

Statement to the 16.1.17 CTE PDS Panel meeting of B&NES Council

Thank you Chair.

I speak both as an economist with wide-ranging experience in infrastructure development and investment, and as a resident concerned about the enduring economic, environmental and social wellbeing of this locality. It is because of **the importance of infrastructure¹ to this wellbeing** and the associated opportunities, risks and challenges 2017 presents that I'm speaking now to you, the Community, Transport and Environment Panel.

Not only does West of England devolution bring the prospect of increased infrastructure funding, but such investment has also come to the fore in the national policy-making agenda², where post Brexit, it is central to an activist fiscal policy and a re-inventing³ industrial strategy. Furthermore, in order to ensure that such investments do yield the desired economic benefits, HM Treasury has been advocating⁴ a more systemic approach to business case development - one that takes seriously infrastructure's interdependencies, uncertainties, and contextual particularities as well as its scale benefits and transformative potential - a contrast indeed to the "predict and provide" approach of the past.

This evolving context brings to the fore the **need for more discerning oversight and scrutiny of the Council's approach to infrastructure investment**, for example in regard to

- **Why, how and when policy and projects are being developed.** I note that the two Directorate Plans on your agenda today are rather ambivalent and/or reticent on this, (albeit understandably so in view of the transfer of relevant functions to the CMA);
- **Progressing the West of England Joint Spatial Plan**, and especially in regard⁵ to finalising the mix of transport schemes most likely to transform our economic future, or in determining the trade-off between strategic economic benefits and adverse environmental impacts, or in future-proofing particular projects;
- Constructively questioning the Cabinet on its decision (just 9 days from now) to "promote" a particular site for **P&R East**. As I have already made several statements on this subject, not least that⁶ to 23.11.16 Resources PDS in which I highlight 5 areas of major concern about the way this particular infrastructure project is being advanced, suffice it to say here that I hope that all Members, regardless of their party political allegiances, will diligently scrutinise both the strategic rationale and implied business case for P&R East in the light of a political, economic and financial context that is much changed since the approval of the 2014 Getting Around Bath Strategy.

In conclusion, **infrastructure investment is a great opportunity to carve a better future for our locality, but it is far from easy and carries significant dangers.** Get it right, and it will unlock barriers to sustainable development and attract more funding so to do. Get it wrong, or fail to align strategic, economic and business rationales, and you might find yourself with, if not a disaster, at least an HS2 rail project type debacle.

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1. For the purposes of this statement, I am defining “infrastructure” by its decision-influencing characteristics rather than the sectors to which it is most relevant. Hence my remarks are applicable to infrastructure supporting economic development (such as transport, flood risk management, energy and communications infrastructure), enhancing the environment (waste, air and water quality management etc.) or strengthening communities (schools, hospitals, libraries, courts etc.)

2. As implicit in Theresa May’s 5th May 2016 remarks:

“An economy that’s fair and where everyone plays by the same rules. That means acting to tackle some of the economy’s structural problems that hold people back. Things like the shortage of affordable homes. The need to make big decisions on – and invest in - our infrastructure. The need to rebalance the economy across sectors and areas in order to spread wealth and prosperity around the country.”

and even more apparent in those of Chancellor of the Exchequer, Phillip Hammond on 23rd November 2016:

“I can announce today a new National Productivity Investment Fund of £23 billion to be spent on innovation and infrastructure over the next five years Innovation and infrastructure are at the heart of the government’s economic and industrial strategy, and emerging technologies have the potential to radically improve the way we manage our infrastructure.”

3. The Government's Green Paper on their Industrial Strategy is expected this month, and it is likely that infrastructure will have a central role to play in driving productivity improvements and innovation.

4. Following the High Speed2 Rail project debacle, where the strategic and economic case just didn't match up, HM Treasury published a supplement to its Green book (see <https://www.gov.uk/government/publications/green-book-supplementary-guidance-valuing-infrastructure-spend>)

laying out how and why across all stages of the project cycle (rationale, objectives, appraisal, monitoring, evaluation and feedback) and especially in business case preparation, economic infrastructure projects should incorporate much more analysis and information regarding the project’s more systemic characteristics and impacts.

5. I provide more detail on this in my response to the November/December 2016 consultations on the Joint Spatial Plan (JSP) and associated transport study. In particular in the JSP I highlighted

- The dangers of the inclusion of Infrastructure as one of the four Strategic Priorities associated with this vision, rather than as a Spatial Implication of the other three strategic priorities;
- The need for more transparency as to the trade-off between strategic economic benefits and adverse location-specific social and environmental impacts and risks
- The need for clearer and more specific strategic rationales for particular locations;
- Suggested a greater role for the communities most effected by and/or most knowledgeable about particular proposed developments to balance conflicting spatial development priorities as and when conflicts emerge.

and in my response to the Joint Transport Study, I

- Requested that more attention to be paid to the risks, unknowns, and scope for multiple outcomes in proposed transport infrastructure investments because of their dependence on multiple individual constrained decisions (for example the adverse impacts P&R might have on the demand for road travel) and the impact of new technology on travel behaviour and expressed desire for more evidence of this being taken into account in the proposed package (for example the impact on the need for P&R of a steady decline in car ownership);
- Strongly supported “financial incentives and financial demand management” measures as a more flexible and future-proof form of investment than the more land-intensive ones;

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- Advocated a more incremental approach i.e. a series of changes in accordance with the vision and range of measures identified in the JSP and JTS and less upfront commitment to spending circa £7.5bn in particular ways, remarking that the content of the ambition is more important than “the level of the ambition” given the current lack of information on, and analysis of, the relative costs, benefits and uncertainties associated with particular schemes.

6. This statement together with the detailed footnotes developing and supporting the main arguments, can be viewed here

<https://democracy.bathnes.gov.uk/documents/s44823/Statement%20from%20Nicolette%20Boater.pdf>