keynes-Oxford study**

Annex 2**Extract from National Infrastructure Commission's Interim Report****Recommendations 4 to 7**

Recommendation 4: The government should commit to delivering the Western Section of the East West Rail project before 2024 (the end of the rail industry's Control Period 6).

- To achieve this, the government should bring forward £100m in funding to accelerate the design and development, and commit construction monies as necessary to:
 - Avoid abortive costs (subject to the development process demonstrating rigorous disciplines in planning, cost management and value management); and
 - Integrate construction of the East West Rail Western Section with work on HS2
- To fully maximise the benefits of the project local authorities should recognise the potentially transformational benefits of East West Rail and develop and agree, working with national government, an ambitious strategy for housing development and delivery around stations and station towns
- The Commission will support this process as part of the second phase of the Cambridge-Milton Keynes-Oxford study

Recommendation 5: the government should commit up to £10m in development funding to continue work on the Central Section of the East West Rail link

- Government should provide clear guidance that a core objective for the development of this scheme should be to support the provision of new housing and connect it to local and regional labour markets
- Local partners and national government should work together to develop a plan for the Central Section which links development work on the East West Rail Central Section to options for local housing development
- Government should explore the potential for alternative delivery and financing mechanisms for the railway. This should include consideration of how third party contributions can be leveraged
- The Commission will support this process as part of the second phase of the Cambridge-Milton Keynes-Oxford study

Recommendation 6: the government should commit £27m to the end of 2017/18 to fund the next phase of development work on the Oxford-Cambridge Expressway study, allowing the detailed design process to begin as soon as possible

- Highways England should work with relevant local authorities to develop and assess the potential Expressway options and develop a proposal which maximises the scheme's potential to unlock housing growth and connect it to local and regional labour markets, alongside delivering wider benefits
- The Commission will support this process as part of the second phase of the Cambridge-Milton Keynes-Oxford study

Recommendation 7: in order to maximise the benefits of new strategic infrastructure and to ensure that urban centres across the corridor continue to function effectively, Local Authorities, Local Enterprise Partnerships, government departments and national delivery agencies should work together in each centre to define a set of credible, coherent and co-owned city centre transport strategies

- These strategies may build on existing plans but also ensure that national and regional level schemes are properly integrated into local thinking
- These strategies should be consistent with partners' wider work to develop a plan for the corridor that maximises its potential to support housing growth
- This should include realistic proposals on funding and financing and any consideration of any devolved powers, freedoms or financial flexibilities
- The Commission will support this process as part of the second phase of the Cambridge-Milton Keynes-Oxford study