

16 March 2016

National Infrastructure Commission

Purpose

For discussion and direction.

Summary

At the last Board members agreed to a discussion on the role of the National Infrastructure Commission (NIC) and its relationship with local government and local infrastructure. Lord Adonis, the interim chair of the NIC will attend the Board meeting and provide his perspective on how the NIC will operate. His attendance will provide an opportunity for Board members to engage with Lord Adonis on the current and future work of the NIC and how it will engage with councils and local partners.

Recommendations

That the board:

1. Notes the purpose for which the NIC has been created and the LGA's response to the Treasury's consultation on the Commission's design specification (**item 2a**);
2. Highlights further potential opportunities and issues in working with the NIC; and
3. Endorses the proposed further work on funding and financing of infrastructure.

Action

To be taken forward as directed.

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Background

1. The purpose of the National Infrastructure Commission (NIC) is to identify the UK's strategic infrastructure needs over the next 10 to 30 years and propose solutions to the most pressing infrastructure issues, in order to:
 - 1.1 foster long-term and sustainable economic growth across all regions of the UK;
 - 1.2 improve the UK's international competitiveness; and
 - 1.3 serve the well-being of UK citizens.
2. The NIC was created on 5 October 2015 on an interim basis and the Government plans to put it into statute. It is intended to be independent of Government and is tasked with delivering a long-term plan and assessment of national infrastructure needs early in each parliament, setting out what a government is expected to do over the next five years. It will be overseen by a small board, appointed by the Chancellor, and able to commission research and call for evidence from public sector bodies and private sector experts. Lord Adonis, the former Cabinet Minister and Transport Secretary, has been appointed as the Commission's first chair.
3. The Commission will also be asked to undertake specific focused reviews. The findings and recommendations from the first of these reviews, Smart Power, a report on the electricity sector, was published on 4th March. Two further reports, on the connectivity of Northern cities, and on London public transport, are expected to be published shortly.
4. The Treasury are leading on a consultation of the [design specification](#) of the NIC, inviting feedback on the governance, structure and operation of the new organisation. The Government intends to provide the Commission with a broad mandate to examine all sectors of economic infrastructure including transport, energy, water and sewage, waste, flood defences, and digital communications. It will also be required to assess the effects of options on other parts of the infrastructure system. This is welcome given the vital role of councils in helping to meet the local and sub-regional infrastructure needs of people and businesses in their areas.
5. The LGA's full response to the consultation is attached to this report (**item 2a**) for information and to aid further discussion with Lord Adonis.

Lord Adonis Biography

6. Lord Andrew Adonis was appointed as chairman of the National Infrastructure Commission on 5 October 2015. He was a member of the independent Armitage Commission, which recommended an independent National Infrastructure Commission in 2013. Andrew Adonis was formerly the Transport Secretary from 2009 to 2010, Minister of State for Transport from 2008 to 2009 and Minister for Schools from 2005 to 2008. He was Head of the No10 Policy Unit from 2001 to 2005.

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Funding and financing infrastructure

7. In the LGA's response to the consultation on the NIC (item 2a), we have highlighted the different way in which local infrastructure is funded compared to national infrastructure projects - funding tends to be more fragmented and there is less long-term certainty. Any local sources of funding will usually depend on a council's ability to finance any borrowing as well as their appetite for risk.
8. Given the continued demand for new and upgraded local infrastructure over the coming years, for which central government funding will only satisfy to a limited extent, it is proposed that the LGA undertakes further work to:
 - 8.1 provide elected members and member councils with an update on current sources of funding and financing, highlighting risk profiles associated with each; and
 - 8.2 work with the LGA's Resources Board to create a debate on the adequacies of existing financing models (i.e. revenue sources) with a view to developing proposals to Government to aid local ambition.