

The Rt Hon Philip Hammond
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

10 May 2019

Dear Chancellor,

National Infrastructure Strategy

I was glad to see you set out in your Spring Statement that the government's National Infrastructure Strategy will be published alongside the Spending Review in the autumn.

There has already been welcome progress in many areas, particularly on waste and water, and on digital connectivity, including your commitment to nationwide full fibre by 2033. The National Infrastructure Strategy will be a key moment to demonstrate the government's commitment to an ambitious long-term vision for infrastructure, backed by clear and lasting plans and stable funding. It should position the UK as a global leader on this agenda.

For that reason, I am writing to set out the four tests that the Commission believes a successful National Infrastructure Strategy will need to meet, and which will be central to our assessment when we next come to review the Government's progress against our recommendations in early 2020. These are:

- First, it needs to take a long-term perspective, looking beyond the immediate spending review period to set out the government's expectations for infrastructure funding and policy over the decades to come, in line with the Commission's remit and Assessment.
- Second, it will need to specify clear goals and concrete plans to achieve them. Where the government endorses our recommendations, this should be underpinned by specific actions with proper deadlines and owners, to allow progress to be tracked and the desired outcomes to be achieved. Where it does not, it should provide a clear rationale which engages with the arguments set out in the National Infrastructure Assessment.
- Third, these need to be backed by a firm fiscal commitment, reflecting the fact that the upper bound of our funding guideline of 1.2% is needed to do anything more than meet current commitments over the next decade. Within this, the specific goals and plans should be matched with detailed funding allocations.

- Fourth, it needs to demonstrate a genuine commitment to change. Many of our recommendations, whether on nuclear power, urban transport, electric and autonomous vehicles or flood risk management, do not represent tweaks to existing policy but a fundamental shift. The strategy needs to respond in the same spirit.

The reaction from stakeholders across the country to the establishment of the National Infrastructure Commission, and to the publication of our first assessment has been overwhelmingly supportive, which is much to the government's credit.

Furthermore, since taking up my position as Chair, I have been struck by the widespread international interest in our work and the UK's move towards a long-term and cross-sector approach to infrastructure planning and strategy. Countries as close as Ireland and as far away as New Zealand are looking to follow the UK's example, and the OECD has set up a working group on this issue, which our CEO is chairing.

This is a strong foundation on which the National Infrastructure Strategy should build – setting out lasting plans around which a consensus can be forged, providing certainty for investors and reducing costs, and cementing the UK's position as a world leader in this field. But if instead the strategy only pays lip service to our work, restating existing policy and offering vague promises in addition, it is likely to have the opposite effect.

For that reason, the Commission will be looking to engage directly with the key infrastructure departments over the coming months to understand how they are approaching our recommendations. I would be keen for an early meeting after the summer break to discuss progress and update you on our wider work, including our study of economic regulation of utilities.

You have rightly recognised that the UK's infrastructure underpins our prosperity and quality of life – but to be sure that it can respond to future challenges requires an ambitious and stable strategy for the long-term. That is all the more important in the current context of uncertainty and change and, if it meets the tests that we have set, I am confident that it is what the National Infrastructure Strategy will provide.



SIR JOHN ARMITT