

National Infrastructure Commission Consultation – LGA Response

9 March 2016



Introduction

1. The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government.
2. We are a politically-led, cross party organisation that works on behalf of councils to ensure local government has a strong, credible voice with national government. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems. The LGA covers every part of England and Wales, supporting local government as the most efficient and accountable part of the public sector.
3. We welcome the opportunity to comment on the design specification of the proposed new National Infrastructure Commission however our comments are more focussed on how the Commission will support our local economies and interact with city-regions and non-metropolitan areas in its work.

LGA response

4. The LGA welcomes the creation of the National Infrastructure Commission and the potential it has to provide an independent and long-term, 10-30-years, articulation of the country's strategic infrastructure. In particular, councils welcome that for the first time there will be an evidence-based assessment and recommendations which will inform public debate and that Government decisions and investment will be supported by greater consensus than there has been to date. The Commission should help improve the long-term competitiveness of UK Plc.
5. 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.

The role of local government and local infrastructure.

6. We welcome the importance that the consultation document gives to engaging with local bodies and would like to take this opportunity to illustrate the several ways in which councils and local partners can help:
 - Councils have an excellent understanding of existing and future infrastructure needs of their communities and businesses. Thorough Local Enterprise Partnerships (LEPs) they have worked with business and

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developed strategic economic plans which set out longer term economic vision for their areas and how they will achieve it, identifying key infrastructure needs.

- Councils, LEPs and Combined Authorities increasingly work across sub-regional boundaries, developing plans and partnerships at sub-national level. Local government across the country is strengthening its ability and capacity to shape the needs and priorities at the sub-national level, with established bodies such as Transport for the North and emerging ones such as Midlands Connect and England's Economic Heartland.
 - Councils deliver vital infrastructure at the local level, without which national infrastructure would provide poor value for money for tax-payers. For example, 98% of the UK's road network are local roads, managed by local highways authorities. Almost every motorway journey starts or ends on a local road – without efficient traffic management, local capacity or well-maintained roads, the value of motorways would be severely eroded. Councils also provide flood defences, waste and recycling facilities and many of them also provide broadband and energy services where there has been market failure.
 - Through providing information on new housing allocations and extensions to existing developments. Better coordination and timing of new infrastructure should enable maximum benefits for new and existing communities.
7. Early engagement with local authorities will enable the NIC to set out robust recommendations and reach its full potential. We believe there are other aspects of infrastructure planning that the Commission should take into account that will help the country deliver better infrastructure at greater value for money:
- a. **Demand management** – we are pleased that the Government has set an expectation for the NIC that its recommendations should not be restricted to new infrastructure being built or renewed. More effective demand management, more efficient practices and behavioural or regulatory solutions may be cheaper and effective and local authorities have a major role to play.
 - b. **Understanding the different ways that councils fund infrastructure** – in most cases councils' ability to fund new infrastructure or major upgrades is different from central government and its agencies - it is more fragmented and has less long-term certainty. This is important for the Commission to appreciate when assessing the delivery options and dependencies on local infrastructure. For example, on roads funding – Highways England has a single source of funding for the strategic roads network, and which from 2021 will be fully funded from Vehicle Excise Duty income. Local roads are funded through a variety of DfT grants with different access rules, some of which is diverted through the Local Growth Fund, as well as local authority own funding and borrowing, and through planning gain (Community Infrastructure Levy and Section 106). The Government have proposed that newly directly elected Mayors will also be allowed to raise business rates by 2p in the pound to pay for new infrastructure projects.

- c. **Through respecting and recognising the importance of role of local planning** – public backing for new development is best secured through a stable, locally accountable decision making process. The Government and the NIC must fully consider the impact of any recommendations on the status of Local Plans to ensure that they do not undermine or destabilise existing local policies for growth. It will also be important for the Commission to recognise the wider funding context of local planning authorities, which are significantly under-resourced as a result of funding reductions and restraints of fee charging.
- d. **Through having the ability to assess the country's complete infrastructure needs** – it is important that the NIC can conduct a proper and full independent assessment of the country's long-term infrastructure needs. There is a risk that the Government could dictate and constrain its remit thereby stifling its ability to carry out its role effectively.

Spending and affordability.

- 8. The Government are also asking for views on the Commission's fiscal remit and affordability. Whilst we see sense in giving the Commission an indicative financial envelope within which to make its recommendations we are not convinced that total UK government spending on infrastructure should be a specific percentage of the OBR projection of GDP for the period under consideration. The Government's favoured approach risks missing one of the key reasons for the Commission – that carefully selected infrastructure projects should be increasing the wealth of the nation. Perhaps the NIC should be allowed a more flexible cost-benefit analysis of proposals, providing forecasts on the impact on GDP.
- 9. As for the NIC itself, it is critical that it has access to high quality expertise and strong research capacity and sufficient resources to liaise with the range of organisations that have an interest in improving the country's infrastructure.
- 10. We hope you find this a valuable contribution to the future of the National Infrastructure Commission. The LGA wishes the NIC a strong future and looks forward to working with it.