

The Chartered Institute of Building

submission to the

National Infrastructure  
Commission

on the consultation on the

Process and methodology for the  
National Infrastructure Assessment

*5 August 2016*

**Q1. The government has given the National Infrastructure Commission objectives to:**

- **Foster long-term and sustainable economic growth across all regions of the UK**
- **Improve the UK's international competitiveness**
- **Improve the quality of life for those living in the UK**

**What issues do you think are particularly important to consider as the Commission works to this objective?**

Policy shifts following changes in Government have created a 'stop-start' approach to investment in infrastructure. The quality of UK energy and transport infrastructure is thought to be particularly poor when compared with other developed economies. The UK ranked 27<sup>th</sup> in the world rankings for global competitiveness of overall infrastructure and 30<sup>th</sup> for road quality<sup>1</sup>. As a percentage of GDP, public investment in infrastructure over the last 15 years has remained well below many of the UK's principal competitors - including France, Canada and Japan.

Businesses are not convinced that this performance gap will close any time soon either. A 2011 survey from the Confederation of British Industry (CBI) found 59% of companies saw EU infrastructure in a more favourable light<sup>2</sup>. This figure increased to 61% in 2014. Despite this assessment, data from Arcadis reveals the UK has jumped to 9<sup>th</sup> place in its Global Infrastructure Investment Index<sup>3</sup> - meaning the UK has become more attractive to investors in part because of its low risk business environment.

The CIOB welcomes the introduction of the National Infrastructure Commission (NIC) designed to help create a long-term vision for infrastructure and decouple provision from party politics. By setting out specifically what projects are in the pipeline, the Commission has the potential to anticipate demand for skills. This is essential if the UK is to realise the targets set out in the Construction 2025 Strategy; to cut costs by 33% and ensure a 50% reduction in completion times.

UK Competitiveness firmly depends on skills availability and client demand, both of which are intrinsically tied to business and investor confidence. Given that figures from the CITB suggest that the construction industry will need to find more than 232,000 new recruits by 2020<sup>4</sup>, the impetus to act now and reduce the likelihood of future bottlenecks is evident. When working to its objectives, the Commission should consider the benefits of engaging in greater dialogue with professional bodies and local authorities to help manage skills expectations. The Commission should also consider the additional pressures exerted on local authorities as a result of budget cuts which have restricted their ability to carry out regular repair and maintenance works.

Whilst the Government's plan to create three million apprenticeships is ambitious the Commission must recognise the scale of the shortages and look carefully at the various skills levels to understand where pinch points are most likely to occur. This is particularly

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<sup>1</sup> [World Economic Forum, The Global Competitiveness Report 2014-15](#) (Based on 144 countries).

<sup>2</sup> [CBI, Taking the long view: A new approach to infrastructure. CBI-URS Infrastructure Survey 2014.](#)

<sup>3</sup> [Arcadis, Third global infrastructure investment index 2016: Bridging the investment gap.](#)

<sup>4</sup> [CITB, UK construction set for growth – with 230,000 jobs to be created, 2016.](#)

prevalent for roles which require Level Four skills – which are frequently sought for management positions within the industry.

Naturally there are other factors to consider. Whilst estimates for the cost of congestion vary - official data suggests that direct costs for the UK were in the region of £2bn in 2010 and would reach £8.6bn in 2040<sup>5</sup> - in the absence of effective intervention. According to ICE State of the Nation report (Transport 2013)<sup>6</sup> the volume of UK traffic on roads has risen by around one-fifth in the past twenty years. Data from the 2015 Annual Local Authority Road Maintenance survey also found that one in six of England's roads were in poor structural condition<sup>7</sup>. Congestion not only serves as a drag on UK competitiveness and productivity but also leads to serious health conditions and can lower the quality of life for those affected.

As already noted, business confidence is a serious issue for policymakers to consider; and one that costs HM Treasury billions each year in delays and lost business. Confidence is compounded by a range of factors which include skills availability, procurement and access to finance. Here it is evident that the Commission has its limits and success is likely to be determined by a range of factors – some of which are outside its control.

The Commission must recognise the boundaries of the remit set by the government. Whilst recommendations made by the Commission to increase capacity on public transport - including the rail network are aimed at improving the service for passengers - this service is unlikely to improve without more real-time information regarding travel disruption; a factor the NIC has very little control over.

Similarly, whilst recommendations that mention greater rail electrification and investment in the road network have the potential to increase capacity and help cut journey times, the extent to which this is realised will ultimately depend on the performance of train providers and disruption on other sections of the road network. The Commission therefore needs to recognise the boundaries of its remit and consult closely with public transport providers to ensure that its recommendations are feasible and possible to implement.

**Q2. Do you agree that, in undertaking the NIA, the Commission should be:**

- **Open, transparent and consultative**
- **Independent, objective and rigorous**
- **Forward looking, challenging established thinking**
- **Comprehensive, taking a whole system approach, understanding and studying interdependencies and feedbacks?**

**Are there any principles that should inform the way that the Commission produces the NIA that are missing?**

The CIOB agrees the Commission should be open and transparent in the way it operates. The Commission should also be adaptable and be able to manage competing interests. In undertaking the National Infrastructure Assessment, the CIOB believes the Commission should also recognise the wider value of construction and infrastructure. Specifically, we consider the Commission should take into consideration the wider benefits of infrastructure

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<sup>5</sup> Construction News, [DfT unveils policy statement aimed at speeding up infrastructure planning](#), 2013.

<sup>6</sup> ICE, [The state of the nation report: transport 2013](#)

<sup>7</sup> [Annual Local Authority Road Maintenance Survey 2015](#).

– particularly the various stages of construction. As we know, the value of better buildings transcends multiple boundaries. By ensuring individuals are happier and healthier, improvements in the built environment has the potential to increase the productivity of the UK economy as a whole. We therefore believe the Commission should consider this relationship when working to its objectives.

**Q3. Do you agree that the NIA should cover these sectors in the way in which they are each described?**

The CIOB agrees that a long-term vision for the provision of UK infrastructure is needed. It believes that sectors should be not assessed individually for infrastructure needs; instead a multifaceted approach should be taken. It therefore welcomes the approach outlined.

**Q4. Are there particular aspects of infrastructure provision in these sectors which you think the NIA should focus on?**

NA

**Q5. The NIA will seek to pull together infrastructure needs across sectors, recognising interdependencies. Are there particular areas where you think such interdependencies are likely to be important?**

Given the destruction and devastation caused by the floods in December 2013 and early 2014, the CIOB believes the Commission should pay particular attention to improving the UK's response to water and floods.

Given the ability of flood water and torrential rain to bring down power lines, close local transport networks and cut the supply of energy to homes and businesses, failure to invest in our response to cases of flooding has the potential to submerge virtually all other forms of economic infrastructure and bring growth to a grinding halt. For this reason, the interdependencies between flooding and each of the sectors outlined in the consultation should be given careful consideration.

Whilst the APPG for Excellence in the Built Environment argues - in its report on water - that the UK ought to transition towards an approach that looks at living with water, rather than mitigation and the construction of greater flood defences, the CIOB believes that we also need better designed buildings to help reduce run-off.

**Q6. Do you agree that the NIA should focus on these cross-cutting issues?**

The CIOB agrees that the NIA should focus on the cross-cutting issues specified in the consultation. What is less clear is how performance will be measured. Specifically, at what point in a projects life-cycle will its performance begin to be measured; during the construction phase, or post-completion.

This is particularly important for the construction industry and measures of its productivity. As the CIOB's recent report entitled: [\*Productivity in Construction: Creating a Framework for the Industry to Thrive\*](#) found, improvements in the built environment often lead to productivity gains in other sectors; as users derive a higher benefit from better buildings. As noted previously in this response, improvements in the built environment have the potential to improve the productivity of the entire workforce by making individuals happier, healthier and safer.

The report also argues that construction productivity is not being measured in the most accurate way, with consulting in the sector being recorded under financial services. Similarly, many offsite processes in construction continue to be classified under the heading of manufacturing; providing a distorted impression of construction output. This is an important point to consider and suggests that an independent review of how construction productivity is measured may be necessary. While the CIOB agrees that the Commission should focus on the cross-cutting issues identified, the way in which these issues are assessed and measured may need to be reconsidered.

**Q7. Are there any other cross-cutting issues that you think are particularly important?**

One factor that is noticeably missing from the consultation document is the issue of the construction industry's business model. Given the tendency to outsource, contractors in the sector work to tight profit margins, meaning there is little scope for error. This not only affects the levels of training and staff development, but also makes it harder to manage skills expectations. We believe the NIC is suitably placed to review the industry's business model and suggest potential alternatives for major infrastructure projects.

**Q8. Do you agree with this methodological approach to determine the needs and priorities?**

We agree that the Commission has identified a suitable approach to determine the UK's infrastructure needs and priorities. Whilst we welcome the Commission's desire to engage with a range of stakeholders, it is unclear how the Commission intends to prioritise certain types of evidence. The CIOB therefore welcomes greater clarity on this issue.

**Q9. Do you have examples of successful models which are particularly good at looking at long-term, complex strategic prioritisation in uncertain environments?**

NA

**Q10. Do you believe the Commission has identified the most important infrastructure drivers? Are there further areas the Commission should seek to examine within each of these drivers?**

We believe that the commission has identified the most important infrastructure drivers. However, the subject of defence is also likely to determine future demand for infrastructure.

**Q11. The NIA will aim to set out a portfolio of investments that best meets the demand of the UK in the future. Do you have a view on the most appropriate methodology to determine the portfolio?**

NA

**Q12. In your view, are there any relevant factors that have not been addressed by the Commission in its methodological approach?**

No

**Q13. How best do you believe the Commission can engage with different parts of society to help build its evidence base and test its conclusions?**

We believe the outlined model of engagement and data collection is sufficient and fit for purpose.