



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

16 March 2016

The Rt Hon. the Lord Adonis
Chair
National Infrastructure Commission
1 Horse Guards Road
SW1A 2HQ

I am writing to congratulate you on the launch of the National Infrastructure Commission's first three studies on energy innovations, London transport and Northern connectivity. These reports set out exactly the sort of challenging and innovative thinking that the Commission was set up to provide, and as I said in my Budget speech earlier today, I welcome their publication. The Budget sets out some of the ways in which the Government will be taking forward the work of the Commission, and we will shortly be setting out a more detailed response.

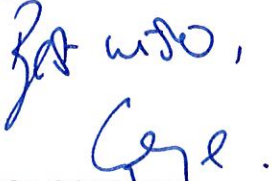
In parallel with the Commission's work towards setting out its first National Infrastructure Assessment, there are two particularly significant areas where we have agreed you will carry out a more detailed review in order to provide targeted recommendations to the Government:

1. The Commission will make recommendations to maximise the potential of the Cambridge – Milton Keynes – Oxford corridor as a single, knowledge-intensive cluster that competes on a global stage, whilst protecting the area's high quality environment and securing the homes and jobs the area needs. The Commission will look at the priority infrastructure improvements needed, and assess the economic case for which investments would generate the most growth.
2. The Commission will advise the Government on what the UK needs to do to become a world leader in 5G infrastructure deployment, and to ensure that the UK can take early advantage of the potential applications of 5G services. The Commission's assessment and recommendations will underpin the Government's 5G strategy, which will be announced in spring 2017.

The detailed Terms of Reference for each of these reviews are attached to this letter.

One of the Commission's key roles will be in helping to prioritise infrastructure improvements within affordability constraints, and to find ways to minimise the burden on individual taxpayers and consumers. My officials will work with you to determine

appropriate affordability scenarios for the reviews within the Commission's wider fiscal remit, in light of the consultation process.

A handwritten signature in blue ink, appearing to read "Geo Osborne". The signature is written in a cursive, slightly slanted style.

GEORGE OSBORNE

ANNEX

A plan for unlocking growth, housing and jobs in the Cambridge – Milton Keynes – Oxford corridor Terms of Reference

1. The aim of this review is to provide the Government with proposals and options for the long-term infrastructure priorities to unlock growth, jobs and housing within the Cambridge-Milton Keynes-Oxford corridor over the next 30 years. Together with Northampton, the area contains four of the UK's fastest growing, and most productive, places. It encompasses global centres of research expertise in Oxford and Cambridge and advanced manufacturing and logistics in Milton Keynes. The review will make recommendations to maximise the potential of the area as a single, knowledge-intensive cluster that competes on a global stage, whilst both protecting the area's high quality environment and securing the homes, and jobs, the region needs.
2. The review will be comprised of two stages. The first stage of the work will focus on the following areas and will lead to the production of an interim report:
 - Review the economic case for investment in the Oxford to Cambridge corridor – including key planned infrastructure such as East-West Rail and Expressway;
 - Map existing and planned national and local investment, including key improvements to the A14 and A34, and on public sector land;
 - Identify infrastructure constraints that are impeding: economic growth; the regeneration of communities; sustainable travel; quality of life; and the delivery of new housing;
 - Identify the environmental assets, and opportunities for sustainable growth, within the corridor;
3. The second stage of the work will focus on the following areas and will lead to the production of a final report by Autumn Statement 2017 with recommendations for:
 - Priority infrastructure to:
 - Improve connectivity – both physical and digital – across the corridor. This will include recommendations to improve connectivity within, and between, the area's towns and cities, including public transport and a consideration of the interdependencies with social infrastructure requirements;
 - Create more and better jobs; drive the regeneration of communities, spread the benefits of economic growth along and beyond the corridor, and ensure effective links with related hubs;
 - Develop sites (including public sector land) to meet existing and expected housing need, create new developments which are smart and sustainable, and provide commercial space for existing companies and inward investment.
 - A framework to ensure new infrastructure is of a high quality, maintains and/or protects the area's environment and cultural assets (including the Green Belt);
 - Institutions to strengthen governance across the corridor, which will enable integrated planning and infrastructure decision making across the wider area in a timely manner, and will ensure joined up delivery – whilst ensuring local democratic accountability is preserved. The Commission will want to consider emerging proposals for sub-national transport bodies;
 - Support devolution and local economic growth;
 - How the impact of the investments will be measured.
4. In taking forward this work the Commission should work with Network Rail, Highways England and the Homes and Communities Agency, local government, business leaders, including the Local Enterprise Partnerships, Further and Higher Education Institutions and other local stakeholders. The Commission will contribute towards, but will not seek to reopen or delay, existing work being undertaken by any of the groups listed above. This will include taking existing studies about enhancing this corridor, including the work of the East West Rail partnership, the DfT strategic study into the Oxford to Cambridge Expressway, and the strategic study into the A1 in the East of England as inputs.

5. The review will make long-term recommendations that take account of affordability, considering the wider fiscal position. In parallel with developing the Commission's remit in the light of consultation, HMT will propose affordability scenarios for this study. The recommendations should fit within the Commission's wider fiscal remit, once set. In making recommendations, the Commission should evaluate options for funding and financing in a way that minimises the tax payer burden, and ensures those that benefit most bear a fair share of the cost. The review will not look to reconsider investment already committed under established programmes, such as regulatory settlements, Control Period 5 (including the Hendy Review of CP5, and any follow-on activity) in rail and the first Road Investment Strategy.

Becoming a world leader in 5G deployment
Terms of Reference

1. The "fifth generation" of telecommunications systems, or 5G, will mark a step change in digital communications. It will change the way people, institutions and objects interact. 5G will provide virtually ubiquitous, ultra-fast connectivity not only to individual users but also to connected objects, supporting a wide range of advanced technologies likely to include connected and autonomous vehicles, eHealth, energy management and smart cities.
2. The National Infrastructure Commission should consider what the UK needs to do to become a world leader in 5G deployment, and to ensure that the UK can take early advantage of the potential applications of 5G services. The Commission's assessment and recommendations will underpin the government's 5G strategy, which will be announced in spring 2017.
3. The government has asked the Commission to take a holistic view of the existing research and evidence on 5G, and to provide recommendations which take into account the need to maximise benefits and minimise burdens on taxpayers and consumers. In particular, the review should provide advice on, and consider what practical actions need to be taken in, the following areas:
 - i. What is the potential for 5G connectivity to transform and improve services across the UK economy? What are the opportunities for collaboration between different infrastructure sectors?
 - ii. What are the key elements – including the removal of regulatory, planning and other barriers – which would create the optimum environment to support rapid, cost effective 5G deployment in the UK? Are there cross sector planning issues which have the potential to hold back the deployment of 5G networks?
 - iii. Are the UK's current plans for ensuring the delivery of 5G, and exploiting its potential, adequate?
 - iv. What additional building blocks need to be put in place to ensure that the UK has a credible, deliverable 5G strategy to put the UK at the forefront of being able to realise the benefits enabled by 5G connectivity and services?
 - v. Are the correct incentives in place to drive commercial investment in 5G? Is the UK well placed to attract inward investment?
4. The review will work alongside and build on the recommendations of the Future Communications Challenge Group, which is currently investigating the UK's role in the development of 5G technology.
5. In order to better enable the Commission to thoroughly test its analysis and recommendations, the review will consider the particular challenges and opportunities presented by the South-West of England. The varied topography of this region reflects the challenges which will be faced in 5G deployment throughout the UK, in both urban and rural areas.
6. The Commission should report back to government with its recommendations by the end of 2016.