



**BRIEFING PAPER**

Number 7733, 19 January 2021

# National Infrastructure Commission

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## Summary

The [National Infrastructure Commission](#) (the Commission) was launched in October 2015, having been announced at the 2015 Conservative Party Conference.

The Commission provides independent advice and analysis to Government on the infrastructure requirements and future strategy for infrastructure decisions in the UK. The Commission's objectives are to:

- support sustainable economic growth across all regions of the UK
- improve competitiveness; and
- improve quality of life.

In each Parliament, the Commission will provide a comprehensive report on the UK's infrastructure needs over the next 30 years (the 'National Infrastructure Assessment'). The Government must issue a response to all of the report's recommendations.

The Commission's [first National Infrastructure Assessment](#) was published in July 2018. The Assessment makes a series of recommendations, including on low carbon energy, digital technology, the future for the nation's roads, encouraging growth of cities, tackling floods and cutting waste. The Government's [response to the assessment](#) was published alongside the [National Infrastructure Strategy](#) in November 2020. The Government either fully, mostly or partially endorsed 56 of the Assessment's 64 recommendations.

In addition to the National Infrastructure Assessments, the Commission [publishes reports](#) on individual infrastructure projects as requested by the Government. It also produces a report each year (the 'Annual Monitoring Report') taking stock of the Government's progress in areas where it has committed to taking forward recommendations of the Commission.

# 1. National Infrastructure Commission

The [National Infrastructure Commission](#) (the Commission) was created in 2015 to provide independent advice and analysis to Government on the infrastructure requirements and future strategy for infrastructure decisions in the UK.

## Role and operation of the Commission

The Commission was created on an interim basis in October 2015 following an announcement at the Conservative Party conference by the then Chancellor of the Exchequer, George Osborne.<sup>1</sup>

The Commission was formally launched on the 30<sup>th</sup> October 2015. The Commission's formal role is to:

...provide expert, independent advice on pressing infrastructure issues, and produce and in-depth assessment of the UK's major infrastructure needs on a 30-year horizon. Its objectives are to:

- Foster long-term and sustainable economic growth across all regions of the UK
- Improve the UK international competitiveness
- Improve the quality of life for those living in the UK<sup>2</sup>

## Charter for the National Infrastructure Commission

The terms of reference for the Commission were set out in a [letter from the Chancellor to the Commission's interim Chair](#) in March 2016 and formalised in the [Charter for the National Infrastructure Commission](#) on 12 October 2016.<sup>3,4</sup>

This Charter sets out a "compact between the Government and the NIC [National Infrastructure Commission]" and states that the Commission will operate as an executive agency of HM Treasury.

The Charter commits the Government to:

- Issue a formal response to all recommendations contained in Commission reports, stating whether the Government accepts or rejects the recommendations.
- Provide reasons for disagreeing with Commission recommendations
- Lay Commission reports before Parliament
- Share relevant information with the Commission and respond to reasonable requests

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<sup>1</sup> [George Osborne speech to Conservative Party Conference 2015](#), 5 October 2015, via Politics Home

<sup>2</sup> HM Treasury, [National Infrastructure Commission: response to the consultation](#), May 2016, p3

<sup>3</sup> HM Treasury, [Letter from the Chancellor to Lord Adonis](#), 16 March 2016

<sup>4</sup> HM Government, [Charter for the National Infrastructure Commission](#), 12 October 2016

The Commission commits to:

- Produce a **National Infrastructure Assessment**, which will be published once a Parliament and will analyse the infrastructure needs of the UK and recommend how the needs should be met. (see [section 4](#)).
- Periodically produce other 'specific studies' of infrastructure needs. Several of these have already been published and are listed on the [Commission's publication webpage](#).
- Produce an annual monitoring report taking stock of Government progress in key areas.
- Include a "transparent assessment of the impact of costs on businesses, consumers" and other users of infrastructure.
- Engage with the public and other policy makers

The Government will issue a remit letter to the Commission every Parliament. The letter will provide a framework for the operation of the Commission.

The remit will outline the Commission's 'fiscal remit,' the overall levels of infrastructure spending as decided by the Government. The Commission are obliged to provide analysis of the costs and benefits of their recommendations. The Chancellor will be able to alter the fiscal remit mid-way through a Parliament, in "exceptional circumstances".<sup>5</sup>

## Fiscal and Economic Remit

### Fiscal Remit

The current remit for the Commission was set at [Autumn Statement 2016](#) by the then Chancellor, Phillip Hammond.<sup>6</sup> The Commission must be able to demonstrate that its recommendations are consistent with government spending on economic infrastructure of between 1% and 1.2% of GDP each year from 2020-2050.<sup>7</sup>

The Chancellor's remit letter contains further details on the Commission's fiscal remit. This states that the Commission's recommendations should be clearly costed and abide by budgets set during the latest spending review.<sup>8</sup>

The current Government plans to review the Commission's fiscal remit during 2021 to ensure that "it continues to reflect the government's ambitions as the NIC prepare to publish their second National Infrastructure Assessment."<sup>9</sup>

### Economic Remit

The current remit letter sets out an economic remit for the Commission. This states that:

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<sup>5</sup> HM Treasury, [National Infrastructure Commission: consultation](#), January 2016

<sup>6</sup> [Chancellor Phillip Hammond, Letter to The Rt Hon Lord Adonis regarding the remit for National Infrastructure Commission \(NIC\)](#)

<sup>7</sup> HM Treasury, [Autumn Statement 2016](#)

<sup>8</sup> [Chancellor Phillip Hammond, Letter to The Rt Hon Lord Adonis regarding the remit for National Infrastructure Commission \(NIC\)](#)

<sup>9</sup> HM Treasury, National Infrastructure Strategy, November 2020,

when making recommendations the NIC should include a transparent assessment of the impact on costs to businesses, consumers, public bodies and other end users of infrastructure that would arise from implementing a proposal.<sup>10</sup>

## Devolved responsibilities

Some areas of infrastructure policy are devolved. The Commission will only make proposals regarding infrastructure that are the UK Government's responsibility. However, the Commission will be expected to:

...work closely and collaboratively with the devolved administrations and...consider cross-border issues...[and that]...where the devolved administrations specifically request the commission to examine an infrastructure issue that is their sole responsibility, decisions on whether to accept, reject or implement any of the commission's proposals will remain with the responsible administration.<sup>11</sup>

### Box 1: Commissioners

The Chair of [the Commission](#) is Sir John Armit, Chairman of the Olympic Delivery Authority, 2007 to 2014. The other Commissioners are:

- Andy Green CBE. Chairs Lowell, a major European credit management company, and has served as Chair of the Digital Catapult, an initiative to help grow the UK's digital economy.
- Bridget Roswell CBE. Served as Chief Economic Adviser to the Greater London Authority from 2002 to 2012. Served as a Non-executive Director of Network Rail and Non-executive Chair of the Driver and Vehicle Standards Agency. Currently Chair of the Atom Bank and the M6 Toll Road
- Professor David Fisk CB. Director of the Laing O'Rourke Centre for Systems Engineering and Innovation Research at Imperial College London. Served as Chief Scientist across several government departments and as a member of the Gas and Electricity Markets Authority.
- Julia Prescott. A co-founder and Chief Strategy Officer of Meridiam. Has been involved in long term infrastructure development and investment in the UK, Europe, North America and Africa. An Honorary Professor at the Bartlett School of Construction and Project Management, University College. Sits on the board of the port of Tyne.
- Neale Coleman CBE. A co-founder of Blackstock Partnership. Worked at the Greater London Authority from 2000-2015 leading the Mayor's work on London's Olympic bid, the delivery of the games, and their regeneration legacy. Served as Policy Director for the Labour Party.
- Professor Sadie Morgan OBE. A founding director of the Stirling Prize winning architectural practice dRMM. Chair of the Independent Design Panel for High Speed Two and one of the Mayor of London's Design Advocates. Sits on the boards of the Major Projects Association and Homes England.
- Professor Sir Tim Besley. School Professor of Economics and Political Science and W. Arthur Lewis Professor of Development Economics at the LSE. Served as an external member of the Bank of England Monetary Policy Committee from 2006 to 2009

<sup>10</sup> [Chancellor Phillip Hammond, Letter to The Rt Hon Lord Adonis regarding the remit for National Infrastructure Commission \(NIC\)](#)

<sup>11</sup> *Ibid*, p9

## 2. The organisational status of the Commission

The Commission is an executive agency of HM Treasury. The Cabinet Office provides the following definition of executive agencies:<sup>12</sup>

Executive agencies (EAs) are part of a Government department. They are business units headed by a chief executive. They carry out executive functions within policy set by ministers.

Ministers do not concern themselves with the day-to-day running of agencies but are accountable to Parliament and the public for their overall performance and continued existence. EAs are staffed by civil servants, included within the 'parent' department's Estimate (the money voted by Parliament) and publish their own accounts, which are consolidated into those of the parent department. Examples include the Met Office and the DVLA.

The Government had intended to establish the Commission's role and responsibilities in law. The [background briefing paper to the Queen's Speech 2016](#) stated that the Neighbourhood Planning and Infrastructure Bill 2016/17 would "establish the independent National Infrastructure Commission (NIC) on a statutory basis."

However, when the [Neighbourhood Planning Bill](#) was published in September 2016, it did not include measures to establish the Commission.<sup>13</sup>

In response to a Parliamentary question on why the statutory footing of the Commission was not included in this Bill, the [Government explained that](#):

The National Infrastructure Commission has a crucial role to play in setting out the country's infrastructure priorities and it has already made an important contribution through its first three reports.

The Commission is an important part of the Government's overall approach on infrastructure, and we remain fully committed to it. We are considering how it can best support the Government's new industrial strategy.<sup>14</sup>

In response to another Parliamentary question on the Commission's organisational status, the Government stated that:

The Government considers that the National Infrastructure Commission will have the right tools to deliver its objectives and operate effectively as an executive agency.

It will continue to provide robust, impartial analysis and advice on the country's most complex and pressing infrastructure challenges. Setting up the NIC [the Commission] as an executive agency will mean that the Commission can be up and running in permanent form as soon as January 2017.<sup>15</sup>

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<sup>12</sup> Cabinet Office, [Public Bodies 2015](#), December 2016, p15

<sup>13</sup> The House of Commons Briefing Paper, [Neighbourhood Planning Bill \[Bill 61 of 2016/17\]](#), provides further information on the Bill

<sup>14</sup> [PQ 45968 \[National Infrastructure Commission\]](#), 12 September 2016

<sup>15</sup> [PQ 50070 \[National Infrastructure Commission\]](#), 02 November 2016

The Construction Index, an online construction sector news service, responded positively to decision not to legislate for the Commission in the *Neighbourhood Planning Bill*.

...What matters is that the Commission is established in a way that firmly secures its independence, provides the powers that it needs to do its job and places clear obligations on Government to respond to its recommendations in a timely fashion. How this is done is a matter for Government. But if the Commission is to succeed in its work it will be essential to get it right, and we look forward to seeing the Government's new proposals as soon as possible.<sup>16</sup>

However, some reaction to the Bill was more critical. The [Financial Times](#) quoted [Richard Threlfall](#), UK head of infrastructure at KPMG, as stating that:

The whole point of the National Infrastructure Commission is to provide long-term stability to the UK's infrastructure planning. If it is not established in statute then its very existence will be constantly under threat from political whim.<sup>17</sup>

[Politics.co.uk](#) noted the reaction of Engineering Employers' Federation:

Government's decision to remove putting the National Infrastructure Commission on a statutory footing from the Planning Bill is a worrying development. It signals the potential for further delay in assessing our future infrastructure requirements.<sup>18</sup>

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<sup>16</sup> The Construction Index, [Where now for the National Infrastructure Commission?](#), 8 September 2016

<sup>17</sup> Financial Times, [Government shelves independence plan for infrastructure body](#), 9 September 2016

<sup>18</sup> Politics.co.uk, [Infrastructure Commission left off new Bill](#), September 2016



### 3. Motivations and international comparisons

The creation of the Commission was motivated by a growing consensus among politicians and commentators that long-term decision making on infrastructure projects in the UK was being compromised by a lack of consensus among politicians and the fact that the ‘political horizon’ rarely extends beyond five years.

To overcome these issues, the idea of an independent body tasked with analysing what infrastructure is needed in the UK and making recommendations to Government was floated on several occasions, for example:

- In 2013, the **London School of Economics** proposed an Infrastructure Strategy Board to “provide independent expert advice to Parliament to guide strategic priorities.”<sup>19</sup>
- In 2014, the **Institution of Civil Engineers** published a review of infrastructure in the UK. They stated that “a live and transparent” record of infrastructure options would “assist in the debate on relative priorities and the rationale for their alternatives.” They recommended either an existing Government body or an independent commission to oversee this record.<sup>20</sup>
- The **Armitt Review of infrastructure planning**, commissioned by the Labour Party and led by Sir John Armitt (who is now Chair of the Commission) reported in 2013. The Review’s central recommendation was that an Infrastructure Commission with statutory independence from Government should be established. It would report every decade on the long term infrastructure needs of the UK and, following Parliamentary approval, these proposals would inform “sector plans” from relevant Government departments.<sup>21</sup> The Labour Party formally accepted the recommendations of the Armitt Review and published a [draft National Infrastructure Bill](#) which the [2015 Labour Party Manifesto](#) promised to introduce if the Party had won the 2015 General Election.

#### International comparisons

Several countries have infrastructure planning organisations similar to the Commission. For example:<sup>22</sup>

- [Infrastructure Australia](#)’s role is to “prioritise and progress nationally significant infrastructure.” The body also provides advice to State Governments and private providers of infrastructure.

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<sup>19</sup> London School of Economics [Growth Commission, Investing for prosperity: skills, infrastructure and innovation](#), September 2013, p1

<sup>20</sup> Institution of Civil Engineers, [State of the nation: infrastructure 2014](#), June 2014, p12

<sup>21</sup> Sir John Armitt, [The Armitt Review of long-term infrastructure planning](#), September 2013, p

<sup>22</sup> *Ibid*, p15

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- [Singapore Urban Redevelopment Authority](#) provides long-term planning for land use analysis for individual Government departments and 40-year concept Plans for the whole state. (Singapore has an unusual degree of political continuity for a democracy– the governing party has been unchanged since the 1950s.)
- [New Zealand's National Infrastructure Unit](#) is not wholly independent of the New Zealand Government. However, it produces very long-term assessments of infrastructure requirements and works with a wide range of public and private sector organisation to help plan infrastructure investment.

## 4. The Commission's outputs

### 4.1 National Infrastructure Assessment

The Commission's main output is the National Infrastructure Assessment (the Assessment). The Commission will produce one Assessment each Parliament analysing the economic infrastructure needs of the UK over the next 30 years. The report will be formally laid before Parliament.<sup>23</sup>

The Government is obliged to respond to the Assessment's recommendations, either by accepting them or suggesting alternatives.

The Commission's first Chair, Lord Adonis, stated that "developing the National Infrastructure Assessment will be an enormous piece of work".<sup>24</sup> The [Government's response to its consultation on the National Infrastructure Assessment](#) sets out the details of the scope and methodology of the first Assessment.<sup>25</sup>

### 2018 National Infrastructure Assessment

The [first National Infrastructure Assessment](#) was published in July 2018 making a series of recommendations, including on:<sup>26</sup>

1. **Low carbon energy** – making a switch to low-carbon and renewable sources for both the country's power and heating, combined with a move towards electric vehicles, would mean the customer of 2050 would pay the same in real terms for their energy as today
2. **Digital technology** – that the Government devise a National Broadband Plan by Spring 2019, to deliver full fibre connections across the whole of the country, including those in rural areas – this should ensure that the technology is available to 15 million homes and businesses by 2025, 25 million by 2030, and all homes and businesses by 2033
3. **The future for the nation's roads** – that the Government work with councils and private companies to deliver a national network of charging points for electric vehicles and ensures that the impacts of connected and autonomous vehicles are taken into account when planning for the next rail control period and road investment strategy;
4. **Encouraging growth of cities** – that Metro Mayors and city leaders develop and implement long-term strategies for transport, employment and housing in their areas, to support economic growth, with new powers and devolved infrastructure budgets. The National Infrastructure Assessment's spending plans include funding for projects including Crossrail 2 in London, and Northern Powerhouse Rail linking the major Northern cities, and recommends a boost in funding for major cities totalling £43 billion to

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<sup>23</sup> NIC, [National Infrastructure Assessment consultation response](#), 27 October 2016, p5

<sup>24</sup> National Infrastructure Commission, [Assessment Consultation](#), May 2015

<sup>25</sup> HM Treasury, [National Infrastructure Assessment Consultation Response](#), October 2016

<sup>26</sup> National Infrastructure Commission, [National Infrastructure Assessment summary](#), 2018

2040, with cities given stable five-year budgets, starting in 2021;

5. **Tackling floods** – that the Government should put in place a long-term strategy to deliver a nationwide standard of flood resilience by 2050 with funding for flood risk management increasing significantly over the coming decades
6. **Cutting waste** – that new national rules for what can and cannot be recycled be introduced, with restrictions on the hardest-to-recycle plastics, aimed at increasing rates and reducing the amount of plastics going to incinerators. This would also mean that all food waste is separated making it available to create biogas, so it can be used to heat people's homes and potentially as a transport fuel

The Government's [response to the assessment](#) was published alongside the [National Infrastructure Strategy](#) in November 2020. The Government either fully, mostly or partially endorsed 56 of the Assessment's 64 recommendations.<sup>27</sup>

The Government published the [National Infrastructure Strategy](#) in November 2020, which was partly informed by recommendations made in the [National Infrastructure Assessment](#).

### 4.2 Specific studies

The Commission produces [specific studies](#) on pressing infrastructure challenges as set by the government. These studies may include [recommendations](#) to the government.

For instance, in October 2018 the then Chancellor asked the Commission to examine the resilience of the UK's infrastructure. The Commission published its final report on the study – [Anticipate, react, recover: Resilient infrastructure systems](#) – in May 2020. The Commission concluded that “there is a need for a new framework for resilience which anticipates future shocks and stresses; improves actions to resist, absorb and recover from them by testing for vulnerabilities; values resilience properly; and drives adaptation before it is too late.” The Commission made [three recommendations](#) to government help deliver a framework for resilience.

The Commission's other studies include:

- [Regulation](#). A 2019 report exploring how the UK's regulatory system must adapt to meet the demands of the future and secure the strategic investment needed.
- [Freight](#). A 2019 report exploring how to decarbonise road and rail freight by 2050 and manage its contribution to congestion.
- [New technologies](#). A 2017 report examining how new technologies such as AI and machine learning can improve infrastructure productivity.

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<sup>27</sup> Recommendation 23 was split into 23a and 23b. The Government mostly endorsed 23a but didn't endorse 23b. Recommendations not endorsed were: [14](#), [19](#), [33](#), [35](#), [42](#), [62](#) and [63](#).

- [Cambridge - Milton Keynes - Oxford Growth Arc](#). A 2017 report which looked at securing the long-term economic success of the region
- [High Speed North](#). A 2016 report on the strategic improvements needed to transform transport connectivity in the North.
- [Connected Future](#). A 2016 report on the interventions required to position the UK as a world leader in 5G deployment.
- [Transport for a world city](#). A 2016 report on the future need for large scale transport infrastructure in London and surrounding regions.
- [Smart Power](#). A 2015 report examining how the UK can balance supply and demand within the electricity market.

### 4.3 Annual Monitoring Report

The Commission produces an Annual Monitoring Report (AMR) taking stock of the government's progress in areas where it has committed to taking forward recommendations of the Commission.

[Annual Monitoring Report 2020](#) was published in February 2020. It was the third AMR published by the Commission. In summary, the report states that some important steps were taken over the previous year "such as the legislated net zero target, progress towards the development of a national digital twin, and the government pledge to have 40 GW of offshore wind capacity by 2030." But in other areas political uncertainty "led to delayed decisions and stalled progress on the government's infrastructure commitments." Major announcements in early 2020 – such as the commitment to beginning construction on the first phase of High Speed Two – are taken as evidence in the AMR as a "shift in momentum".

In the 2020 AMR, the Commission said that the Government's priorities for 2020 should include:

- delivering a National Infrastructure Strategy setting out a clear, long term plan for the UK's economic infrastructure, with funding commitments and a genuine commitment to change
- supporting deployment of the technologies needed to deliver a 21st century flexible energy system that can help achieve net zero at lowest cost
- confirming its plans to go ahead with Crossrail 2 and committing to fund it in the Spending Review 2020
- making progress on improving mobile signal on the UK's railway networks
- clarifying its position on and agreeing the route for the Oxford-Cambridge Expressway, maintaining momentum on East West Rail, developing a spatial vision for the Cambridge-Milton Keynes-Oxford arc, and announcing the locations of new settlements.<sup>28</sup>

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<sup>28</sup> NIC. [Annual Monitoring Report 2020](#), February 2020

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