HOUSE OF LORDS

Built Environment Committee

Corrected oral evidence: Infrastructure policy-making and implementation in central government

Tuesday 13 December 2022

10.40 am

Watch the meeting

Members present: Lord Moylan (The Chair); Lord Berkeley; Lord Best; Lord Carrington of Fulham; Baroness Cohen of Pimlico; Baroness Eaton; Lord Grocott; Lord Haselhurst; The Earl of Lytton; Lord Stunell.

Evidence Session No. 2 Heard in Public Questions 15 - 23

Witnesses

I: Sir John Armitt CBE, Chair, National Infrastructure Commission; James Heath, Chief Executive Officer, National Infrastructure Commission.

Examination of witnesses

Sir John Armitt and James Heath.

Q15 **The Chair:** Welcome to the Built Environment Select Committee's evidence session in our short inquiry into infrastructure policy-making and implementation in government. Our first witnesses today are Sir John Armitt, chairman of the National Infrastructure Commission, and James Heath, chief executive officer of the National Infrastructure Commission. You are both very welcome, and thank you very much indeed for making time available to us.

We are going to proceed by asking a number of questions that we have prepared, and we are going to ask members and witnesses to do their very best to keep questions and answers brief, because the subject is so interesting that it is possible to overrun.

Could we start with a question from Lord Stunell? We have a number of participants who are joining by Zoom, partly because of flights. I will ask each member of the committee to say who they are when they first speak, but there are also nameplates in front of the people who are present in the room, if that is any help.

Q16 **Lord Stunell:** Thank you for joining us, Sir John. Can we start by asking you what the National Infrastructure Commission's understanding of its remit is, bearing in mind its apparent limitation to economically important infrastructure, to the exclusion of socially and environmentally important infrastructure? Perhaps you could just comment on that and give us an understanding of where the commission sits in that picture.

The Chair: Lord Stunell has helpfully provided you with an answer, which you may or may not agree with.

Sir John Armitt: Yes, you are correct. Our focus is on economic infrastructure and the six areas of energy, transport, water supply, flood resilience, waste and telecommunications. You are correct that we do not look at social infrastructure or housing.

To a certain extent, that goes back to when we were set up. Like all organisations when they are set up, you wonder whether they are going to be able to focus on too broad a remit, so we very much concentrate on economic infrastructure, and that is the remit we have from the Treasury. We are an agency of the Treasury, which also provides us with a fiscal remit for the spend on that economic infrastructure, which is 1.1% to 1.3% of GDP.

The Chair: We will ask the questions to you both as a team, and so, even if the question is addressed to you, Mr Heath might answer or make a supplementary comment. We will leave it to you to manage how you answer rather than my calling both of you each time. You are very welcome to break in and say whatever you want to say. Is everyone happy with that—do we understand what the remit is? Did you want to follow up at all, Andrew?

Lord Stunell: Yes, please. You have pointed out that housing, for instance, is not included. Have you found that setting out a national investment plan that omits those things in fact cramps your style? How does that deal with the capacity of the industry to deal with the issues coming through the pipeline and so on?

Sir John Armitt: No, I do not think it cramps our style. In many ways, it is good to have a focus. Clearly, there is very large expenditure, particularly on the NHS and the education sector. There has always been a debate as to whether housing should be included. It was debated when we were set up, and the conclusion was that it should not be. Housing is, in essence, a local issue to a large extent given that local politics play a significant part in decisions around the scale and extent of housing.

We do take into account, when looking at road and rail schemes, for example, the impact of those transport schemes on housing or the dependency of housing on those schemes. One particular example would be the work that we did on the Oxford-Cambridge arc through Milton Keynes. When we took evidence from the people along that route, particularly in Oxford and Cambridge, they responded to say, "Well, yes, we would much like to have better communication and the ability to travel between the two places more easily. One of our biggest challenges, however, is affordable housing". Indeed, they and others supported, as did we, an estimate of a million new homes needed along that arc by 2050.

Clearly, housing is an element of this. We recently looked at surface water flooding, and aspects of housing play into the risk of surface water flooding.

James Heath: The other area of interaction with economic infrastructure is on the natural environment. Since our remit was updated last year, we are now required to look at the interaction between economic infrastructure and the natural environment. We do that in a couple of ways. First, we have proposed net gain for major infrastructure projects, which I am happy to see has arrived in the Environment Act. However, we are also looking at the impact of our infrastructure proposals on different aspects of the natural environment, whether it is biodiversity, water quality or air quality. So we looked at the relationship both between housing and infrastructure, and between the natural environment and infrastructure, in all the work we did. To be fair, even before the remit was updated we had done quite extensive work on setting out that relationship between the natural environment and infrastructure.

Q17 **The Chair:** We are very interested in the way in which government as a whole makes decisions about prioritising infrastructure investment as well as implementing and delivering it. Therefore, the whole architecture of infrastructure decision-making is of interest to us, and you are a part of but not the whole of it. How does the National Infrastructure Commission co-ordinate its work with the Infrastructure and Projects Authority, the UK Infrastructure Bank, the Cabinet Office and HM Treasury? Can you tell us where in that architecture you fit in and how that works?

Sir John Armitt: We are fundamentally required to look at the long-term, 20 to 30-year outlook for the infrastructure requirements of the country in order for the country to grow, for economic growth to take place and for it to be a better place to live, and to recognise the obligations we have when it comes to the reduction of CO_2 and the impacts of climate change, so we are looking at it through that lens.

It is worth remembering that at least 50% of infrastructure investment is made by the private sector. Private sector investment is more likely to be affected by government policy than it is by government financing. When it comes to government financing, the bulk goes on transport—approximately 50:50 road and rail, circa £12 billion a year each—and the balance goes into flood resilience. It is only those three sectors that are pretty well 100% government-funded as opposed to telecoms, water and energy, which are privately financed and, therefore, more dependent on government policy.

We look at what is required. The IPA—the Infrastructure and Projects Authority—is there on behalf of government to look at how it is delivered, to focus on contract delivery capability, particularly within government departments, and to provide advice to the private sector, but primarily for public sector projects.

We recommended that the UK Infrastructure Bank should be set up as part of our first assessment back in 2018. It is there to provide, to a large extent, additional funding where the private sector needs some support to get things off the ground. Offshore wind was one example where the Government did that. As I say, the UK Infrastructure Bank is very much concerned with the financing and the role that government can play in supporting the financing of infrastructure. We have regular dialogue with both the IPA and the UK Infrastructure Bank.

As far as the Treasury is concerned, it set out our broad remit when we were established. Beyond that, when it comes to the long-term forecasts, we decide what we think we should focus on. In the one that we are currently doing we have a slightly different focus from the original one. When it comes to individual studies, which we have done quite a lot of over the time, and which typically take from six to 12 months each, we are more likely to sit down with the Treasury and say, "What do we think we are really looking at here? Can we agree a scope of the study with the Treasury?" We are totally independent in respect of how we then go about it and in our conclusions, whether that is in the long-term forecast or these individual studies.

One thing we have not touched on, which we are required by our remit to produce, is the annual assessment of the progress that government has made on the policies it has adopted and how they are being delivered. We deliver that, again, in an independent fashion, and where it is necessary to be critical, we certainly are.

The Chair: Can I just draw in the Cabinet Office here? The IPA also reports to the Cabinet Office. Do you have any connection with it?

Sir John Armitt: No, not a lot.

The Chair: Do you feel that the Treasury listens to you?

Sir John Armitt: Over 80% of all the recommendations we have made over the last nearly seven years have been accepted in principle by government. That is not just the Treasury but the other government departments that are affected by the recommendations that we make.

On the other hand, some of them that we have made have distinctly not been accepted. We have a different view on the development of nuclear than government does. We have a view on the need to devolve not only decision-making but financing to cities and combined authorities for their local transport and infrastructure needs in particular, where we think that the decisions made and competitions held are better devolved. We are not particularly in favour of the way in which government holds competitions for funding.

We have recommended, for example, on flood resilience, that national standards should be set—one level for rural areas and another level for urban areas. While the Government have increased their funding for flood resilience, they have not accepted the idea of a national standard.

Q18 **Lord Berkeley:** Sir John, following on from your comments about recommendations being accepted or not by government, I was very interested in your letter to the Chancellor dated 24 September 2021, in which you mentioned nuclear. I think that your recommendations were very sensible, because you mentioned how many years the long term for big nuclear takes. I am surprised that you did not go a little further in talking about whether the technology was proven, as many people think it is not—perhaps you could comment on that.

The Chair: Is this a question? I want to encourage you to come to the question.

Lord Berkeley: I am asking a question about this. You then go on to talk about alternative technologies being pursued, which are fundamentally found in the energy sector. Has anything happened since that letter that would encourage you to think that the Government are listening? They have gone ahead with Sizewell C since then, which is against your recommendation. Well, I thought they had, but perhaps you could update us.

Sir John Armitt: I am shaking my head, Lord Berkeley, because we recommended that, following on from Hinkley, they proceed with at least one more, which was most likely to be Sizewell C, and then they proceeded on a one-by-one basis rather than having a large programme. We were always quite supportive, in fact, of another nuclear power station being taken forward. The technology of PWRs is incredibly well proven. Hundreds are being built around the world, so I would not argue that there is anything wrong with the technology.

We have seen more recently a government focus on increasing very significantly the amount of solar energy that this country produces, a clear desire to significantly increase offshore wind, and the ongoing debate about the extent to which onshore wind might play a part. We have been supportive of onshore wind, I would say. The trickier part is the future technologies, particularly the role of hydrogen.

Lord Berkeley: But you are happy with the nuclear technology now that it is proven in France, Finland and other places, and it is not going to lead to massive cost overruns here at Hinkley, Sizewell or anywhere else.

Sir John Armitt: I did not say that.

Lord Berkeley: I am asking you to confirm or not.

Sir John Armitt: What I said was that the technology was well proven. Unfortunately, nuclear projects have a habit of overrunning with regard to both costs and time in the delivery—this was part of our evidence and part of our conclusion—partly because every site is different and, inevitably, engineers are always seeking to improve their technology and are making changes, which then runs them into approval processes with regulators.

The Chair: I will give Lord Haselhurst an opportunity to ask a supplementary that he was going to ask a moment ago. I am afraid that I missed him—I am sorry.

Lord Haselhurst: Your apology in writing later on will be all right, thank you very much, Chairman.

If I heard you correctly, Sir John, you said that housing was not primarily a matter that was being dealt with on a regular basis by the commission. A decision was made some while ago that London should have a third airport, and it was at Stansted. There were plans made that therefore, there probably needed to be more housing.

Strong resistance locally through the ballot box has pretty well prevented that happening. Unemployment is almost unknown in that particular area. When you talk to people who work at the airport, as I did on many occasions, and at the motorway services area, for example, they were all coming from outside. This seems to me to put particular pressure on where you find the people to fill the jobs in such a major undertaking.

I was absolutely staggered by the development that is going on at present in the London Borough of Newham and around Stratford station. There are going to be tens of thousands of people coming into that area, and it seems to me that many of them will want to find a convenient route to be able to get to their place of work. How do you look at those? Does it make a difference to say that there is clearly not sufficient connection between the housing need on the one hand and the transport needs on the other? It is reverse commuting that will happen on a large scale.

Sir John Armitt: If we take the London housing demand and challenge, that is significant. It is 40,000 to 45,000 homes a year. That is not being met, and it has not been met for some considerable time, but it is one that is very much focused on regeneration of brownfield sites. I should declare an interest here. I have been on the board of Berkeley homes and we are one of the major regeneration developers in London. London has its own housing needs, its own targets and its own challenges, frankly, at the end of the day.

The Stansted option went off the agenda a very long time ago, following the review of the need for extra airport capacity in the south-east, which concluded that a third runway at Heathrow was the most appropriate. I agree with you that there was a lot of opposition to the development of Stansted at a local level.

Creating the balance between jobs, opportunities and housing is clearly very important, as is the development of skills and of economic infrastructure. None of these by itself will address these issues, but I would come back to what I say about housing. Housing is one of the most complex areas. Clearly it is significantly influenced by local politics, and government has its own changing policies in trying to find the right solution to taking forward housing development. Then there is the affordability issue.

It is probably one of the most complex issues we face as a country, and there are a lot of experts in the field who can give views on how to take it forward. As I say, in our own case, I am not sure what value we might add other than what we do, which is to point up where the two things interface and where there is clearly a push and pull between demand and opportunity.

James Heath: There is a basic point that clearly, we do not see infrastructure as an end in itself. We do not see building roads and railways as an end in itself. It is clearly a means to an end—in large part, to economic regeneration. When we are thinking about our work on the rail needs assessment that we did for government, or about local transport, there are clearly direct benefits to users from creating infrastructure, but we are probably more interested in those spillover effects or economic and social benefits that come from having an integrated economic plan that involves not only infrastructure but housing, jobs and skills. That is definitely the prism through which we look at all these questions.

We do not advise government on housing supply in and of itself—i.e., what should be the national targets, local targets and social housing policy. However, we always look at the relationship between housing, infrastructure and local economic development when considering the various questions we are asked to consider.

Q19 **The Chair:** Sorry to dart about a little bit, but could I ask a question now about your fiscal remit, which you mentioned? Do you find that that constrains what you would like to propose to government or do you find that it constrains it in a helpful way because it forces you to prioritise over time?

Just to add a personal note, I have followed the commission's work since it was set up. If I was to make a comment, the one thing that I do not feel is strongly enough expressed in it is this notion of the spreading of investment over time and the prioritisation: "We should do this this year, this next year and this the year after"—because these are often multiyear projects. You may want to correct me on that and say that I have missed it or that it is not important. How does that work together to give a sense of priority?

Sir John Armitt: Just to take that last point—it is ingrained in my mind, because questions are asked so often—page 112 of the first assessment set out, in a five-year-by-five-year cycle through to 2045-2050, the spend in each of the areas. As you might expect, particularly on road and rail, in the latter years we were blocking in and plugging in numbers that were pretty close to the current spend on national highways and the spend by Network Rail on its infrastructure.

We originally had 1% to 1.2%, and that was increased about a year or 18 months ago in a Budget to 1.1% to 1.3%. Personally, I think that having a budget to work within is a good discipline, and I have often argued this around projects: "For goodness' sake, fix the budget and then decide what you can afford". The alternative would be that we simply gave government a very long shopping list and said, "If you want to do all these things in all these sectors, it might cost you 2.6% of GDP and we leave it to you to make a decision". That would be a slight abdication of our responsibility. Therefore, one thing we are engaged in at the moment with commissioners is sitting down and saying, "How would you like to see the balance within this 1.3% and the challenges we face? Would you put a bit more here or a bit less there?" Having that constraint is a good thing.

James Heath: Ultimately, I take the view that it is for politicians to decide what the appropriate balance is between spending on economic infrastructure, the NHS and education, and to decide the affordability question on infrastructure. Within that remit, we then give government a view on what the priorities should be.

This time, when we look at the second national infrastructure assessment, within that envelope of 1.1% to 1.3% of GDP there will be some tough choices and prioritisations to be made. Last time, in NIA 1, as John mentioned at the start, the primary draw on public money was transport—roads and rail—with a bit on floods and a bit on broadband. This time, there are going to be some interesting choices about how much of the energy challenges and the decarbonisation challenges, particularly around buildings, you solve through public money as opposed to consumer bills. There are going to be some interesting choices and prioritisations for the commission to address in NIA 2 that perhaps were less prominent in NIA 1.

The Chair: As a matter of fact, does your figure of 1.1% to 1.3% include private sector investment or only government expenditure?

Sir John Armitt: It is purely government.

The Chair: So the total spend on infrastructure could be a great deal—

Sir John Armitt: It is probably more like 2.6%. It is roughly 50:50.

Q20 **Baroness Eaton:** Hello, it is nice to have you here. Large infrastructure projects usually cause disturbance to people, and there are certainly huge costs involved. You just mentioned the 1.1% to 1.3% of public money. We all know that the Government do not have any money; they have only taxpayers' money. What is the National Infrastructure Commission's role in communicating to the public the need for infrastructure investment and its benefits?

Sir John Armitt: It is a very important aspect. We consult very widely when we are looking at what the requirements might be. There are, as you might imagine, an enormous number of standard organisations that we would consult with, mostly within local government areas, as well as other commissions, such as the Committee on Climate Change.

On top of that, we would talk to Citizens Advice. We would talk to the transport users' and rail users' associations. We would talk to the RAC to get the motorists' perspective. We have created two-day sessions with members of the public, which have been facilitated for us by professional organisations, where the starting question would be, "What do you think of when you think of infrastructure?" Generally speaking, the first answer to that is roads, and then we widen it from there.

The Chair: This is you taking information in.

Sir John Armitt: This is us taking information in.

Baroness Eaton: But that is before you communicate, so then what happens?

Sir John Armitt: Before we communicate out, it is very important to understand what the public think. When it comes to giving it out, what we publish is available publicly. It is on the internet for ever and is, I hope, easily accessible on our website. We engage with the media when we launch our reports, and we get varying degrees of interest, depending on the subject, but we take every opportunity that we can. Beyond that, we do not have a programme of regularly going out and just holding town hall meetings.

The Chair: Do you think you should?

Sir John Armitt: It is the sort of thing that I argue the whole infrastructure industry should be doing—designers, contractors and people who are sponsoring projects. There is a very big need for a better discussion, debate and discourse with the public, because my point is always that we do this for the public. The public pay. They pay either through taxation or at the point of use. It is their infrastructure and, therefore, they need to understand the benefits as well as the challenges. They need to understand the difficult choices that occasionally have to be made.

That is a big exercise, and you could rapidly spend significant sums of money if you took this on in a serious way. We work with a budget of about £5 million a year and 40 staff, and with quite a lot of money going out to consultants whom we employ to help us with our analysis. It would require a significant increase if we were to seriously take on board the issue of public engagement.

Baroness Eaton: Do you think that the use of the internet is sufficient? The people who have the loudest voices are probably those who do not think, "I will look today and see what the infrastructure projects are on the website". Would lower-key but more public-friendly, usable methods not be better?

Sir John Armitt: I am not a communications expert with the exposure that I have had to it. What do the people trust? They trust local radio before national radio. They trust local newspapers before national newspapers. When I get the opportunity, I go to the village hall and talk about issues. I did one recently on the impacts of climate change on infrastructure. About 100 people turned up, but that is just 100. We are talking about millions, frankly, to whom we are trying to get access. Therefore, as everybody who is involved in trying to communicate with the public will understand, you use every means at your disposal. The language is very important.

Baroness Eaton: Know your audience.

Sir John Armitt: If we talk as though we are experts talking to one another in a room, that is no use. It was very interesting recently in the study that we produced on surface water flooding that the headline picked up by the media was the paving over of front gardens, because that is something that everybody understands. It is their front garden; many of them like to pave it over to park their cars. We highlighted that as one of the issues that have increased the risk of flooding, which is far easier for people to understand than the complicated workings of drainage and stormwater networks.

Q21 **Baroness Cohen of Pimlico:** Good morning, Sir John. To what extent does post-project evaluation of major infrastructure take place and who does it? Does the National Infrastructure Commission contribute to the process and how might it be improved? Hidden, of course, in this question is why it seems to go so wrong.

James Heath: There are probably a couple of dimensions to that. There is the process of comparing the predicted costs and timescales of projects and their actual costs and timescales. Quite a lot of effort is spent on predicting how long a project will take to deliver and how much it will cost, and not a huge amount is spent on comparing that with the actual outturns. As long as those numbers are comparable, that should be able to be done relatively easily. Government is doing more of it. Organisations such as National Highways have extensive programmes in this, but it is mixed and more could be done.

You can look in the post evaluation of whether the benefits were delivered. When you are looking at direct benefits, such as what the passenger growth has been on railway X or road Y, that is relatively straightforward. It becomes more complicated when you are trying to look at and isolate, say, the effects on local productivity or jobs growth of a particular infrastructure intervention. There, you are trying to separate that intervention from the background effects and the broader economic effects. That is more complicated, but there are academic tools available to do it. There are people out there who do it.

The UK is mixed in terms of how it is done. Not much time and effort is spent on that post-project evaluation. We recommended to government back in the first national infrastructure assessment that all public bodies delivering infrastructure should be publishing business cases and clear information at different stages, and then doing post evaluation. The Government committed to make that happen in their national infrastructure strategy in 2020. It is still mixed in terms of whether that is happening, so there is scope for further work to be done in this area, but it is quite complicated work, particularly when you are looking at the benefits side.

Baroness Cohen of Pimlico: I wondered precisely what the role of the NIC was in this. Do you really have one?

James Heath: No. As John was saying at the start, we tend to advise government on what to build—the strategy and policy of infrastructure. We do not get asked to look at ex ante evaluation of individual projects, nor do we get asked to look at ex post evaluation of projects. Some other infrastructure commissions do. In Australia and New Zealand, they have a greater role in evaluation before the fact on projects. We do not. If we wanted to get into that space, the skills and expertise that we would need would have to be considered, because it is quite a complex and technical exercise to do it properly.

The Chair: Does anybody else do it?

James Heath: Some areas do it. National Highways is pretty good at this. It has quite an extensive programme of looking at the impacts of different road interventions. In other government departments, I would say that it is a more mixed picture.

The Chair: You are describing a system where, if I can use simple language, each project sponsor is, so to speak, marking their own homework afterwards and doing the evaluation. You are saying that the outcome is mixed; some do it well and most—probably more than some—do it not so well. Do you think it should be done centrally and, if so, who should be doing it and how should it be organised? Do you think it is adequate for it simply to be marking one’s own homework and then not bothering, which is what seems to be happening?

James Heath: Just looking back to what we thought the answer might be here, the Government’s own *National Infrastructure Strategy* said that “all major infrastructure projects … will be required to publish a summary business case following final approval, a close out report following completion and a long-term evaluation five to ten years into operation” in order to build up an evidence base over time. That is stated government policy in the *National Infrastructure Strategy* 2020. It needs to be done.

As to the exact mechanic for doing it, should it be centrally controlled, perhaps in the IPA or in the Treasury, or should it be left to departments with some oversight and scrutiny of departments? That is a choice for government, but I agree that it needs to be done more systematically than it is being done currently.

The Chair: We are going to take evidence from the IPA, so it is a question that we could ask it as well.

Q22 **Lord Haselhurst:** On the basis of what you have been able to say to us in explaining your role, do you think that the set-up is right? Is it frustrating and defeating for the economy as a whole if your considered views, weighing all these matters up, are not getting enough attention? There seems to be a rival view on almost every aspect of what you do. Should you not have stronger powers or a more enhanced role in order that we can move on some of these projects? The delays are becoming almost a joke.

The Chair: We could put it more neutrally. We could just ask, “Are there more powers and tools that the commission would like to have to enable it to do its job?” In that light, we are conscious that the original proposal was for the National Infrastructure Commission to have an independent status, but, when it was founded, it was established as an agency of the Treasury. That is not our main focus, which is more powers and tools that you might need, but you might want to comment on that point as well.

Sir John Armitt: Clearly, the key thing is who makes the decision. I would struggle with a technocratic body deciding what the country’s infrastructure should be. It is a political decision. I have been in the game all my life. I have always said that there is no infrastructure without politics and that these are political judgments, because, to a large extent, it is the public’s money that in one way or another is being spent or influenced by government policy.

Therefore, I cannot imagine Parliament ever accepting that a technocratic body was going to make the decisions about the nation’s individual infrastructure projects and the nature of them. That is a role for politicians. I believe we are independent, Lord Haselhurst. We work in a very independent way. We come to our conclusions, and our analysis is all done on an independent basis. It is quite correct to say that Ministers will always be getting their ear bent, and I feel some sympathy for them, particularly in the energy sector, given the different views around the pros and cons of different energy systems in the future. They will get different views from different experts, and there will be vested interests, particularly on the part of corporates, so it is not easy to come to the right judgment.

Part of our role, I hope, is to provide that independent analysis that supports or enables Ministers and government to say, "We'll go down this track rather than that track". I would hope that our independent analysis and advice is taken into account in that way.

The other question is whether we should be a statutory body. That was considered at the outset, and my view has always been that what is more important is whether we are listened to. You can be ignored if you are statutory. You might be able to shout from the rooftops on the basis of your statutory stature, in a sense, and you might get a little more recognition by the press because of that. At the time, given the parliamentary timing in setting us up and the lack of room for a Bill that would have made us a statutory body, and in order to get the thing going, we were created as an agency. I do not think that it has had any particular detrimental effect on us to date. There would be a slight advantage if we were, but not a material one.

The Chair: Do you feel that you need any more tools and powers at your disposal in order to do your work and fulfil your remit?

Sir John Armitt: You say powers but I am not sure that we have powers. What we are there to do is to advise. We have the ability to go anywhere and to collect any information that we like. Government is obliged to pass information across to us from its own records as part of the build-up of our work. We consult with government departments and understand their perspective, which is a sensible thing to do, because they have whole bodies of expertise in particular areas. They are just one of the stakeholders we listen to in developing our analysis and judgments.

James Heath: I agree with John that, ultimately, the quality of our advice will determine our impact rather than our constitutional status. I am a strong believer in that.

There is one particular aspect, though, on tools. When we publish a study that the Treasury has commissioned, government is obliged to respond to it within six months to a year, setting out whether it rejects or accepts our recommendations. When we publish our annual monitoring review of the effectiveness of government policy on infrastructure, government is not required, under the current terms of our remit, to respond to that. That is something that we have raised with government in the past. Government being required to respond formally to that assessment of its progress, like it is required to our recommendations, would put more traction and momentum behind that aspect of our work in holding government to account.

Q23 **Lord Grocott:** I must say a big thank you to Sir John. You said there is no infrastructure without politics, which is refreshing to hear. Speaking as a politician—this is a simple statement of fact—the idea that politicians or Ministers, if an infrastructure programme goes wrong at some point, can somehow say, "It was nothing to do with us, guv; that was what the experts told us", is just not practical, even if it were desirable, which I do not think it is. Anyway, it is nice to be able to have your evidence on that.

My question really is to try to get some perspective on this. What international comparisons are there, if any, to how well or how badly we in this country deal with the identification of major infrastructure projects and their evaluation? If there was a league table of countries dealing with infrastructure, where would we be in it and why?

Sir John Armitt: Back in 2013, I started a study on how we could get better decisions around our infrastructure in this country, which was published a couple of years later. I had support from Members of the House of Lords and from senior civil servants, bankers, lawyers and other experts. As part of that exercise that we carried out, which recommended a National Infrastructure Commission as its outturn, we looked at what goes on in the rest of the world—who does what and how.

You might say that the best blueprint in some respects is Singapore. Singapore carries out these assessments on a 10-yearly cycle. We do a five-yearly cycle. They have a 50-year forward look. In fact, government departments then receive their marching orders for how they are going to deliver the 10-year cycle. They rotate the civil servants through the recommending body back into the departments and out again, so it is a very thorough approach. Singapore does not have quite the same sort of democracy as we have here. China manages to do things at a remarkable speed, but, again, with a questionable political approach.

When you look at France or Germany, or other places, you do not find similar models. France, for a long time, was very centrally controlled. If Paris believed it was the right thing to do, the rest of the country got on and did it. Their nuclear programme and high-speed rail programme are two classic examples. They get more debate and more resistance these days than they did 30 or 40 years ago.

We looked at Canada. There you had the state of Ontario, which had a similar sort of approach in trying to use an organisation to analyse the future and make recommendations to government. They were more focused on delivery than on the allocation of the funding.

Australia had its commission, which started in 2008. There, they had a pot of money at the centre and then devolved that money out to worthy projects in the states, but the proposals come from the states, so you have that federal/state approach in Australia. They have just been reviewing their approach and are revising it going forward. I could not go into the detail but James was reading about it recently, so he may be able to shed some light on that.

Similar to an earlier question, they had a central pot of money of several billions and they allocated that to state projects where they felt those projects were in alignment with their perception at the centre of what the important areas of development should be.

Lord Grocott: You mentioned HS2. I should declare an interest as a very strong supporter of it. The decisions about high-speed rail seem to have had very different conclusions in comparable European countries from our own. In simple terms, high-speed rail is spectacularly more developed in similar advanced economies than our own. Can we learn anything from that, good or bad? Who has got it right, basically?

Sir John Armitt: The two largest ones are Spain and France. Spain now has more kilometres of high-speed rail than France. Spain has developed that off the back of European funding, and it is now slashing the prices of fares to try to attract people on to the high-speed lines. It was a conscious decision that they wanted to have a network of high-speed lines between all their major cities, and they got on and did it.

France, as we all know, did it way back in the 1960s and 1970s. One approach that France took, which is an interesting one, is that they focused on the country elements of the line. They did not initially spend the money on getting that high-speed line into the city centre. The most expensive part of these high-speed lines is how you get from the outer limits of a major city into the city centre. They said, "We will concentrate on building the cheap bit first. We will see how things develop and, if we think we can afford in the future to upgrade the line as a high-speed line into the city centre, we will do so".

We have always said that we want to go straight to the city centre, which is very expensive and adds considerably to the cost. We are also a much smaller country than France, or Spain for that matter, which, therefore, creates a challenge.

To the earlier point, many of the concerns around major infrastructure are not when it is finished. It is the upheaval for 10 years while it is being constructed that causes people the most anxiety. Housing blight is another major issue during the planning process, which can cause a lot of concern.

So it is about getting to that point where it is finished. If you take Kent, there was enormous resistance to High Speed 1, which I was quite heavily involved in, particularly in the early years. We had the whole of Kent in uproar about the prospect of this. In the end, they wanted a route to be chosen by government, because they did not like all the alternative routes that were being considered. There was a lot of resistance to it. Now it is finished, most people would say that they do not notice it. Indeed, we used to take people to France to listen to the noise from the high-speed railway in order to demonstrate that they are much quieter than people were fearful of.

The point that we all have to remember about HS2 is that it was not really about speed but about capacity. It was the overriding need for extra capacity, particularly on the western side of the country, that led to the decision to proceed with High Speed 2.

The Chair: Thank you very much for giving us your time. We are very grateful to you.