PACAC (Public Administration and Constitutional Affairs Committee)
House of Commons · London SW1A 0AA
Tel 020 7219 3268 Email pacac@parliament.uk Website www.parliament.uk/pacac

Lord Agnew Kt DL
Minister of State
HM Treasury and Cabinet Office
1 Horse Guards Road
London
SW1A 2HQ

13th October 2020

Dear Lord Agnew,

Government response to the PACAC's third report "Delivering the Government's infrastructure commitments through major projects"

Thank you for your response to our report on achieving the Government's infrastructure commitments through major projects. I am writing to outline some concerns I have about where the response does not address the Committee's principal recommendations.

The Committee reported that that Government investment in infrastructure "needs to be well thought through, responsive to local need, and delivered through effective, efficient and transparent major projects if it is to achieve [the Government's aim of boosting growth and "levelling up" the national economy]".

In particular, investment which does not respond to an established local need might boost employment in the short term but risks not leading to lasting change. On investment in the regions and nations specifically, the Committee heard that current HM Treasury Green Book guidance benefits areas that are already more economically productive (like London), at the expense of other areas. Importantly, the Committee noted that the noble objective of "levelling up" the national economy needs to be underpinned by a clear articulation of what is meant by "levelling up" and how this might be measured.

The framework for infrastructure investment should be provided, principally, through two documents: the National Infrastructure Strategy and the Treasury Green Book. As you note in your response, neither of these have been published. You state that the Strategy is expected in "Autumn" and you plan to update Green Book at the time of the next Spending Review, but both are already long overdue. The Strategy was already delayed before the Coronavirus pandemic took hold.
Your response states that the Government has published its procurement pipeline of 334 projects worth over £37 billion for 2020/21, and put an initiative called "project

speed" in place to reduce time taken to develop, design and deliver projects. The Committee wholeheartedly welcomes the investment in infrastructure, including in the regions and devolved nations, and we are conscious of the drive to do this quickly given the current situation.

It is because we think that boosting growth and "levelling up" is so important that the Committee is concerned about spending money before the appropriate investment framework is in place. In short, it was clear from the evidence we received that a proper infrastructure strategy, coupled with updated Green Book guidance, is key to helping ensure maximum value for money from infrastructure spending. It is understandable that the Government wants to move quickly on its infrastructure plans but doing so without the proper framework in place risks spending money on "white elephant" projects. Prioritising speed risks shortcutting the early stages of project development instead of investing time to understand what areas need, then planning, scoping and setting out project benefits.

While I welcome the investment, and thank you for your quick response, I am disappointed that your response to my Committee's report does not address our core concerns. I will ask, again, that the National Infrastructure Strategy is published as soon as possible and request that you keep my Committee up to date on progress.

I will place this letter, and your response, in the public domain.

Yours ever,

William Wragg MP
Chair, Public Administration and Constitutional Affairs Committee