

Transport Committee

Oral evidence: Major transport infrastructure projects: appraisal and delivery, HC 24

Wednesday 12 May 2021

Ordered by the House of Commons to be published on 12 May 2021.

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Members present: Huw Merriman (Chair); Mr Ben Bradshaw; Ruth Cadbury; Lilian Greenwood; Simon Jupp; Robert Langan; Chris Loder; Karl McCartney; Grahame Morris; Gavin Newlands; Greg Smith.

Questions 1-127

Witnesses

I: Jon Loveday, Director, Infrastructure, Enterprise and Growth, Infrastructure and Projects Authority; Elliot Shaw, Executive Director, Strategy and Planning, Highways England; and Nick Smallwood, Chief Executive Officer, Infrastructure and Projects Authority.

II: Alistair Baldwin, Senior Specialist Transport Planner, Newcastle City Council, and former Senior Researcher, Institute for Government; Ruth Humphrey, Head of Business Development and Strategy, Siemens; Graham Richards, Director of Planning, Office of Rail and Road; and Simon Statham, Chief Technical Officer, Midlands Connect.

Written evidence from witnesses:

- Siemens ([MTP0019](#))
- Midlands Connect ([MTP0022](#))
- Highways England ([MTP0067](#), [MTP0079](#))

Examination of witnesses

Witnesses: Jon Loveday, Elliot Shaw and Nick Smallwood.

Chair: This is the Transport Committee's second evidence session of our inquiry on major transport infrastructure projects: appraisal and delivery. Today, we will be looking at and scrutinising the National Infrastructure Strategy; the role of infrastructure following covid-19; the framework for evaluating business cases; barriers to delivery; skills; and—in a nutshell—why it takes so long to deliver infrastructure and why it goes over budget. Before us, we will have two panels. Our first witnesses are from delivery bodies. I will ask them to introduce themselves, starting with Nick.

Nick Smallwood: Good morning. My name is Nick Smallwood. I am the chief executive officer of the Infrastructure and Projects Authority, reporting to the Treasury and Cabinet Office.

Chair: Good morning, Mr Smallwood. Secondly, we go to Jon.

Jon Loveday: I am Jon Loveday, the director of infrastructure, enterprise and growth in the IPA. I look after approximately half the GMPP portfolio, including transport.

Chair: Good morning, Mr Loveday. And last but not least, we ask Elliot to introduce himself.

Elliot Shaw: Thank you, Chair. My name is Elliot Shaw. I am the executive director of strategy and planning at Highways England. We are the Government-owned, publicly funded body responsible for the strategic road network.

Q1 **Chair:** Good morning, Mr Shaw, and good morning to all three of you. We will start with the Government's infrastructure priorities, and perhaps I can ask you, just by way of introduction, how the investment in transport infrastructure, in your view, increases productivity, employment and economic growth. How can this best be done? We will go in the same order and start with Mr Smallwood.

Nick Smallwood: Infrastructure is quite a major employer of resources in the UK. Over 2.3 million people are employed in the sector, and I think that about 400,000 companies are employed in construction across the country. Any increase in spend obviously provides huge opportunity in that space for further jobs and economic growth, so we really welcome the National Infrastructure Strategy as a once-in-a-generation opportunity to set out a longer-term ambition, which I think allows many of those companies to finally look for some certainty in terms of the go-forward pipeline and to think about investing in not only the people but technology.

Chair: Mr Loveday, do you want to come in on that as well and give a view?



Jon Loveday: I support what Nick said. Surety of pipeline and the recent publication of the Construction Playbook have been considerable adds to the National Infrastructure Strategy, bringing stability and a longer forward pipeline and look-ahead for the sector. I am sure we will come on to that more later.

Q2 **Chair:** Indeed. Mr Shaw, what is your view from a Highways England perspective? Obviously, you are delivering transport projects for connectivity, but underpinning that, is everything behind it aimed at increasing productivity and the employment rate across the country where you build?

Elliot Shaw: Yes, absolutely. Like Nick and Jon, we welcome the National Infrastructure Strategy. I think it is really helpful to have that clarity, certainty and long-term focus. I think that, rightly, the NIS focuses on the impact that infrastructure investment can have on productivity. We see that within Highways England. There is the impact of the spend that we can have ourselves—our investment over RIS 2 is expected to support around 64,000 jobs itself—but there is also the impact that the spend can have in bringing towns and cities closer together and creating agglomeration effects. The impact of infrastructure investment can clearly enhance and improve the connectivity of our towns and places as well.

Q3 **Chair:** Mr Shaw, before I move on to Members to go into some of these themes in detail, the Government has huge ambitions with its levelling-up strategy and agenda. Are you concerned about your ability to deliver all this in terms of bandwidth—not necessarily money, but bandwidth?

Elliot Shaw: It is right that the Government is ambitious in the NIS. I will not talk more widely about it; I'll leave that to my colleagues. In Highways England we remain confident of being able to deliver the challenges in our bit of that. We feel we are starting from a good place. The Office of Rail and Road has reviewed RIS 1 in the past five years. Secondly, there has been some very good progress. We have delivered 95% of our major scheme enhancements in the time that was agreed, and overall within the budget. So, we feel that there is a good position of strength that we can build on. We feel we have more mature plans for the next five years. We have learnt some of the lessons. The last five years did not go perfectly, so we have tried to learn the lessons and build even more robust plans for the years going forward. I have no doubt there will be challenges, but overall, in the round, we remain confident of delivering the plan we've got.

Chair: Thank you. I will hand over at this juncture to Robert Largan.

Q4 **Robert Largan:** Thank you, Chair, and good morning to the witnesses. The Government has a pretty ambitious programme for delivering transport infrastructure, not least in my own part of the world. Nick and Jon, what assessment have you made of the feasibility of delivering those transport priorities that are in the Government's National Infrastructure Strategy? Are they feasible and can it be done?

Nick Smallwood: Maybe I can go first. It is an ambitious but achievable plan, and I think it will require a number of things to come into place. The



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IPA has looked at the market capacity capability. We have looked at the individual projects where they have been presented in the Government major projects portfolio at the various stage gates. It will require two things to happen. It is no surprise that infrastructure in the UK has languished compared with other parts of industry, notably the automotive and aero sectors where they have modernised and digitised. So, I think there is a real opportunity, given a surety of pipeline for the construction sector to modernise and really join the 21st century.

I make observations, having come from the oil and gas world, that we really have construction projects in infrastructure that look the same today as they did 40 years ago. There is a huge opportunity to use modern methods of construction and tools that will bring significant improvements in productivity. I am not talking about marginal percentages, but 30%, 40% improvement. That will be a prerequisite to deliver the NIS. You will have to see that step change in productivity and take hours out of the construction of our projects. We are starting to see that, notably in schools and prison building programmes. We want to extend that into linear infrastructure.

The second piece that makes it deliverable is to make sure that we have sufficient resources. On the capability work that we have done, we have seen that we have sufficient capacity in the near term, largely as a result of covid-19 and a reduction in private sector projects, which has made the public sector projects much easier to resource. But going forward into the middle of the decade, we see a shortfall, and the shortfall relates not only to key craft skills, but key engineering and leadership skills, project management and suchlike.

Having the NIS as a clear statement of long-term ambition truly allows companies to invest in the future, invest in apprenticeship schemes, take on graduates and get the training programmes up to speed, and we have got a few years to do that. If we don't, we will run into difficulties and resource shortfalls that will make the ambition quite a challenge.

Q5 Robert Largan: Thank you, Nick. Jon, do you have anything to add to that?

Jon Loveday: The only thing I would add to what Nick has said is that one of the key advantages of having a National Infrastructure Strategy is being able to have longer pipelines, and Highways England will operate under a five-year programme of investment. We have certainly bought in and are supporting that across other sectors, because what that enables the market to do is invest not only in the volume of skills but the location, because one of the things that we have recognised through some of our assessments is that as the country goes through a levelling-up approach, some of the skills may be in the wrong parts of the country, as well as there being skills shortages in the medium term.

Q6 Robert Largan: To follow up on that point, and to get a bit more specific, do you think that the Department for Transport has sufficient staff, skills and resources in place to be able to deliver these projects, from the



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departmental level, or are there shortfalls? And what can be done if there are to try to make certain that they are fit to deliver?

Jon Loveday: The Department for Transport is well resourced. They are very experienced in delivery. They have got a high proportion of green-rated projects, the third highest proportion on the GMPP, and the highest of all the major delivery Departments.

They have invested as well. Over the past year, they have invested, with a chief portfolio officer to look across the whole portfolio and recently they have introduced three new infrastructure directors.

We work very closely with DFT and with the Government's projects academy, and we are working together to look at the pipeline and identify jointly where we think there may be shortfalls in capability and capacity.

Q7 **Robert Largan:** Thank you. Mr Shaw, do you have any further thoughts to add on this particular point?

Elliot Shaw: Largely, I would just echo the points that Nick and Jon have made. Personally, I see it as an organisation that has moved to that longer-term model over the past five or six years. That undoubtedly has enabled us as an organisation and our supply chain to invest in building our capability and theirs. We see the supply chain. It enables us to work with the supply chain in a longer-term manner that enables them to invest in building skills and in innovating. And we are starting to see much more use of things like digital design and construction methods, including those modern methods of construction: sort of standardised, modular, off-site, etc. We are starting to see those more and more on our projects.

However, a lot of the foundation of that is that sort of long-term approach and that certainty. For us, the RIS has been very critical in providing that, and I think a National Infrastructure Strategy is a strong step towards providing that across the industry.

Robert Largan: Thanks very much. Chair, back to you for now.

Chair: Robert, thank you. Staying on the Government's infrastructure priorities, I will bring in Lilian Greenwood.

Q8 **Lilian Greenwood:** Thank you, Chair, and good morning to our witnesses. I want to dig down a bit more into the impact that the major transport infrastructure projects are likely to have on some of the Government's priorities, particularly increasing productivity, employment and economic growth.

Perhaps, Mr Smallwood, I can come to you first. Which major transport infrastructure projects are likely to create the greatest economic benefits for the UK as a whole?

Nick Smallwood: The one that immediately springs to mind is HS2, providing that spine north-south and connectivity corridors between some of the major conurbations. That is certainly the ambition.



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However, I would make the observation that historically the projects that are currently in flight have really been chasing BCR, in terms of the approval. The changes that we made to the Green Book in November last year really focus heavily now on value: the public value framework; the levelling-up agenda; and net zero. So, I think we will see a transition, very rapidly now, on the appraisal of all projects.

While I single out HS2, I think that when you look at some of the other projects in flight, there is an element of opportunity for growth and jobs in all of them. In fact, I had a really good session looking at Thames Tideway, where they have been able to focus on local jobs, local employment and levelling up naturally in London, albeit that the focus from the project team was way beyond the scope of just simply building the system.

To your point, I think that almost every project has an element of that. We have not been as diligent as I think we should have been in terms of calculating what the potential is, but I think that going forward you see that conversation happening now.

With the Ox-Cam Arc between Oxford and Cambridge, what does that really mean in terms of new settlements and new jobs? It is no longer about just building the linear infrastructure between two cities.

Q9 Lilian Greenwood: To follow up on HS2, which is very controversial, including in our own Committee, there has been much criticism of the BCR benefits. If you look at it through the prism of the new Green Book, what impact do you think it will have? In which nations and regions of the UK will it create the greatest economic benefits?

Nick Smallwood: I think it has the potential to impact all regions and nations. It came home to me when I studied the project when I first arrived in my new role. I, like many on the Committee I am sure, was shocked and surprised at the scale of the investment and the amount of capital involved. In hindsight, we could have done things differently, but we are where we are with phase 1.

For phases 2a and 2b, we have a real opportunity to get even greater value for money, and to focus more on jobs and opportunities. You see journey times of 37 minutes from Birmingham to London—that is probably quicker than getting from Heathrow to London city centre. It provides a huge opportunity for other businesses to connect or relocate where they would never have considered doing so before. If we continue with the rail system north, that will provide similar opportunities for northern England, and even connectivity to the devolved nations in the fullness of time.

It is a very long-term scheme and a long-term ambition. We have not benefited from a very high-speed connected spine throughout the United Kingdom. We are a very densely populated island with very difficult connectivity sometimes between major conurbations. HS2 will be the catalyst for the integration, with the integrated rail plan for the north, the trans-Pennine route upgrade and so on and so forth. It becomes an



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enabler for many other things, and growth and opportunities for businesses along the journey route are going to be quite significant.

- Q10 Lilian Greenwood:** Can I come to Mr Loveday next? What do you see as the major transport infrastructure projects that will deliver the greatest economic benefits in the regions and nations? Perhaps look at that level rather than the UK as a whole.

Jon Loveday: One of the documents we are waiting eagerly for is the integrated rail plan, because we see that as a key enabler not just for transport and infrastructure but for linking work with other Departments. One of the things we are seeing, and are promoting heavily through our reviews and advice that we give to Departments, is working together—not just to focus on traditional transport structure such as East West Rail, but to link with the Ministry of Housing and to look at local growth plans. When you look in isolation at a number of the projects such as East West Rail, the BCR is very low. When you bring in other factors such as housing and employment, it starts to become a far more attractive project and an enabler.

Again, I come back to the long-term impact of a strong pipeline, and going beyond the pipeline to a five-year or multi-year settlement commitment. We are seeing a huge emphasis on jobs and diversity and inclusion in the construction process. Also, legacy is key, to link that into future jobs and the future opportunities that those projects will deliver. We all recognise that infrastructure is an enabler in itself and we need a balance of those projects.

- Q11 Lilian Greenwood:** Can I ask you a little more about the integrated rail plans? Mr Smallwood talked about the agglomeration benefits of bringing places closer together, and the way in which that can drive economic growth. HS2 was set out as a Y-shape project over 10 years ago. The integrated rail plan is eagerly awaited, but there is a suggestion that phase 2b of HS2 could be quite substantially changed or downgraded. What impact do you think that will have on the certainty of pipeline for the construction sector and on the investment that they were trying to generate in parts of the midlands and the north, when the shape of that future investment seems to be in question for the first time in a decade?

Jon Loveday: I do not know the details of what is going to be in the plan, so it is very hard for me to comment on that. What I can say is that as soon as that plan is released we will be looking very closely at it and working with the Departments to make sure that it is joined up and there is real join-up across a multitude of Departments to hit a number of the targets that exist. That is one of the beauties of—

- Q12 Lilian Greenwood:** Once the plan is set out, do you think it will stay? Obviously there have been plans before, and they get changed. That work has been done at a point when we have had covid, and we do not know what future transport demand will look like. Are we really going to have certainty when that plan is published?



Jon Loveday: There are a few points in there. From the point of view of post-covid transport needs, it is a little bit early to tell. There will be a review into that. Certainly, we are seeing a return to traffic levels—Elliot is probably in a better position to answer that than me specifically. Once the IRP is delivered, we will be working hard to make sure that the scope is clear and signed off. It is our preferred route to have a multi-year settlement, because, again, there is clarity in what is to be delivered and how it will be delivered. We do generally have more difficulty when it is short-term, one-year settlements, because things can change in terms of scope. One thing I can again be clear about is working to ensure that scope is as clear and completed up-front as possible.

- Q13 **Lilian Greenwood:** Looking across the whole UK, which regions and nations are going to benefit most from the major transport infrastructure projects currently on the books? Where will we see the biggest improvement in economic fortunes?

Jon Loveday: Without seeing what is in the IRP, it is almost impossible for me to say, but I would say that there is clearly a shift away from London and the south-east in terms of levelling up. It is not just the transport elements of the National Infrastructure Strategy that we need to be aware of; it is also things like the gigabit programme. One of the things that covid has clearly taught us is the importance of digital infrastructure as well as physical infrastructure, so that is something we need to be very conscious of going forward.

- Q14 **Lilian Greenwood:** Finally, Mr Shaw, you talked about 64,000 jobs as a result of RIS 2. Where are those jobs going to be? In terms of the regions and nations, who will benefit and where will benefit most from Highways England's major transport investments?

Elliot Shaw: It is a genuine spread. By our nature we are a national network that is designed to try to reach into the extremities and the regions, so our investment is spread. If I look at, for example, the major enhancements investment, I think we are spending £2.3 billion in the north, £2.2 billion in the east, £1.5 billion in the midlands, £2.3 billion in the south-west and £2.2 billion in the south-east. So actually, it is a true spread.

- Q15 **Lilian Greenwood:** Wouldn't you expect it not to be spread equally across the country? If we are serious about this idea of levelling up, that would suggest you would want to invest more of your budget in places that historically have missed out, like my region, the midlands—the east midlands—or the north-east, and presumably you would want to invest less, proportionally, in places that had the bulk of investment in previous decades.

Elliot Shaw: The other thing I would say is that it is important not just to equate investment with benefit. For example, if you look at something like the lower Thames crossing, although it is a very big piece of infrastructure that will be in the south-east, that project is really about enabling freight to get effectively from our southern ports through to distribution centres in



the midlands and to spread across the county. It is a national project in its nature.

Even some of our investment in the north—for example, the investment in the A66—is about enabling better connectivity between the east and the west of the northern parts of the country. One of the biggest benefits to come from it is, again, enabling freight to get effectively from the eastern ports up to Scotland. Investment can be a proxy, but it absolutely is not the be-all and end-all. Certain projects—particularly smaller ones—will give benefits to a particular local area, but for the big national projects it is important to recognise that the benefits will be spread out, and potentially they do spread across the country. While spending can be a bit of a proxy, the benefit is spread. There is a conscious shift and a conscious recognition of the levelling-up agenda, and a focus on that, but the benefits will be spread across the country.

- Q16 **Lilian Greenwood:** I understand the desire, and it is right to focus on outcomes rather than inputs and not just look at the numbers in terms of how much is being invested, but which parts of the country are going to see the biggest benefits or outcomes—improved job creation, improved economic growth—as a whole from RIS 2? Are you able to say where those benefits will fall, irrespective of where the particular physical infrastructure is going?

Elliot Shaw: I don't have that data to hand, but I can see whether it can be produced. I would be very happy to write to the Committee with it. As I say, we have some very significant projects spread across the country, and I am fairly convinced that all regions will see a benefit. If I was to need to specify the specific benefits and outcomes, I would need to go away and see if we can get that data. I would be happy to write to the Committee with it.

Lilian Greenwood: Thanks very much. Back to you, Chair.

- Q17 **Chair:** Lilian, thank you. Following up on the evidence given to Lilian and Robert, perhaps I can ask a couple of supplementaries. First, to Mr Loveday on probably the most relevant point that you made, where is the evidence that tells us that when you spend more in one particular region, it increases productivity for the whole country, as opposed to just displacing it from another region to that region?

Jon Loveday: I guess that has to be done at the time of the business case. Certainly, one of the things that we are keen to look at is modelling scenarios in the business case creation and set-up, with early modelling not just of the physical infrastructure approach but of the wider benefits. Again, we are pushing quite hard on things like 5D modelling to look beyond the physical impact of infrastructure into its wider benefits. You can see where those wider benefits lie.

- Q18 **Chair:** I will come to you in a second, Mr Smallwood. Do you have anything holistically that shows that when you spend more in the north, for example, in terms of levelling up, than you do in the south-east and London, there is a positive impact for the whole nation? Do you look at



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the detriment that it might cause to the areas you are not spending as much on?

Jon Loveday: You have to look at it on a case-by-case basis. Things like the lower Thames crossing, which Elliot has already mentioned, have a level of advantage and benefit to other areas in the country, and not necessarily to the area that is specifically going to be impacted and affected by it. You see that in the level of opposition to some of these schemes.

Q19 **Chair:** Mr Smallwood, I was going to come to you. You touched on HS2. I don't want to get bogged down on any particular project, but we look at HS2 on a six-monthly basis, so it would be remiss of me not to ask you about it. The evidence that Mr Shaw from Highways England has given us shows that, for every £1 spent on their road building, they deliver £2.50 to the public purse. I think that, for HS2, if it gets built in its entirety, it is £1.50 for every £1 spent, going to £1.20 if you don't deliver 2b. If there is a relatively small reduction in passenger numbers, which there could be post pandemic, it delivers 80p for every £1 spent. Are you concerned that this is a bit of a white elephant in transport terms?

Nick Smallwood: I remain to be convinced about whether all the figures are the right figures, and whether they have done sufficient work on the growth opportunities around the railway. I think they have been challenged to look at that again and to really challenge themselves on whether they have put enough energy into that space.

To the question that another Member asked earlier, as did you, Chair, about the impact overall on either regions to be levelled up or the nation as a whole, it is really important to recognise, especially for some of these mega-projects, that it is not so much always where the project is built, but where the project spend happens. For major infrastructure projects, increasingly, as they are built with off-site components—the locomotives for HS2, for example, and the signalling systems—where those contracts are, and where the supply chain is that supplies these big projects, is typically progressing across the whole United Kingdom, and with the scale of the NIS, that really drives spend in every corner of the UK, which has to be good for levelling up.

One thing that we need to learn to do better, and that we don't do today, is having that national view of how we are doing—how we are doing on jobs, how we are doing on growth and the catalysts for growth. I am exploring some opportunities with the Geospatial Commission on whether we can actually bring that to life in a way that is meaningful and that we can share more openly, but that is yet to be done.

Chair: Thank you very much indeed. Let us move on to another subject, which is the recovery after covid-19. I will bring in Greg Smith.

Q20 **Greg Smith:** Good morning everyone. As came up in the previous section, in Lilian Greenwood's questioning, we have had covid, and the pandemic has changed the world. Mr Loveday, your answer was basically, "It's a little bit too early to tell." Given what we already know from real



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data that is out there—for example, a YouGov survey last year found that about 23% of people in the UK say they are going to drive more post pandemic, and 68% of people responded to an RAC survey saying their vehicles are absolutely essential—and given that, for rail projects such as HS2, to which the Committee knows I am wholly and entirely opposed, the business case was flimsy pre pandemic, and we see reports of it taking five years post pandemic to return rail passenger numbers to where they were, and there is no certainty of that, surely “a little bit too early to tell” should be panicking everybody in Government and in industry to pause some of these projects and to think about them until we can be certain—until it is time to tell whether they are going to deliver any benefit?

I suppose my question to you is, is covid being used as a cover to find a way of spending a lot of taxpayers’ money on creating very short-term jobs for infrastructure that in the long term we don’t actually need?

Nick Smallwood: The point that the integrated rail plan hasn’t been published yet is the answer to that question. There is going to be some phasing of project work in that answer and a “hold and see”. I think you are absolutely right: we shouldn’t be investing unless there is a very solid business case. That will be under scrutiny for any project that comes across the IPA going forward.

If you look at projects like HS2 2b, it is many years away—it doesn’t even have Royal Assent yet—so there is an opportunity to see what the recovery from the pandemic looks like. I, like you, think that road transport is going to come back to pre-pandemic levels, if not slightly higher, but in the fullness of time I would wholly expect, given the challenges on net zero, that people will realise that rail traffic is one solution to that net-zero challenge—multiple passenger solutions rather than individual passenger solutions.

Q21 **Greg Smith:** I appreciate that answer. I fully accept that we are yet to see the detail of a lot of infrastructure projects that are talked of, but here in Buckinghamshire our eyes are very much open to those infrastructure projects that are being built, because they are causing human misery on a daily basis to my constituents and others throughout the county. For the infrastructure projects that are being built today, shouldn’t we press the pause button until we can be certain of the impact of the covid-19 pandemic on demand?

Nick Smallwood: My personal view on that as a project delivery professional would be no. It will cost you far more taxpayers’ money and really destroy value for money if you pause a project rather than continue and look for opportunities to take out cost and add value. That challenge has been put to HS2 phase 1, and we have plenty of time, I think, to scrutinise anything else that is of major consequence in the infrastructure space going forward.

Q22 **Greg Smith:** Perhaps I can turn that slightly on its head. If a project like HS2, East West Rail or any of the other projects currently being built actually had a demand profile that showed that they are wanted and that



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they will be used, why isn't the private sector clamouring to build them rather than relying on taxpayers' money having to be spent to build them?

Nick Smallwood: That is a question you need to put to the decision makers who choose those projects; it is not IPA's role to make those choices. I think that if they don't offer good value for money, we shouldn't start them in the first place. That is where the focus within the IPA has moved—to making sure that we have far more rigour on projects coming through the stage-gate process.

Q23 **Greg Smith:** On that point, I appreciate you are not the decision maker, but as you assess future projects, isn't it a bit of an alarm bell, especially given the pandemic and the impacts it has had on demand, that the private sector is not clamouring to build some of these things—particularly when it comes to the railways, although I accept that roads are different—because it can see a return, they can see value for money, and they can see that there would be a demand for it? If the private sector does not want to do it, it is a bit of an alarm bell, isn't it?

Nick Smallwood: I don't believe so, as it relates to rail. I think rail has a long history of being a public sector space for investment, whether it be in the UK or elsewhere in Europe, so that does not surprise me at all. These are massive projects; they are novel, unique and not without risks, so they are bold, major infrastructure decisions for the nation. That is not typically an area you would get private sector investment for.

Q24 **Greg Smith:** Mr Loveday, do you have any thoughts on those points, post pandemic?

Jon Loveday: I have a couple of things to add. On understanding the impact of covid on behaviour—and it is very much behaviour—I think we can look to other lessons from things like 9/11. We saw a significant increase in road travel post-9/11 and a huge decrease in air travel. That lasted about 11 months before we returned to a normal distribution of volumes. So, I think we are likely to be able to tell in a relatively short space of time.

The business case for road and rail infrastructure is likely to remain. The balance of having the right investment in the right schemes is obviously key. Generally, our current vehicle make-up is far more polluting than rail infrastructure. In the longer term, we need to consider that in these schemes—the impact on net zero and what level of passengers and goods can be transported by rail. While there is certainty coming in from the EV market in cars, it certainly isn't there at the moment in terms of heavy goods vehicles and transporting goods around the country. I do think that is a challenge for us to consider in forward-looking projects as well.

Q25 **Greg Smith:** Thank you. Briefly, Mr Shaw, on the post-pandemic issue, it seems like the railways are getting billions of pounds on flimsy business cases like HS2, which the profile suggests very few people are actually going to want to use when it is built. The evidence shows that lots of people are actively choosing to use their cars more. From a highways



perspective, how do you see that panning out post pandemic?

Elliot Shaw: It is not for me to comment beyond the highways space. We have certainly seen some significant shifts in behaviour over the past year, but not the drop-offs that other modes have seen. I think HGV traffic is about 4% above what it was pre-pandemic, and light goods vehicles are 1% above, but car traffic is at about 80% of what it was, although it did get up to about 90% in the summer, when the lockdowns were eased. We did see drops, and obviously some significant drops, but it has come back. That echoes Jon and Nick's points that we probably will see the output of the pandemic in the fairly short term.

We will have continued car traffic; and roads, as a mode, will continue to play a critical role in the country. We have to remember that a lot of the planning that we are doing is for a 60 to 100-year period. Covid is important and a factor, but there are a lot of other factors that will also need to be taken into account in driving our planning. Population growth, for example, is a big factor that we often think about and need to respond to in planning for future transport demand.

Chair: We move on to another theme: the barriers that impact transport infrastructure delivery. We will start with Simon Jupp.

Q26 **Simon Jupp:** My section will be relatively short, mainly because I will not read out the list of projects that have not been delivered on time. Does the UK have a problem with not delivering projects to schedule? I will start with Nick.

Nick Smallwood: Thanks, Minister. When I came to my role, I made the observation that the Government major projects portfolio had far too much red and amber-red, in terms of delivering confidence assessments across the major projects portfolio. That included transport. To me, that is not acceptable, and we should be concerned about it, but when you dig under the skin and look at the reasons, some of it is because we had a totally unrealistic cost or an unrealistic point schedule on the table to begin with. We are busy fixing the system, as I call it. It is multi-faceted: we need to do a far better and more disciplined job of having range estimates for both cost and schedule as we go through the approval process, and we need to be far more rigorous in how we develop projects.

We do not typically do a good job of front-end development, or focusing on the outcome that we really want to achieve for the citizen, and what we are really aiming at; rather than saying, "We want to build something," we need to build it for a purpose, and be really articulate about what the objective is and what success would look like.

We also need to apply what we call the project principles. The IPA published a set of eight project principles last summer. We made the observation that, if you look at all those projects that are not successful—many are successful, by the way; we are not so bad that we do not produce great projects—some pretty fundamental things were not being done, one of which was not focusing on the outcome. Others were not planning realistically; not really being an intelligent client; and not



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prioritising resources and getting the right people into the project early enough in the development phase, because you cannot assure goodness into a badly developed and approved project; you can only deliver the bad outcome that you have set yourself up to deliver. It is quite a complex space, but there is a lot of work going on in the IPA to help project teams across Government to improve how they approach projects.

We are strengthening the project profession. In March, we launched the Government projects academy, where we intend to develop and accredit project delivery professionals, from quite junior grades right through to our master practitioners, who typically manage these major projects, either as senior responsible owners or as project directors. We are in a phase of really focusing hard here, because the people make the biggest difference to outcomes, and we certainly have opportunities to improve our delivery performance to date. This is against the backdrop that we do the most complex, largest and most novel projects on the planet. If you look at many of the projects that we undertake, there is no precedent for them, whether it be Crossrail, HS2 or some of the other big projects. They are unique and very large.

Simon Jupp: Thank you, Nick, including for the promotion—I am not a Minister; Simon is absolutely fine. I ask the same question to Elliot.

Elliot Shaw: My reflection would be that delivering big infrastructure is inherently complex, particularly given the nature of our country—a densely populated island—which makes delivering infrastructure particularly challenging.

I also reflect, from a Highways England perspective, on a pretty good record over the past five years. You have the ORR, our monitor, at your next session; its assessment of RIS 1 noted that we had made very good progress, met 95% of our scheme commitments and, overall, delivered to budget. That is not to say that there were not challenges—we had to reprofile some of the portfolio part of the way through.

Where there were challenges, a lot of it tended to come back to points that Nick made: at certain times, when projects were committed to at a very early stage, there was not full clarity on their scope. Sometimes, that led to design changes needing to be made as we got through the process with stakeholders. There are also the inevitable uncertainties: in a few areas, we found unexpected things in construction—we hit a Roman villa or a second world war bomb—which can delay and defer things a bit.

The biggest or the most positive thing to be done is to build out and mature the projects as much as possible at an early stage. As Nick said, we think about ranges and uncertainties until the project is reasonably mature and we have more certainty about what it is there to do, and about some of the complexities around it.

Q27 **Simon Jupp:** Some of the challenges, I guess, are that if you completely build up a project at a very early stage, if you are a local authority, you have probably spent an awful lot of money on it, which could be quite



defeating financially. Does that not create problems?

Elliot Shaw: There is a challenge there, and it is where some of the decision-making cycles can help or hinder. For example, our approach of moving to the five-year funding settlement has really helped—one of our learnings from RIS 1 that we have taken into RIS 2 is to develop a scheme development pipeline. We have about 32 schemes that we are developing, but not yet committing to delivering until we have done a little work on each of them to ensure that they represent good value or are deliverable with reasonable certainty on the costs. I agree that it is much more difficult to do that outside the context of that type of framework, but from our perspective, that has certainly helped, and will help us in future to get more certainty on the costs and timescales for our projects.

Q28 **Simon Jupp:** Elliot, thank you for your time. Nick, you indicated that you wanted to say something.

Nick Smallwood: Yes. I want to reply to your challenge, which is the correct one, on our spending significant amounts of money pre-final approval. Actually, we start to spend significant sums of money between the outline business case and the final business case. That is why we are bringing far more rigour into the gateway approval process and are driving project teams to be more disciplined in what they try to do, demonstrating that they are in the control at the strategic outline business case.

In my experience from the private sector, you are almost making a business case decision at OBC, because of the amount of money we spend subsequently. I want to bring that rigour far earlier in the pipeline, and to be serious about what we are going to do. You do not have all the answers then, but typically we seem to spend a lot of money on choices and options without being serious about what we are trying to deliver. We can be far more disciplined at the outline business case decision gate. I see a lot of support from Treasury and other Departments for our doing the necessary work to be in control, then going forward to do a thorough and professional job on the final business case.

Q29 **Simon Jupp:** I am conscious of time, but I have one final question in this section. Elliott, how many Highways England projects have gone over budget? Will you set out how your organisation is working with the Department's new acceleration unit?

Elliot Shaw: There are two questions there. On how many have gone over budget for the RIS 1 assessment, 3% of projects overall, and about 10% of major projects in total, were over budget. I would be happy to pick up the exact statistics. A number of projects did go over budget, but we managed to stay within our budget overall. I go back to the point that we looked hard at why those projects went over budget. It tended to be a mixture of three things: a commitment made at an early stage when the scope was unclear; changes needed as we went through that design process to better reflect the needs of stakeholders, such as local communities; or construction issues and unexpected things happening, such as archaeology finds—things you were not aware of living underground that popped up as you went through.



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We have worked hard to understand where those overruns happened. I will try to mitigate that in our planning for RIS 2 by making sure that we have a more mature project set that has come through to the RIS, and also that we are mature in our risk estimating and benchmarking. One of the benefits of that long-term planning approach is that we are constantly trying to learn, and to make sure that, when we have done a project, we understand how long things took and cost, and feed that into future projects. We are trying to learn and improve all the time.

- Q30 **Simon Jupp:** Sorry to interrupt, but I am conscious of time. I will hand back to the Chair in a moment. Could you furnish the Committee with the data that I mentioned on your going over budget and so on over the past five years and several different financial periods, so we can assess what the challenges have been? I think the entire Committee would find that useful.

Elliot Shaw: I am sure we can.

Chair: Thank you. I hand straight over to Robert Largan.

- Q31 **Robert Largan:** I wanted to pick up the challenge of keeping projects to schedule, and the frustration with how long some projects can take. Elliot, there is a project in my part of the world that is a Highways England responsibility: the A57 link road, known locally as the Mottram bypass and Glossop spur. This project has been promised for well over 50 years. It has been green-lit, cancelled and delayed many times. It has been approved again and gone through so many rounds of consultations. The start date has fallen further and further back, and yet again we have to go through a very lengthy development consent order process. Why does it take so long? What could Highways England do better, and what can we legislators do to make it easier for these projects to be delivered more quickly? Do you think the development consent order process could be curtailed? It is a very lengthy process, taking many months; the same goes for statutory consultation periods. Do you think they could be looked at again and reduced? I am interested to hear your thoughts.

Elliot Shaw: A number of schemes around the country have a similar history of being talked about for potentially decades. One of the reasons for the changes made in 2015 in the Infrastructure Act, the setting up of Highways England and the creation of the RIS process was to stop that stop-start of projects. As well as being a very ineffective way of getting things done, it was adding hugely to cost, because supply chains were adding in and were half expecting projects to get cancelled halfway through.

The shift that we have made over the last five years has helped to provide more certainty. While there has been a review of the portfolio, and a handful of schemes were stopped on value-for-money grounds, the schemes that were committed to are, by and large, being delivered.

There are challenges in delivering to schedule and to time, and it undoubtedly takes a long time to deliver infrastructure in this country. A variety of factors feed into that. We obviously have a very comprehensive



planning process that looks to make sure that we build by consent. There are a lot of positives in that, but it does mean that it takes time. There is also a great premium placed on cost certainty—on making sure that when we get to the construction phase, we are reasonably certain about the costs.

Obviously, the Government's Project Speed is looking at all this—at determining whether we have the right balance across all those things, and where things can be sped up. There are conversations with MHCLG and the Planning Inspectorate around that element of the process. It is not for me to suggest how that could be reformed. For big projects, the DCO process has brought a lot of benefits, in terms of certainty of timescales and the statutory timings, but there is no doubt that it takes quite a long time.

There is a lot of enthusiasm from Highways England and other infrastructure providers for Project Speed. The A66 is one of the pathfinder projects of Project Speed, and we were really pushing hard to accelerate the timescales. It is good to look at the different ways that we can do things, accelerate and cut down on the timings, but in terms of the systematic and structural way of approaching that, Project Speed will define the way forward for that project.

Robert Largan: Thanks very much. I certainly detect quite a bit of enthusiasm among Highways England staff for getting the Mottram bypass sorted, just so I stop pestering them. Back to you, Chair.

Chair: I hand over to Chris Loder. Again, this will be specific to Highways England, so bear with us, Mr Smallwood and Mr Loveday.

Q32 **Chris Loder:** Good morning, Elliot. It is nice to see you. First, I am not a mathematician, but from my calculations, you have had roughly 80% more public money for RIS 2 than RIS 1. I work out that you have £27.4 billion in RIS 2, compared with £15.2 billion in RIS 1. I don't know whether those numbers are absolutely correct, but I hope they are. The first question is: have you got enough money for RIS 2?

Elliot Shaw: The money we have been allocated reflects our expectation of what the projects will cost. I should also say that it is not just our projects. Importantly, although people often say, "£27.4 billion is being spent on road building," approximately half that money is not being spent on road enhancements; it is spent on operating, maintaining and renewing the networks, and making sure they are safe and continue to flow. There is also almost £1 billion of designated funds, which enable us to do environmental projects, projects with the community—

Q33 **Chris Loder:** Thank you for your long answer, but I am asking whether you have the money to do what you need to do.

Elliot Shaw: We think the budgets match the scope of what is in there.

Q34 **Chris Loder:** Have the Government therefore funded all the schemes that you put forward in RIS 2?



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Elliot Shaw: The Government have funded all the schemes that are in RIS 2.

Q35 **Chris Loder:** So, every single project that you wanted to happen in RIS 2, the Government have funded. Is that right?

Elliot Shaw: The way the process works is that we undertake our route strategies, and that produces a long list of options—

Q36 **Chris Loder:** I am well aware of that process. I am asking you to confirm that the Government has funded every single project that you have asked the Government to fund.

Elliot Shaw: Yes.

Q37 **Chris Loder:** When I say, “Have you got enough money?” that is because there are other roads that some of us feel quite strongly about. There is the A303—I think we have got some of that for the tunnel, haven’t we? What about some of the other roads? I am just wondering: if you have got everything that you asked for, how come we haven’t got things for some of the roads? I am not going to go round the table with all the roads that we all want to get sorted out, but I am just wondering: are you being ambitious enough if you are getting all the money that you asked for? You are very fortunate; I could never get that with the railways when I worked for them—you must have the gift of the gab!

Elliot Shaw: I would reflect that, as you say, there was an increase in RIS 1 compared with pre-RIS, and there is an increase in RIS 2. There has arguably been historical under-investment in the road network, and I think that the original RIS set out to try to address that. We know that it is going to take a longer time to upgrade the entire road network to the level that we would ideally like it to be at, but—

Q38 **Chris Loder:** Do you think that Highways England is an organisation that is littered with bureaucracy that is costing the taxpayer an enormous amount of money?

Elliot Shaw: I do not think that. I think that Highways England is, as ever, an organisation that is developing and improving, but I would reflect that we have brought in a huge amount of external capability and have gone through a huge amount of change over the past four or five years, and part of that is really to try to make sure that we are the most effective infrastructure operator we can be.

Q39 **Chris Loder:** I am delighted to hear that, but I just want to share with you a brief insight, if I may. You may know that the A35 is very close to my heart in West Dorset. Five years ago, Highways England had an external consultant tell Highways England that safety was a considerable issue. A letter I have got from your regional director, which arrived yesterday, tells me the timeline for addressing safety studies, with a view—bear in mind that it was five years ago you were told this. It tells me that final construction for some safety initiatives is going to be completed in four years’ time. I don’t know how many people have got to die on that road for you guys to sort yourselves out. From my



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perspective, I would just like to understand—you have got £27.4 billion in RIS 2. It appears very much to me that safety is not your No. 1 priority, because I think it is fair to say dozens of people will die on the A35.

If that had happened to me when I worked for Network Rail, I would have been sacked. I am just not quite understanding why we are accepting or why you and your colleagues at the senior executive level of Highways England are accepting such levels of bureaucracy, which are ultimately costing the taxpayer billions of pounds.

Elliot Shaw: I would be very happy to take a look—I don't know the specific case. What I would say is that there are the safety improvements that we look to do across the entire network. We have 4,300 miles of road, and inherently there are risks in travelling on our roads—on any roads. They are the safest roads in the country; we try to minimise those risks. I would be surprised if dozens of people will die on the road. I would like to look at the statistics.

Q40 **Chris Loder:** Well, I'm very sorry to have to tell you. Have a look at the stats. It's really bad—it's really bad.

I was just going to say, about this letter from your south-west regional director that I had arrive yesterday, here, he is either lying or he is incompetent, because what I have in front of me here—I drove on the A35 the other day, and the cat's eyes and white lines are not maintained properly. In this letter, what he says to me, after a very unfortunate collision the other day, is utter nonsense. I quote: "The A35 is one of our highest priority routes in the south-west requiring safety improvements." He goes on to say: "We carry out weekly safety inspections of our trunk roads." That does not happen, or there is a huge level of incompetence within your organisation that is ultimately costing lives and costing the taxpayer money. Can you commit to having a thorough overhaul of the efficiency of Highways England in terms of its delivery, to achieve what I understand to be your priorities in RIS 2? One of them is safety, and I think the other is efficiency.

Elliot Shaw: I would reflect that, absolutely, safety is our top priority. Efficiency and productivity are top priorities. ORR—

Q41 **Chris Loder:** I am sorry to interrupt you, Elliot, but would you agree that actions speak louder than words in these areas?

Elliot Shaw: I would. I am conscious that I do not know this specific case and I am really happy to look into it. I would also reflect that ORR look across the patch at our approach to safety and efficiency. Please ask them.

Q42 **Chris Loder:** Please don't worry. I am going to ask them that in a minute.

Elliot Shaw: I would reflect that they have recognised—as is my view—that we have made significant progress over the past five years. As I said, I do not know this specific case, but I would be happy to follow up.

Q43 **Chris Loder:** Do you think it is acceptable for a safety initiative, which is



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probably costing tens of millions of pounds, to take 10 years from conception to final delivery? This is a safety issue; this isn't major road building. This is basically some safety initiatives to stop people dying. Is it acceptable for that to take 10 years?

Elliot Shaw: I can say that we do take safety very seriously. I am happy to look into this issue and come back to you. If, as you say—

Q44 **Chris Loder:** I beg your pardon for interrupting again, but this is more of a strategic point. Is 10 years for that sort of initiative a good example of what happens across your projects?

Elliot Shaw: I don't think it is. If you look at our safety performance overall, we are on track to meet our safety target, which is 40% fewer people dying on our network—

Q45 **Chris Loder:** Within how long?

Elliot Shaw: That was over the RIS 1 target. We have got the challenge of making that 50% less over the past five years.

Q46 **Chris Loder:** Why is your target not zero people dying on your roads?

Elliot Shaw: Our long-term target is zero people dying on our roads—absolutely—but we know we cannot get there overnight. At the moment, unfortunately, the reality is that there is a mix of factors that drive why people die on the roads. Sometimes it is the vehicle, sometimes the person and sometimes the infrastructure, as well. We need to get those pieces playing together.

We absolutely do have a vision, an ambition and a passion to get to zero people, both killed and seriously injured, on our network. We think we have had a stretching target over the past five years, to reduce deaths and serious injuries on our network, and we are on track to meet that. Similarly, we have played that forward and are making it even more stretching now for the next five years. At a system-wide level, I would absolutely say that safety is our top priority. It is our first KPI. I would really be delighted to look into this specific one.

Q47 **Chris Loder:** That is kind of you, Elliot, but from the evidence I have in front of me, that is not the case. I am not of the view that Highways England has safety as its top priority. It continues to escalate my personal concerns about the situation with smart motorways, and how important Highways England has actually considered safety in that programme. Although I appreciate what you are saying, I am afraid that everything I see does not back that up. That is a great cause of concern for me.

I would like to return briefly to the whole point of the extra money that you have: £27.4 billion in RIS 2. You have got all the money that you asked for, for all the projects you asked to be funded. Can you tell us the longest period of time we can expect to see all those projects delivered in? At what date are we going to see all the RIS 2 projects delivered?



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Elliot Shaw: It will stretch into the mid to late 2020s. If you look at some of the bigger projects that are in there, such as the lower Thames crossing or the A303 Stonehenge tunnel, their open-for-traffic dates are in the latter half of the decade.

Q48 **Chris Loder:** My colleague Simon Jupp and I have a mutual interest in the A303. This has been going on for years. I remember that in the 2015 election there was a commitment made about the A303 and Highways England, or the Highways Agency as was. When is that tunnel going to be open for traffic?

Elliot Shaw: We were very pleased to get DCO approval a few months ago. I need to check, but we are currently reviewing what the open-for-traffic date will be. We are obviously pushing for it to be as quickly as it can be.

Q49 **Chris Loder:** Do you mean to tell me you have got billions of pounds of taxpayers' money for this project with no committed date? Is that what you are saying?

Elliot Shaw: There is a committed date. I am sorry, I do not have the open-for-traffic date to hand at the moment.

Q50 **Chris Loder:** Would you be so kind as to share it? That is important for us. We would very much appreciate that.

Elliot Shaw: We are about to reconfirm it. We are going to publish our annual delivery plan update in the next couple of months, and that will give you that update. I'm sorry; I just don't have it to hand.

Q51 **Chris Loder:** That's okay; thank you. Moving on, because I am conscious of time. I want to understand a little more. We talked earlier about the Green Book, and Nick shared with us insights about the reprioritisation as a result of that. Can you tell me what tangibly for you, with your organisation's responsibility, has changed as a result of the Green Book amendments at this stage? What about your prioritisation of projects?

Elliot Shaw: My reflection was that the Green Book changes shifted the dial somewhat. Obviously, BCR has always been a tool in the toolbox, but I would argue that it has never been the be-all and end-all. I think the dial has shifted towards focusing more on the strategic case and the overall aims of the project. However, I would say that the BCR will still be a consideration and a factor. So, this is going to be more of a question for us as we go through RIS 3 planning. We are starting that off now and starting to look at what should be in RIS 3. The way that I would envisage it having an impact is that we would put more weight on the strategic case than purely on BCR. I would argue that we have never been purely BCR-driven. BCR has never just been the be-all and end-all, but I think we are going to put some more weight on the strategic case.

Q52 **Chris Loder:** I am asking what has tangibly changed. What you have said so far means nothing has tangibly changed yet. Is that right?



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Elliot Shaw: It is because our selection of projects goes through a five-year cycle. What is tangibly changing is our plan for how we will assess projects through that five-year cycle. We are planning that strategic case—

Q53 **Chris Loder:** So I can understand—I am very happy to take interventions from Nick if he thinks that is appropriate—I am asking about RIS 2. From what you have said, there are going to be no changes. The Green Book is not going to affect any changes in RIS 2 in terms of what you have got so far. Is that correct?

Elliot Shaw: At the moment, we do not believe that any of the projects would or should change as part of that Green Book review. The projects that are in there have both a strong strategic case and generally reasonably good BCR.

Q54 **Chris Loder:** I am sorry, but I am asking a straightforward question. Is the Green Book review going to change any of the RIS 2 projects? Yes or no?

Elliot Shaw: Not as far as I am aware.

Q55 **Chris Loder:** Okay, great. So, when RIS 3 comes, which you are planning for at the moment, what are the tangible changes and priorities in your assessment? That is what I am trying to understand. If you are not yet in a position to share that, I understand. I am seeing a lot of wonderful things from the Government about reprioritising, and I hear lots of good things from Mr Smallwood, but how are they actually cascading to make those real impacts come to life?

Elliot Shaw: We are building a process now for RIS 3. The thinking that we are going through is how do we strengthen the strategic case and the strategic analysis around our projects to make sure that we are really understanding how they support priorities such as levelling up and enabling new housing. Could I clarify one thing about RIS 2? We have some funds that we worked through as we went through the RIS period. The designated funds are also renewable schemes. The likes of the Green Book changes are feeding into and impacting on those. In that space we are factoring that sort of strength and strategic case.

Q56 **Chris Loder:** I am grateful for your response. I will hand back to the Chair because time is cracking on. Would you be so kind as to write to us about the tangible changes that will be made through your assessment process for RIS 3? That would be much appreciated.

Chair: Chris, thank you. You have taken us into building a strategic framework for decision making, so we have covered that section. I will briefly bring in Ruth Cadbury, and then we will go to Simon Jupp for skills.

Q57 **Ruth Cadbury:** Thank you, Chair. On the updating of the Green Book, I wanted to ask Nick Smallwood a question, although I am happy if one of the other witnesses wants to answer. How should social, geographic, environmental and political factors be comparatively weighted in the framework for assessing major transport projects? In particular, when we



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talk about economic development, the reality of a place-based economic regeneration works as much in terms of local interconnectivity—a lot of jobs and a lot of people traveling short distances around local areas—as long distances from A to B. The link between a major road or rail hub is only going to help that area if it links to local connectivity, and a longer route as well. Do you think we will shift how we address that?

Nick Smallwood: The simple answer is yes, Ruth. There will not be a binary answer and a calculation to come up with a choice. All the factors you just described will have to play into the decision making: weighing up the BCR; weighing up the impact on local job creation; weighing up how it links into local infrastructure and local planning. Yes, it is a complex space, but that is the very essence of how we must deal with these projects going forward. That is the intent behind the Green Book. It puts on the table all the factors, and it allows the officials to put those elements on the table, along with how they will approach net zero, which is an added dimension of complexity. It is for the decision makers to weigh up how they want to proceed and if it makes sense from a value-for-money perspective. It will not be one size fits all, and it will not be an easy decision-making process, which is why I understand the Treasury is rolling out some specific training on the Green Book and how to apply the appraisal and evaluation.

Q58 **Ruth Cadbury:** I have time to focus on only one example. We recently had a session on the roll-out of the charging network for electric vehicles. In the context of net zero, one of our witnesses said that the charging network should be part of the national infrastructure. What do you think about that?

Nick Smallwood: In our role managing the charging infrastructure fund, which was a catalyst to get private sector investment, we are seeing that the take-up from the private sector is really strong. There is a clear appetite for them to step in and do significant work in this space, as is the case for much of the work on the national infrastructure strategy. A significant percentage of their work on things such as schools, hospitals and so on is done with private sector investment. As long as charging infrastructure is attractive to the private sector, we are quite happy that that is the direction it goes in.

Q59 **Ruth Cadbury:** Do you think the national infrastructure strategy should have something to say about the charging infrastructure, particularly in those parts of the UK where there is less commercial viability for a fully national network?

Nick Smallwood: It is certainly a lens we have to have about whether the take-up is covering all parts of the UK. That is something I would expect the NIC to take a view on when they publish the update for their national infrastructure assessment in 2023.

Ruth Cadbury: Thank you.

Chair: The last section is Simon Jupp, on skills.

Q60 **Simon Jupp:** Ambitions are fantastic, but if you do not have the people to



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deliver them, they are next to useless. In order to successfully deliver the transport infrastructure ambitions that the Government are setting out, we need to discover what skill gaps we have and how they can be filled. Nick, what are the issues here? Will there be a problem delivering on the Government's agenda because of a lack of people?

Nick Smallwood: I alluded to that in my opening remarks to one of the early questions. I think there is a huge challenge to ensure that we have got not only the craft skills available but the technical and professional skills to manage the NIS. Notably, some of the specialist trades will be a challenge. If you have a major investment across the rail network, we are going to see a shortage of signalling and systems engineering skills and project management skills, and certain craft skills as well.

I think it is quite well understood. There has been a bit of work done by DFT, and now with the Construction Leadership Council, the CITB and the ECITB we are putting an emphasis on really getting serious about investing in apprenticeship schemes and getting new folks in from various parts of the education system. Notably, in "The Construction Playbook", we have put in a very clear expectation, where the Government is the client, to expect and require contractors with long-term commitments to honour those commitments by showing what they are doing in the near term to invest in skills. HS2 are busy with quite an ambitious programme and we want to see that replicated across all our major projects. The fact that the NIS is long term allows us to be serious and effect that.

Q61 **Simon Jupp:** I am really glad that you mentioned apprenticeships and training, but this takes time. Engineers and people with these skills don't grow on trees, but sometimes they do come from other countries. Is there a need to provide focused visas in particular for foreign workers to come over and assist with the Government's aims in this area?

Nick Smallwood: For key skills, that may become a requirement, yes. I think it is really important that we keep a really close eye on this over the next three years to ensure that, by the time we get to the middle of the decade, we have met the supply and demand that we are going to need by that point in time.

Q62 **Simon Jupp:** Elliot, the same question to you, discussing the idea and concerns that people have about the skills we have got and the training time involved to get people up and ready to deliver on this ambitious agenda, but also the challenges of people coming here from abroad, with different moves on the immigration system.

Elliot Shaw: I do think that long-term planning is key to this. We have found it through the RIS, and the National Infrastructure Strategy is a big step forward. It gives that visibility and certainty to the supply chain to build skills and build capability, and it also plays a really key role in attracting people into the industry. You need to be able to present people with an exciting vision of the future and explain why infrastructure is a good place to be and how it will sustain a good career for them.



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I would reflect, as an infrastructure operator, that it is important that we do things ourselves. We run, for example, the roads academy with our supply chain to try to develop skills for both ourselves and the supply chain. We also have a pretty extensive graduate and apprentice programme, and expect our supply chain to do the same. That is pretty key.

We are a little bit fortunate in a few areas—I do think the assessments that DFT and ORR have done in this area are important—as we have a little bit more flexibility in some of the skills that we need. There are very highly specialised signallers and so on in rail, but actually in road there is currently a little less need for some of that, so we can be a little bit more flexible. As ever, it is a long-term challenge and we need to ensure that we are an attractive industry and building the skills, but we feel pretty well set up to meet the challenge at the moment.

Q63 Simon Jupp: I can feel the Chairman's steely eyes on me. In a very quick 30 seconds, Jon—I know that I have neglected you—did you have anything to add on this?

Jon Loveday: Thank you, Simon. I will make a point very quickly. This really supports long-term frameworks in contracting, because there will be a skills shortage; we recognise that, and a number of bodies have recognised the skills shortage. Investment in skills is one part of it. The other part is investment in innovation and modern methods of construction. That is the other focus that we really need to get the lens on, but you can only do that if you have a long-term committed pipeline.

So, I think investment in skills is absolutely necessary, recognising the ageing demographic, and the location, which I mentioned earlier, of where the skills sit. But also focus—please—on innovation and really go down the route of using modern methods, because it is the only way that we will meet the demand of the NIS.

Q64 Chair: I have just a couple of closing questions; I should perhaps put them to Mr Smallwood, as chief executive of the Government's Infrastructure and Projects Authority.

The first is that with so much money going to RIS 2, do you not feel that it would make more sense for Highways England to have to bid for these projects, perhaps against local transport authorities and LEPs, in order to get transparency on best value?

Nick Smallwood: I would reiterate, Chair, that the IPA does not play a part in choosing which projects get put on the portfolio. We do get to review and scrutinise their deliverability, and we do make observations on RIS 2. For example, the Lower Thames crossing is, by an order of magnitude, larger than anything else that Highways England has taken on before, and they needed to change their governance of that particular project and their focus on it, and they have taken that on board.

However, in terms of content, we really don't play any part in that—

Q65 Chair: No, I am not asking you to comment on specific projects at all; I



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am looking at this purely strategically. Normally, organisations have to bid to show that they are best price, best delivery, whereas Highways England does not. Do you not find that model slightly bizarre?

Nick Smallwood: From what I have seen of the delivery of Highways England projects, notably more recently the completion of the A14 project, they have started to demonstrate that they can deliver projects within schedule and within budget on very complex schemes, and I think you would find it difficult to have people bid in a way that has a realistic comparative bid, rather than their just going to a lowest price and then not delivering on their promise.

I think that the capability has been built up in recent years, not only in Highways England but in Network Rail, for example. And we have got some arm's length bodies, which, if we really push them hard to improve in efficiency and delivery, can become truly world class.

From what I have seen of Highways England and their focus on digital design technologies and innovation and effectiveness, I think they are on the right track to deliver value for money, and I am not convinced that bidding it will get us better value for money.

I do believe there is a strategic challenge on how we link in with local authorities, because I think the levelling-up agenda and other work going on is inevitably going to require local transport solutions. You look at freeports, and the impact of freeport location selection on local road schemes is yet to be understood. I think that is an area where we are going to have to learn as a Government to be more collaborative with local authorities, across the whole of the net zero agenda.

Q66 **Chair:** I will also put the second question to you if I may. It actually links to house building. Obviously, the Government have ambitious plans to build more housing and I was just looking, while we had this session, on the population growth in the regions, relative to England. In the south-east it is 19% faster, because of new housing, than the rest of England; in the north-west it is 6% slower. Yet the transport spend per person per annum in the south-east is £370 and in the north-west it is also £370. Is there a danger that we will not deliver these new houses because the transport spend is not going into the areas that actually need to deliver them?

Nick Smallwood: I think there is a bit of a chicken-and-egg issue here—that the more you invest in the south and the more that we grow housing in the south, the more it self-perpetuates. I think that when we have stronger national links and we are really serious about the growth and the development opportunities that come with that, you will see a natural tendency for housing to be far more desirable.

If you recognise that much of the housing stock that is built in the UK is built by the private sector, we have simply got to push forward with the agenda to level up and get housing where it is needed, and link it to development and growth. So, I think the snapshot that we have of today



is not what you want to see in a United Kingdom that has a true levelling-up agenda.

Chair: Time has defeated us. I want to say a huge thank you to you, Mr Smallwood, to Mr Loveday and to Mr Shaw, for giving us so much detail this morning. A number of things have been asked for in evidence as well, and we would be grateful to receive those. A big thank you to you all; we are very grateful indeed.

We will now move on to our next panel, which you are most welcome to stay and listen in on.

Examination of Witnesses

Witnesses: Alistair Baldwin, Ruth Humphrey, Graham Richards and Simon Statham.

Chair: Moving on at bang on 11 o'clock to our witnesses for the strategic infrastructure group session—we've got four of you and an hour to cover, so I will ask all Members to make their questions short and targeted, and I will ask the witnesses to give us succinct answers back, if you don't mind. Let's ask you to introduce yourselves for the record first of all, starting with Mr Richards.

Graham Richards: Good morning. My name is Graham Richards and I am the Director of Planning and Performance at the Office of Rail and Road, which is the combined safety and economic regulator for Britain's railways and the monitor of England's strategic road network.

Ruth Humphrey: Hi, my name is Ruth Humphrey. I am Head of Business Development and Strategy at Siemens Mobility in the UK. Siemens Mobility delivers rail and traffic solutions across the UK.

Simon Statham: I am Simon Statham, the Chief Technical Officer at Midlands Connect. We are the sub-national transport body for the midlands region, the east and west midlands together, and we research, develop and recommend major infrastructure projects to draw national pots of funding into the midlands.

Chair: Last but not least, Mr Baldwin.

Alistair Baldwin: My name is Alistair Baldwin. I am now a principal transport planner at Newcastle City Council. In 2020-21 I was seconded to the Institute for Government and wrote a report on the use of evidence in transport policy, and I continue to be an IFG associate.

Q67 **Chair:** Super. Good morning to you all. I will start with Mrs Humphrey if I may. We have talked a lot about regional spending and what that can do. Do you believe there is a danger that if we spend more in one region, we disadvantage another, rather than level up the whole of England?

Ruth Humphrey: As I think was said in the previous session of this Committee, if you have a project in one area of the country, that actually brings benefits to another one. We can take, for example, the Siemens



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Mobility project for Transport for London, where we are manufacturing 93 trains for the Piccadilly line. We are actually building a new facility in Yorkshire because of that investment, which is an investment of up to £200 million, with up to 700 jobs, and many more in the supply chain. So, although the product is for London, the investment is actually somewhere else in the country. That project is spreading around the country and we are very much using local supply chains to support it, so you can see that's how it works.

Chair: I think you and I have been a good example of what I was trying to ensure happens. I am not going to ask that question to any of the other witnesses; I will move straight on to Chris Loder to take us forward.

Q68 **Chris Loder:** I want to ask my first question about spending commitments set out in the national infrastructure strategy, and whether or not those spending commitments are in line with the strategy's high-level objectives. Could I ask Simon first, please?

Simon Statham: From a midlands point of view, we have found the national infrastructure strategy extremely helpful. If you think of a jigsaw puzzle, it puts the big pieces around the edge and makes the jigsaw easier to do. We are then trying to understand from a regional point of view—the midlands—how we put the bits of the jigsaw in together.

The National Infrastructure Commission has made our job a lot easier because it has given us fixed points—big pieces of infrastructure that we can plan around. We now have to develop plans associated with those big fixed points of infrastructure.

Q69 **Chris Loder:** Thanks very much. Alistair?

Alistair Baldwin: To reiterate what Simon said, it's very helpful, although it's clearly not everything. If you look at things like net zero, it would be very challenging for the transport sector to get to net zero just through the commitments in the NIS. There is clearly a local, sub-national commitment in there. It is a very helpful step in terms of meeting those commitments, but there are clearly other things that are needed as well.

Q70 **Chris Loder:** Graham, do you, from the regulator, have any view on that question?

Graham Richards: As discussed in the earlier session, the £27.4 billion for Highways England covers more than just projects and is primarily for the next four years, and the £17.5 billion announced for rail renewals and upgrades is for the existing funding cycle.

Q71 **Chris Loder:** Are you saying that, in your view, the spending commitments are in line with the strategy's high-level objectives?

Graham Richards: To a certain extent, the answer to that question is ultimately for the policymakers. Our role in this is to ensure that the delivery bodies deliver. As we discussed in the earlier session, the plans for both Highways England and Network Rail are well advanced, so it is a matter of making sure they deliver them.



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Q72 **Chair:** I want to put a question to Mr Statham and Ms Humphreys. How do you intend to interact with the national infrastructure bank? Does what it is and what it can do make sense, and have you thought about what you will do with it?

Simon Statham: Yes. At Midlands Connect, our primary role is to research, develop and recommend, so we are focusing in on those national pots of money. If Highways England is coming to the midlands and spending money in RIS 2 or RIS 3, we would like to recommend what it is that it comes and spends its money on, and similarly for the Department.

One thing we are looking at is, beyond those projects which are solely focused on national pots of money, where we think there are rates of return outside of just what goes to the Exchequer, are there opportunities to finance those projects in a different way? That is where we would like to open up those conversations with the infrastructure bank.

Q73 **Chair:** Ms Humphrey, how would Siemens engage with it?

Ruth Humphrey: Touching on what was said in the previous Committee, Siemens has been, and continues to be interested in bringing private finance into the railway or the road sector. A few years ago, some of you will remember, the market-led proposal initiative was promoted, and we were very keen to participate and continue those discussions, even though, at the moment, there is not clarity about whether those sorts of approaches will move forward. If we can carry on and get to finance some of these schemes separately, we would be very interested in interfacing with the infrastructure bank.

Q74 **Chair:** Do you think it will make you more likely to bid for bigger projects, with the bank's backing than without it?

Ruth Humphrey: I think it is early days to say. We have our own internal financing capability, but we work with external bodies, including the infrastructure bank, and that is certainly something that we would look at and consider, but obviously we need to have some confidence that, on the infrastructure side at least, there is the appetite for the private sector to finance infrastructure schemes.

Chair: The next section is on levelling up, which seems to be the phrase that pays at the moment. I will ask Simon Jupp to take us forward.

Q75 **Simon Jupp:** Good morning to the panel. A simple question: what do you believe it means to level up the country?

Graham Richards: A simple answer for us is to ensure that the delivery bodies deliver on any commitments that they are required to.

Q76 **Simon Jupp:** An equally short answer to my short question—thank you. Simon?

Simon Statham: We look at it at three levels. There is a national question to levelling up—that is levelling up the regions. Then there is within the region—how do we level up within our region? There are disparities of life chances and economic chances within the midlands. How



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do we create the connections and the connectivity that brings the region together and take advantage of that? Then, on a more micro level, there are individual, local areas, which are deprived or require levelling up. I think it is a more complex picture than just saying that it is about levelling up the regions. It is actually about providing the same level of life chances to anybody anywhere in the UK. You do not just do that by throwing big bits of infrastructure in one particular place. It has to cascade down.

Ruth Humphrey: It is very much about investing in those local communities. We deliver projects around the UK, and when we are in whichever location it happens to be, we invest very much in that local community, we align ourselves with support and we try very much to employ people from the local community and to develop skills in that local community, so that they actually have something to carry forward and we leave some form of legacy, rather than just coming in, bringing our own resource and disappearing again. It is really about trying to invest in that community, wherever it happens to be.

Alistair Baldwin: I would reiterate a lot of what Simon said. It was nice to see something of a definition in yesterday's Queen's Speech around good jobs, training and boosting productivity. Those are some of the key aspects, and transport is a necessary but not complete way of achieving those.

Q77 **Simon Jupp:** There is a fear from different regions that other places may get more money than them or may get more focus. This is based on a whole lot of different factors, but is there a risk that, by focusing investment on places that have traditionally been less productive, because of the need to invest in those places to try to drive that production, projects that offer greater value for money could be sidelined?

Simon Statham: There is a diminishing return. If we continue to invest in London and the south-east, even though that is where the most productive jobs are, and so in theory where our best value for money seems to come from, we have to continually invest higher and higher amounts of money in order to get good returns, simply because the place itself is overheated and overdeveloped. You have to build Crossrail 2 in order to get productivity benefits in London, whereas to get productivity benefits out in the regions you could spend much less money. I do not think it is necessarily about the scale of the infrastructure or the scale of the spend. I think it is about what you spend it on and how you actually target that to take advantage of what each region can actually do. If you focus that money, it can give you a better return.

Graham Richards: The rail network is a system, so investment in one part of the country can have benefits in other parts of the country. We were talking about that earlier. Aside from the political devolution, Network Rail recently devolved its business and is encouraging much greater decision making at a regional level, but we also need to ensure that it doesn't lose that system-wide benefit, so that it can truly understand where interventions are required that will have the most



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benefit, because as I say, interventions in one part of the country can benefit other parts of the country.

Q78 Simon Jupp: I am conscious of time, so I will move on to my next question. When we look at public transport, all but one of the major new capital projects in the next few years will be outside the south-east. Both the last two speakers mentioned the issues with the south-east and some of the concerns—I guess that might be a running theme throughout this conversation—but do you believe that is an appropriate regional balance of projects, given the issues with, for example, congestion in the south-east? In other regions, such as the south-west, there is a very different state of affairs, with rural isolation, for example, where investment is also required.

Graham Richards: Ultimately, these are policy decisions, and it is up to the Government to decide where the investment should be made. As the independent regulator, we are more focused on ensuring that the delivery bodies deliver once those decisions have been made.

Q79 Simon Jupp: Ruth, I will ask you this question as well. When it comes down to regional investment, what is your take on what you have just heard?

Ruth Humphrey: Certainly, if you look at some of the schemes that we hope to see in the integrated rail plan, such as Northern Powerhouse Rail, the ambition there is to make journeys east to west further north more productive and to make the cities more connected, so that the skills can travel more easily from one region to the next. At the moment, the only option is to drive, because of the amount of time it takes to carry out the journeys by rail. If we can do something to speed up those journeys between the major conurbations, that would be enormously beneficial to those regions.

Q80 Simon Jupp: Alistair, the same question to you.

Alistair Baldwin: I would make a slightly broader point. You mentioned value for money, and we discussed the Green Book in the earlier session, but this is about openness. We do not have a particularly good idea of whether new projects in certain regions of the UK do or do not have better value for money than others, because that data is not consistently published and open. In the NIS, there is a commitment to publish business cases for projects on the GMPP, which is very welcome, but it is something that the DFT should do for all projects.

Obviously, there was a lot of discussion about whether BCRs were high in the north or the south, but the academic discussion there is based on data from about 15 years ago—just because of the paucity of recently published data. That hinders us in understanding this question.

Q81 Simon Jupp: Thank you. Simon.

Simon Statham: You talked about congestion in the south-east and what can be done with that. One way is to focus growth elsewhere so that that congestion is not compounding and, in order to focus growth elsewhere,



you need to invest in the infrastructure. It is not necessarily about shifting existing economic activity out of the south-east; it is potentially about shifting where the next level of growth happens—but you have to invest in the infrastructure in the other regions to enable that to happen.

- Q82 **Simon Jupp:** A specific question to you, Simon. Sub-national transport bodies are fairly new. In the past couple of years, we have had different ones across the country, with some disagreement in the region that I am based in about the size, the shape, how they look and which areas they serve. Have the organisations of a sub-national transport body had sufficient interface with the Government about levelling up?

Simon Statham: We have an excellent relationship with our sponsor Department, the Department for Transport. They are very open with us about how they deal with their decision making and about some of the constraints that they have, which we have to understand, because our level of ambition cannot simply be beyond what is physically available. We have to recognise what constraints everyone works within. Our job is then to say, “Within that constraint, what do we want?” That is a better position for the midlands than having a plan imposed upon us.

- Q83 **Simon Jupp:** Next question. When we look at transport, focusing purely on that, when it comes to levelling up and the White Paper, what would you like to see the Government provide clarity on with that policy? I will go back to you first, Simon, if that is okay.

Simon Statham: This was alluded to earlier, that an emerging position came out in the Queen’s Speech—not yet an exact definition of what “levelling up” means and how that is translated into a business case or an appraisal, so that we can all work off the same instructions on how to demonstrate that the piece of infrastructure you are promoting levels up. At the moment, it is being used in a lot of different ways. In some cases, it is being used almost as a stick to beat any decision that appears to contradict whatever levelling up means and to say, “You’re not levelling up anymore.” The fact that we have a lack of definition is not helping the Government on both sides, I think.

- Q84 **Simon Jupp:** The ultimate playground diss— “You’re not levelling up anymore.” Ruth, same question to you.

Ruth Humphrey: I couldn’t agree more with Simon. We all use “levelling up” without knowing exactly what it means. Certainly, I am very supportive of it. If you look at some projects, we are asked about leaving a legacy to allow the ongoing regeneration of a particular area. That is certainly what we seek to do further north. If we have a definition, we can make sure that we meet the requirements, but for me it means making sure that you put the investment into all the regions of the UK, wherever you happen to be working.

- Q85 **Simon Jupp:** Alistair, same question to you.

Alistair Baldwin: I would reiterate that the Green Book review had a lot of very good things to say about the strategic case and how you can move from strategic outcomes to projects and tie a golden thread through those.



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That is something that we would like to see in the transport industry, but to be able to do that, it helps to have a more concrete understanding of what specifically the outcomes that you want in the long term are.

Q86 **Simon Jupp:** And finally, Graham.

Graham Richards: Again, the Green Book changes have been made, and our focus is on whether the delivery bodies—particularly Network Rail and Highways England—have the right tools in place to be able to follow through with these changes and provide the most expert advice they can to the decision makers. In terms of Highways England, we recently did some assurance work and we found that they have the bare bones—the framework—for it. They may need to adjust it, but it is doable. In terms of the rail network, there is a bigger job to do, but we have been working closely with the Department for Transport and Network Rail on creating a framework of tools, and then the job will be to roll out those tools across the industry.

Simon Jupp: Thank you, Graham. Now that my questions have levelled off, I will hand back to the Chair.

Chair: Thank you, Simon. We are going to continue to level up with Gavin Newlands.

Q87 **Gavin Newlands:** To try to drill a bit deeper, you have just mentioned working with the DFT and what have you. Have the Government worked effectively with the regions on the delivery of major transport infrastructure projects, or do you agree with the Institution of Civil Engineers that there should be greater devolution of decision making on major transport projects? I should probably start with Simon on that.

Simon Statham: Purely from a Midlands Connect point of view—a sub-national transport point of view—we are not seeking devolution into our organisation. We are not seeking devolution of decision making. Our mandate is to work with the Government to seek what we want and get those things brought into our region. We are not seeking to grow, and grow an organisation, a new level of bureaucracy or a new level of decision making. We think there is enough of that around already. We just want to purely make sure our evidence is taken into account when national decisions are made.

Q88 **Gavin Newlands:** Alistair, have you anything to add to that from a Newcastle perspective?

Alistair Baldwin: From a north-east perspective, I agree with Simon. It was surprising that the National Infrastructure Strategy did not mention sub-national transport bodies at all. I wrote a comment piece for the IFG saying that that was not an omission but that it was surprising that it was not in there. You can certainly make the case that they should be far more part of the NIS, not on the delivery side but, as Simon intimated, in project selection, bringing that evidence base from a regional perspective together and feeding it up into departmental decision making.

Q89 **Gavin Newlands:** Ruth or Graham, anything to add on that?



Ruth Humphrey: Briefly, if there is more devolved decision making, and if that then speeds up the process to move things along to get the decisions made, that has to be helpful to whatever you are trying to achieve. Otherwise, if you end up having layers of bureaucracy because the local people have to refer back to a central decision-making source, you end up talking to the wrong people. If it can be devolved and the accountability and responsibility can sit locally, that has to be a good thing.

Graham Richards: In terms of the delivery bodies, we talk a lot about systems in the context of rail, but we don't really talk about systems in the context of roads. Road users don't necessarily know whether they are driving on the strategic road network, the major road network or the local road network, so again these bodies need to work closely together. Our focus is obviously on ensuring that Highways England works closely with local authorities and sub-national transport bodies.

Q90 **Gavin Newlands:** To Simon and Alistair in particular, I am trying to get to the bottom of relationships and how the Government should consult. I ask about relationships and devolution in part because obviously—I would say this—the Government announced the Union connectivity review without any consultation. They are looking to potentially supersede or override—whatever you want to call it—the current devolution arrangements when it comes to transport infrastructure, in particular. How do you think the Government should consult with devolved nations, the combined authorities and local councils? Is there anything that can be improved upon in the current arrangements?

Simon Statham: I can only go on my experience of working within the existing planning structure. Elliot from Highways England talked about the RIS planning structure. Sub-national transport bodies came along quite late in the process of developing RIS 2. We give Highways England and DFT credit for involving us and bringing us in, but we weren't really in the tent where the decisions were being made. I think we are now trying to explode that process and bring sub-national transport bodies and the devolved nations into that decision-making process, which, at the moment, clearly happens between Highways England and DFT.

There are improvements that can be made, but I don't think there is anything underhand going on. I think it is just that there are opportunities now, with new bodies like ourselves, where our local evidence can help to shape that national decision making.

Alistair Baldwin: Yes, I would agree with that. There is certainly the potential to formalise the role of sub-national bodies and combined authorities into feeding into these processes. Simon is correct to say that they came along slightly late in the RIS process.

I was looking at the German federal transport infrastructure planning process the other day because I am that sort of person, and the way the Länder feed into the infrastructure planning process is more formalised than the way we do currently.



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Gavin Newlands: I don't know why you had to look at the German model—there is a great Scottish model you could have looked at, just up the road. With that plug, I will hand back to you, Chair.

Chair: Excellent. From the champion of Scotland to the champion of the north-east. I am so sorry, Grahame, I should have brought you in earlier.

Q91 **Grahame Morris:** That's no problem, Chair. I wonder whether I can develop that theme in the time that we have got. I appreciated the example Ruth Humphrey gave in response to an earlier question, about the benefits to the north. Alistair Baldwin's response to my colleague, Gavin Newlands, also strikes a chord with me. I am co-chair of the Transport for the North all-party group. It has a kind of statutory footing. In the earlier evidence—I am looking at you, Alistair, on this—Nick Smallwood talked about balancing national and local priorities when we are talking about local transport solutions and that there should be greater collaboration with local authorities and, indeed, combined authorities and organisations like Transport of the North. Is that the collective view of our expert witnesses? Can I start with you, Alistair?

Alistair Baldwin: Yes, there should be greater collaboration. I think there is already quite good collaboration, but it does vary by location and sometimes by mode. Greater collaboration would ultimately lead to better planning and better outcomes.

Q92 **Grahame Morris:** But there is no formalised collaboration, is there? That is the problem.

Alistair Baldwin: There are formal ways in which local authorities feed into, for example, the route strategy process for RIS, that then becomes RIS 2 or RIS 3. I think there are opportunities in rail network enhancement planning or in other things to make better use of more formal evidence bases that are local.

Q93 **Grahame Morris:** Graham, can I come to you next? You are next on the screen.

Graham Richards: I agree with a lot of what the witnesses on the earlier panel said about front-end development. From our experience, that is where some of the weaknesses in both Highways England and Network Rail have been—in that front-end development.

We have developed a tool to judge the capability. A part of that tool is judging their capability on stakeholder engagement and ensuring the right stakeholders are engaged as the projects are scoped up. I appreciate that that is less about political decision making, but that is what I can offer in this discussion—we do focus on both Network Rail's and Highways England's stakeholder engagement as they are working up early designs.

Q94 **Grahame Morris:** Thanks. Ruth, could we have your views?

Ruth Humphrey: Yes. Certainly, the way the Network Rail organisation has been split up into regions will definitely assist this collaboration because you have more of a local focus, rather than having one big

organisation, which means you can then work more closely with the local stakeholders to bring in those views. So, there is far more of a local, but also a national, join-together, if you like. That restructure, along with the sub-national transport bodies that are starting to flourish—if they are part of that mix as well, which I am sure they are, although Simon will know more about that—is a good way forward.

Q95 Grahame Morris: Simon, how do we make sure that this isn't top-down and that we are levelling up by addressing local issues: improving connectivity, creating jobs and encouraging growth? What is your evidence on that?

Simon Statham: My point would be all about evidence. My point is that we are, as a body based in the midlands, the best placed to provide evidence up to Government, to say, "This is the state of our economy, this is where we want to go, this is what we want to provide for our communities, and please can you come and invest in these things?"

We have very good working relationships, but you are absolutely right—they are not formal; they are informal. Ultimately, the decision gets made away, in a bit of a dark room. So, we would like to see more formality in how our evidence feeds in, but we are not necessarily seeking the decision making itself.

Grahame Morris: Thanks very much. That begs more questions about political interference and accusations of pork-barrel politics, but I appreciate the testimony you have given, and I am going to hand back to the Chair. Thank you.

Chair: Thank you very much, Grahame. We will move from levelling up to decarbonisation. We will start with Gavin Newlands, then Ruth Cadbury.

Q96 Gavin Newlands: Thanks very much, Chair. Regarding the Government's commendable targets on zero carbon and reaching net zero, are the Government's plans compatible with record investment in strategic road funding, particularly when you add in the lack of investment to date in decarbonising the rail network? Are the Government's two ambitions—to decarbonise while tackling regional inequalities—incompatible? I should start with Graham on that.

Graham Richards: The National Infrastructure Strategy certainly set out some commitments on electric vehicles and rapid charging, but it also stated quite clearly that more needs to be done in the transport sector. The transport sector remains the highest-emitting sector in the UK, so the Department for Transport should be producing its transport decarbonisation plan; we are expecting it in the coming weeks. That will start to flesh this out.

From our perspective, then, it is translating what is in that plan to hard commitments on both Network Rail and Highways England. That is going to be so much more prominent in the next funding cycle, so, again, we need to ensure that we have the right capabilities within our organisation to scrutinise those plans and, ultimately, hold those bodies to account.



Q97 Gavin Newlands: While I've got you, Graham, in terms of rail infrastructure, why has there been, certainly over the last couple of decades, such a difference in the rate and scale of electrification north and south of the border? Is that to do with cost estimates south of the border being inflated, which scares the DFT horses? Is it that Scottish costs are lower because we have had this going? Is it political will? Or is it all the above? What do you put your finger on, in terms of why there is such a discrepancy?

Graham Richards: We haven't done any comparative analysis as between delivery of electrification projects in Scotland, and in England and Wales. We have looked at various electrification projects. We have found similar things in Scotland, and in England and Wales, and again it comes back to the front-end development. So, we have found some weaknesses in the site surveys, and we also found that Network Rail had not engaged early enough with contractors. Both those issues led to costly redesigns. So, again, our key focus at the moment is to make sure that that front-end development—the skills and the capabilities in that front-end development—is there and ensuring that you get contracting strategies that are driven by collaboration.

Q98 Gavin Newlands: I think the scale of that is over twice the rate in the last 20 years. Does anyone else on the panel have anything to add on the compatibility of road investment with net zero?

Simon Statham: I want to point out that we need to look at carbon and decarbonising the transport sector as a whole system. Think about your household budget: if you lose your job and get a differently paid job, your household budget goes down. That is effectively what we have with carbon, and our budget is going down. We have to decide what we spend our budget on, and we have to think about that as a holistic system, not just an individual scheme or an individual programme within that budget.

It may be that to achieve other Government outcomes we want to spend a bit more of our carbon budget over here, but that means we have to drive down our carbon budget elsewhere to meet our overall downward trajectory. So, I don't think it is entirely fair to focus on a particular programme of roads, or even a particular scheme of roads; we have to look at it in the round within the whole system.

Q99 Gavin Newlands: That is an entirely fair point. Ruth, how can the Government best engage with the private sector on the decarbonisation agenda?

Ruth Humphrey: The key thing for us is being really clear about what the direction and trajectory are. A previous witness mentioned the transport decarbonisation plan, which we are hoping to see in a few weeks—

Gavin Newlands: So are we.

Ruth Humphrey: Okay, yes. I thought you might have known a tiny bit more than me. But hopefully, that will give some strategic direction. There is also the transport decarbonisation network strategy, which is a more



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detailed analysis of the approach within rail and the recommendation as between electrification and other forms of traction, be it battery or hydrogen. Again, we really need that clarity.

So, if Government could engage with the industry and be clear about what the direction is, what the pipeline is, what the expectation is, and where the preference is, we would clearly know which direction to head in and what we and our suppliers should invest in with some confidence, as opposed to having a bit of a flip-flop. Electrification was on for a time, then, as you observed, it stopped south of the border, if you like, although north of the border it is carrying on. If, within the country overall, we could have the clarity we see in the transport decarbonisation action plan north of the border, that would be really helpful to us as a supply chain.

Gavin Newlands: Thanks so much for that. Given that time is against us, I will hand over to my colleague, Ruth Cadbury.

Q100 **Ruth Cadbury:** Thank you. Specifically, on the electric charging network, decarbonisation and working towards net zero do not usually get linked with increasing road capacity, but we might have a chance to make a better link with the roll-out of electric vehicles. As I said to a witness earlier, when we discussed the charging network at our session a few weeks ago, one witness said there should be a national strategic focus on the charging network and that it should be part of the National Infrastructure Strategy.

Graham Richards, could the Government do more here? The two areas we picked up in particular were those parts of the country where commercial interests were less keen on investing because the payback was slower, and the interconnectivity of different systems, because so many vehicle users struggled with that. What could the Government do better to have a greater focus on the electric vehicle charging network, with it being seen as a national infrastructure project, and to engage with the private sector?

Graham Richards: I am afraid we have very little role in terms of the electric charging structure, other than the infrastructure that would be placed on Highways England's networks—it is ultimately a policy matter for Government.

Q101 **Ruth Cadbury:** Do any of the other witnesses have anything to say on this matter?

Simon Statham: I would say that what is happening at the moment, with it being private sector led, is that the infrastructure is being put in in such a way that it supports the people who have already bought electric vehicles, or are buying them in the next tranche. They tend to be relatively well-paid and well-off people who can afford electric vehicles—we know that they cost a bit more at the moment. One of the reasons for the public sector to interject is that we should put in infrastructure in certain places so that it incentivises new people, different groups of people, to take up an electric vehicle the next time they buy a car.



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The private sector is not altruistic; it is not going to do that. There are market failures. It is not all about cash return to the private sector. There are policy reasons to interject as well. I am from the midlands, and we have identified that we have a shortfall in infrastructure now, which is only going to accelerate over time. We are certainly not putting in the infrastructure and a holistic network in such a way that when people are driving around, they can see how they could live with an electric car next time, and therefore make the decision to buy one. There is another role for the public sector beyond the rate of return question.

Q102 **Ruth Cadbury:** Thank you. That is very helpful. You answered that in the context of the private car owner. Do you think there is a need for a focus on this for commercial and goods vehicles, and so on?

Simon Statham: We have done some research into this and it is very interesting how decisions are made within the commercial freight industry on when to invest in a new lorry—when should I buy a new lorry? What tends to happen is that the big fleet operators buy new lorries, and cascade them down and sell them on to the smaller operators. Those big fleet operators can afford to put alternative fuels—electric, hydrogen, biodiesel or whatever—in their depots, but if they cannot see how to sell that lorry on to the smaller operators, who cannot afford to put that infrastructure in their depots, they will not invest in those newer lorries and technologies. The smaller operators then do not want to buy alternatively-fuelled vehicles because there is not the infrastructure in the network that they drive around in to support their use. It is very much chicken and egg in that way. Again, maybe there is a role for the public sector to put the infrastructure into the road network so that the smaller operators could see how they could live and operate their business with an alternatively-fuelled vehicle.

Ruth Cadbury: Thank you very much. A very full answer. Unless any of the witnesses wants to add anything, I will hand back to the Chair.

Chair: Thank you. We have 17 minutes remaining. A number of Members want to come in, so they will need to be conscious of time, but that does not apply to Ben Bradshaw because this is his first opportunity. The floor is yours on barriers, Ben.

Q103 **Mr Bradshaw:** Thanks, Chair. Mr Richards, you said in reply to Ruth Cadbury that you do not have responsibility for this sort of thing—charging. Do you think you should, and would you like it?

Graham Richards: We have a very specific role. Ultimately, it would be a matter for the Government to decide whether we had a role in this. Our skills and capabilities are around scrutinising Highways England's plans, and we have a sufficient role with them. If there is any advice, or capability, that we can apply to the other road networks, we would be here, but I suspect the skills and capabilities fall elsewhere—particularly in the sub-national transport bodies.

Q104 **Mr Bradshaw:** It sounds as though there is a gap here. Colleagues will come on to your powers to hold the delivery bodies to account. Before



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they do, you have touched on elements of this in your replies to others, but could you give your overall frank and honest assessment of the delivery capabilities of Network Rail and Highways England?

Graham Richards: Mr Shaw mentioned earlier Highways England's track record in the first road period. He was right that there was 95% of all its milestones—although probably about 85% of its delivery milestones, which is still very high. As was mentioned earlier, the scale and complexity of the programme of works for the current road period are much greater. They have doubled, essentially. Elliot broke down the £27.4 billion. In terms of the enhancement schemes, it has gone from about £7 billion to about £14 billion. That is a major scheme of works.

Elliot Shaw talked earlier of being confident, and that is right. It is important that project teams work within an environment of success. It is important that Highways England is confident, but it should never become complacent. It is our role to ensure that Highways England doesn't become complacent.

As I mentioned, for us, two thirds of Highways England's projects are pre-construction, in the development phase. We are doing a very targeted, specific piece of work on Highways England's capabilities. We think it has decent capabilities, but there are some risks, and we have pinpointed some risks that we want to take forward further.

It is a similar story with Network Rail. It is very much around the front-end, pre-construction phase development. That is where you need to get things right. That's where we have learned a lot of lessons about how projects have gone wrong. Again, we have looked at Network Rail's capabilities. It has a broad capability across the country, but there is more to be done. "Complacency" is the worst word in project development. You need to guard against complacency, however confident you are.

Q105 **Mr Bradshaw:** Can you say more about what the risks are and what needs to improve, to ensure both organisations deliver satisfactorily?

Graham Richards: For Highways England, there are three key risks. The first is that they have a lot of initiatives to strengthen their capability. It is good that they have integrated project teams, with themselves as a client, and with their framework contractors. We are looking into whether they are sufficiently resourced.

The second area, from our perspective, is around decision making and ensuring that Highways England has the right level of control, but also the right speed in taking decisions with regard to changes to projects so as to keep things going. The third aspect for Highways England is learning lessons, knowledge management.

When Highways England has completed a project, it is very good at learning the lessons and recording them, but it is also about how to learn those lessons in real time and how to share them across the programme.



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On Network Rail, one of the earlier witnesses talked about devolution—giving more power to their regional businesses—which is great and the right thing to do. But again, there needs to be a centre-wide system to capture some of the project controls and project documentations. Some of that needs straightening out. To give you an idea, there is a role in Network Rail called project sponsor, and that role is captured within about 200 documents. Is it feasible for a project sponsor to sit down and read those 200 documents? Such things need straightening out.

Q106 **Mr Bradshaw:** Ruth, I think you want to add something. Do you?

Ruth Humphrey: Yes, on the front-end development and Network Rail. I agree with what Graham has said, but would add that it is about getting all the parties involved at the front end of the process. We have a really good working example on the east coast digital railway project that we're involved in. We have not only Network Rail involved, but ourselves as technology provider, right at the front end, and the operators who use that route actually in the room.

We can balance the output requirements, the needs of the passengers and the access to the railway to be able to do the work and to come up with the right mix. When we go out and deliver the project together, we can deliver it in the best way possible for all stakeholders.

The other point on that project is that, rather than as in a more traditional project where we are normally responsible only for the delivery and after the warranty we walk away, we are actually responsible throughout the life of that project. We have more of an invested need to get it right with all the stakeholders in place. We think that is a model for larger projects going forward.

Q107 **Mr Bradshaw:** Graham, how concerned are you that competing resource priorities affect the delivery of both organisations? Is that an issue?

Graham Richards: That has always been an issue. We have seen that Highways England and Network Rail do talk to each other. They are much better at scanning the horizon for their supply chains' availability and capacity.

Mr Bradshaw: I think my colleagues Greg and Chris will come on to ask you about your own powers now.

Chair: Let us go to Greg first, then to Chris.

Q108 **Greg Smith:** Mr Richards, this is predominantly a question for you. Where do you think you most need enhanced, changed or reformed powers to hold delivery bodies to account? Could you please focus your answer not only on the delivery of the infrastructure but on the knock-on effect that those delivery bodies cause to communities and to the services that they interact with along the line? To give you an example, I find that delivery bodies get on and do whatever job they are meant to do but fail to meet commitments to the local neighbourhoods and communities that they do the work in. Where do you think your powers can be most strengthened



to regulate that?

Graham Richards: It would be for Government to decide whether our powers are sufficient or need strengthening. What we have control over is how we exercise our powers. You are right that we have full control over that. We have refocused whatever levers we have on being more forward-looking and proactive. Ultimately, we can fine both of these organisations, but we do not want to wait for something really terrible to happen that will affect communities and users before we take action, so we focus all our resource on monitoring forward-looking leading indicators and escalating and taking action when we need to, to make sure that issues are resolved before these terrible things could happen.

Q109 **Greg Smith:** If I can drill into the detail of that a little bit, when it comes to holding a delivery body to account—either on the money they are spending on a project, the speed with which they are delivering it or the impact on the community around where they are doing whatever it is they are doing—do you think that you need to be able to go beyond the delivery body? Often, a lot of the failings that we hear about as Members of Parliament are actually more to do with contractors of contractors of contractors below the delivery body, as opposed to the delivery body's direct intervention. Would you welcome having the ability to regulate the contractors of delivery bodies as they deliver the infrastructure we are talking about?

Graham Richards: There are contractual liabilities between the delivery bodies and their supply chains. I do not think it would help if we were inserted into that, because I think it would become confused. I think that is a really good point. One thing that we are most keen to do is to understand the wider context that these delivery bodies work within, including the state of their supply chain, and to take as much intelligence as we can from as many broad bodies as we can.

Q110 **Greg Smith:** We could talk about that all day, but I am mindful of the time. Perhaps we could correspond on it at a later date.

Graham Richards: I am more than happy to correspond on that.

Q111 **Chris Loder:** Graham, my question is for you, rather than anybody else; sorry to disappoint the other witnesses. First, just so we are all crystal clear, could you tell us what exactly the ORR regulates when it comes to Highways England?

Graham Richards: We monitor Highways England's delivery of what is specified by Government in the road investment strategy. To pick up on the earlier thread around safety, we are not the safety regulator of Highways England, in terms of the Health and Safety at Work Act 1974; that is the Health and Safety Executive. There are also other aspects of the regulatory framework. We monitor the delivery of the key performance indicator, which Mr Shaw mentioned earlier: the 40% reduction by the end of the first road period and the 50% reduction going forward. We supplement that by undertaking specific reviews to generate more of a subjective view as to how well—



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Q112 **Chris Loder:** Sorry to interrupt, but rather than go into the details, I am just asking what it is you regulate. Basically, it is the delivery of Highways England's objectives against what the Government have asked them to do. Is that right?

Graham Richards: Yes.

Q113 **Chris Loder:** That is it, basically. In terms of key indicators such as value for money, do you do that?

Graham Richards: Through our advice, the Government set Highways England £2.3 billion worth of cost efficiencies over the second road period, so over the next few years. We monitor the delivery of those efficiencies. If those efficiencies are made, that money can be reinvested.

Q114 **Chris Loder:** What, then, led you to advise the Department that Highways England could make £2.3 billion of efficiencies? Is that what you said?

Graham Richards: Yes, £2.3 billion.

Q115 **Chris Loder:** That is a huge amount of money from efficiencies. Clearly, you saw lots of inefficiency in that organisation. Can you help us understand what led you to give that advice to the Government, because that is a huge number, isn't it?

Graham Richards: Our advice was based on a number of studies that we undertook a few years ago, and a review of Highways England's strategic business plan.

Q116 **Chris Loder:** Okay. Could you tell us what formal actions you have taken with Highways England at any point? As a regulator, have you pulled them up on anything, or given them formal notice on anything?

Graham Richards: We have never fined Highways England, but as I said earlier, we do not want to wait until something terrible happens before we fine them. We have day-to-day engagement with Highways England, where we monitor data and we do some deep dives. Where we find specific issues, we escalate them. To give you an example, a few years ago it was clear that Highways England was falling behind on its structures examinations and inspections in the year. We escalated that: we required Highways England to put in place a remedial plan and Highways England did actually catch up within the year.

Q117 **Chris Loder:** Can I invite you to visit West Dorset, so I can show you how that has not happened? I will not go down the parochial route, as the Chair gives me a stern reminder. Coming back to some of the high-level points, is the ORR a toothless tiger when it comes to Highways England? From what you said, such a massive amount of money for no formal challenge or action is in stark contrast to the railways, for example. Could you help us to understand whether you are actually doing that role, or whether the ORR is simply a toothless tiger when it comes to Highways England?

Graham Richards: I would not agree that we are a toothless tiger, but I can see how there is that perception. Again, we could wait for something really bad to happen and then fine Highways England. That may bolster our reputation; we may not be seen as a toothless tiger, but we just do not want to wait until something terrible happens to roads, because that will impact road users.

Q118 **Chris Loder:** I don't know whether you heard my earlier questions to Highways England. I gave an example of what I thought was a fairly straightforward study that took an enormous amount of time. Do you probe into those sorts of things to check the value for money and capability to deliver? That will have cost an enormous amount of money. One of my concerns, as you probably gathered, is the growing amount of money, and sometimes calls for more money, for Highways England. I am concerned that it may not be used properly from a value-for-money point of view.

Graham Richards: I did hear the discussion about the A35, and I think Mr Shaw offered to look into that further. I will discuss that with Mr Shaw outside this meeting. We would like to look at that alongside to see whether there are lessons that can be learned elsewhere.

Q119 **Chris Loder:** Let's put that to one side, as I do not want to be parochial about it. How can you be confident, as the regulator of a Government agency with an enormous budget, that it is actually doing its job and spending that money wisely and not wasting it? I cannot recall the percentage, but an enormous amount of money goes on projects before any spades go into the ground. I want to say it was about 50%, although I may have misheard that. Is it real value for money if potentially half the RIS 2 budget allocated to infrastructure programmes goes on consultants, planning and strategy things rather than digging any spades in the ground?

Graham Richards: In answer to your question, we monitor Highways England against a number of key performance indicators, against its efficiency target and against its capital work start dates. Perhaps I did not answer this in your previous question, but what we find is that for Highways England, like a lot of organisations and public sector organisations, the reputational incentive plays a big role in holding them to account. Again, every year we are very transparent. We publish how we think Highways England is delivering, what the risks are, where it is doing a good job and where it is doing a bad job. Through that publication and through that visibility and public accountability, we see that Highways England is responsive to that.

Q120 **Chris Loder:** My final very brief question is, do you engage with the Health and Safety Executive on safety matters when it comes to Highways England?

Graham Richards: We have some contact with the Health and Safety Executive on the rail side, but we have less contact with them on the road side.

Q121 **Chris Loder:** And do you think you should?

Graham Richards: In terms of co-ordinating activities, I think we should.

Q122 **Chris Loder:** Will you commit to doing so?

Graham Richards: Yes, I will commit to doing so.

Chris Loder: Thank you very much. It's a pleasure. Chairman, back to you.

Chair: Excellent. Thanks, Chris. A positive response there.

The last section is around the Green Book.

Q123 **Grahame Morris:** I will be very brief and simply ask Simon about the appraisal process. We are moving away from benefit-cost ratios—the Government have signalled that it is their intention to do that—in the appraisal of major projects. What are your views on the additional factors that the Government should take into account in weighing up the pros and cons of a particular project?

Simon Statham: I would like us to move away from almost a scheme-based appraisal and have more of a place-based appraisal. What is our vision for a place, whether that place is a town, a city, a functional geography? Midlands Connect are looking at geographies at a corridor level to understand what a full vision for that corridor might be, and what full opportunity might prevail for that corridor. And then what piece of that vision, or that objective, does a particular piece of infrastructure provide? It might mean that you have to account for the cumulative multiplier effects that you were not able to look at before. I think that that will only be beneficial either on an individual business case level or more specifically at a place-based level.

Q124 **Grahame Morris:** I appreciate that. We are short of time, so I will ask Alistair. I am sure Graham and Ruth have got views, but perhaps you will be able to inform the Committee in writing if you have strong views on the criteria that should be applied. We have only a couple of minutes left, so can you be really quick, Alistair, and give us your views on this?

Alistair Baldwin: You could move to a more multi-criteria analysis approach. Sweden uses something called "Samlad effektbedömning". Apologies for my Swedish pronunciation, but basically it mixes economics, BCR, policy fit and distribution analysis and tries to give those relative levels of weighting. The German investment programme does something similar, as does the New Zealand investment programme. To do that, you need to have a pretty clear understanding of what your national policy is, what the objectives are and what the outcomes you want to achieve are, and that allows you to do that policy fit analysis that we all want to see in the strategic case.

Grahame Morris: Thanks very much, Chair. I don't want any sanctions applying, so I will hand back to you to conclude the questioning.

Chair: I think I will hand back to Ruth and she can apply sanctions.



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Q125 **Ruth Cadbury:** Alistair, you mentioned New Zealand and your report for the Institute for Government. In the context that wellbeing may well play an increasing role in policy making in future, you stated in your report that, "Prioritising wellbeing in New Zealand has successfully changed the focus of policy making and the types of evidence considered". How could the UK successfully adopt such an approach in infrastructure planning?

Alistair Baldwin: What we found was particularly key in New Zealand was that the living standards framework was owned by the Treasury—it was not owned by delivery Departments. That gave it a central focus and role. Then the Transport Department developed its transport outcomes framework as well, on the back of that. As an official in the Ministry told us, that meant that you always had it in the back of your mind when you were planning projects and when bidding to the central part of central Government for funding. That is pretty key.

What I would mention, though, is that it is hard to say whether it has had a positive transport outcome impact yet. New Zealand has increasing levels of CO₂ per capita from transport, much higher than the UK and elsewhere. I think there is an ongoing legal case about the New Zealand transport agency's roadbuilding programme and climate change. It is a bit like turning a super-tanker in transport policy, to go from having a very good living standards framework that does something very interesting to actually delivering different kinds of projects in the long term. You are talking years and decades.

Q126 **Chair:** I have one last question for Mr Statham and Mrs Humphrey. Mr Statham, if Highways England had to competitively bid when it comes to these major projects, would an organisation such as yours be interested in tendering for that work, or are you happy for it to stay with Highways England?

Simon Statham: I think we would be absolutely happy for it to stay with Highways England. We have no aspirations to move into delivery or oversight or regulatory space at all.

Q127 **Chair:** Mrs Humphrey, a similar question with regards to Network Rail. Do you think there is more that you could bid for rather than Network Rail doing the work in-house?

Ruth Humphrey: Yes, I think that there is potentially that opportunity with the right framework. Going back to my earlier reference to market-led proposals, which was a step in that right direction, we would certainly be interested in winning with the right framework and getting more involved in that area.

Chair: Thank you. We will close it there. Mrs Humphrey, Mr Baldwin, Mr Statham, Mr Richards, sorry that we rushed through. We are very grateful for all the evidence you have given us. We will have our final session with the Minister, and we look forward to putting your points to the Minister as well. Thank you again.