



National Infrastructure Commission
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The Institute of Directors welcomes this opportunity to respond to the first call for evidence from the National Infrastructure Commission, focusing particularly on connectivity across the north of England.

About the IoD

Founded in 1903, and granted a Royal Charter in 1906, the IoD is an independent, non-party political organisation of around 35,000 individual members. Its aim is to serve, support, represent and set standards for directors to enable them to fulfil their leadership responsibilities in creating wealth for the benefit of business and society as a whole. The membership is drawn from right across the business spectrum. Approximately 92% of FTSE 100 companies have IoD members in management roles, but the majority of members, some 70%, comprise directors of small and medium-sized enterprises, ranging from long-established businesses to start-up companies.

To what extent are weaknesses in transport connectivity holding back northern city regions (specifically in terms of jobs, enterprise creation and growth, and housing)?

The positive economics of urban agglomeration are accelerated through faster, cheaper and more frequent and frictionless transport. Achieving all four of these would certainly create a net benefit for jobs, business creation, growth and housing. Moreover, transport hubs, whether at train/bus stations, airports or even motorway junctions can magnify these benefits. IoD regional branches across the north of England have identified a number of priority issues that businesses, in particular, would like to see addressed:

- Slow journey times by road or rail across the Pennines
- Liverpool's capacity to move freight from its newly upgraded port facilities
- Poor connectivity to northern airports. In particular, the lack of an international airport in Lancashire – since the closure of Blackpool – could hold back the nascent shale industry in the region. The Government has been at pains to stress the benefits that the industry will bring to northern communities, but better international connectivity will be vital to seeing these benefits realised
- Many businesses across Cumbria continue to lament the poor access that they have to the M6 motorway and the West Coast Mainline
- Heavy congestion on the M60 orbital, particularly around the M61 junction means that many Lancashire residents feel poorly connected to Manchester and are disincentivised to work there
- Too much transport infrastructure, not least in Yorkshire, is not adequately protected from flood risk
- Preston's road network is very stretched

What cost-effective infrastructure investments in city-to-city connectivity could address these weaknesses? We are interested in all modes of transport.

We believe that addressing the issues outlined above will be useful, and for the most part relatively inexpensive first steps towards improving city-to-city links in the North. However, we also see much more short-term benefit in upgrading the speed and frequency of existing transport links within urban areas first chiefly and simply because this will connect more people more quickly. City to city connectivity will take longer to go through planning, finance and build and most likely not be ready until the middle of the next decade at the earliest. Of course it needs to be done and pre-planning must start now.

Which city-to-city corridor(s) should be the priority for early phases of investment?

We would like the NIC to look at the following corridors with a careful analysis of which routes could generate the most effective clustering and positive agglomeration effects ;

- Liverpool to Manchester
- Liverpool to Manchester Airport
- Manchester to Leeds
- Sheffield to Hull
- Sheffield to Leeds
- Sheffield to Manchester Airport
- Sheffield to Manchester
- Newcastle to Leeds
- Manchester to Manchester Airport

What are the key international connectivity needs likely to be in the next 20-30 years in the north of England (with a focus on ports and airports)? What is the most effective way to meet these needs, and what constraints on delivery are anticipated?

There is a lack of deep sea capacity at Northern ports leading to longer transit journeys. Connectivity to Liverpool port and also to the Humber and TeesPort must be upgraded. Should the Transatlantic Trade and Investment Partnership be successfully concluded between the EU and the USA and when the Panama Canal has been widened, Liverpool may once again become a great Atlantic port for trade as well as a more attractive destination for the shipping lines from the Asian market.

Aviation demand is forecast to grow and a survey of our members revealed that people generally still prefer to fly from their nearest airport with geographical convenience remaining the most significant factor affecting airport choice. We think this shows that point to point capacity has a strong future and that where necessary, hubbing internationally from the north or indeed from Amsterdam will take precedence over connecting through London which either does not have the spare hub capacity in the right place or at a slot price that regional airlines find easy to afford.

What form of governance would most effectively deliver transformative infrastructure in the north, how should this be funded and by whom, including appropriate local contributions?

It seems likely that local authorities merging and or working together more closely under the aegis of a joint transport authority would do much to bring about faster, more effective city to city connectivity in the North. Over time, if Transport for the North proves itself, it may well make sense for local authorities and central government to cede much more control to this body.

Other:

I'd like to touch on a broader priority for the Commission, and one that is close to the heart of business leaders. The history of large infrastructure projects is riddled with examples of burgeoning costs, inadequate planning, and ineffective oversight. At a time of much publicised national belt

tightening, the business community at least expects public bodies to set the gold standard for sound investment.

The top priorities set by IoD members in the wake of the General Election were for the Government to reduce the national deficit and invest in better infrastructure. The two are not mutually exclusive; the NIC must take into account best value as well as greatest need and to this end, the IoD would like to see the establishment of a free to view Infrastructure Best Value Index.

The index would rank (and decide by functional objective) which city-to-city infrastructure connectivity projects should be prioritised. This should be a core requirement for the NIC, the Infrastructure and Projects Authority and Transport for the North.

There are three crucial elements to the index:

- First, the most important aspects to measure are the headline capital costs – how much money will be required and where will this come from? If the private sector isn't willing to finance a project, we need to ask why.
- Second, we must understand the complexity of seeing through a large scale project. 'Is this a first-of-its-kind' project, and how difficult will it be to integrate all the component parts?
- Finally, there needs to be greater scrutiny of possible spill-over effects into other large projects as well as a more realistic attitude to the "whole life" costs of a planned works. These can often come in at six times the initial investment, meaning expensive projects cost ever more over the course of a generation. Short-term infrastructure projects that cost more to maintain than they generate in revenue and growth should be avoided at all costs.

We look forward to the outcome of the consultation and, in the meantime, would be happy to discuss these issues further should the opportunity arise.

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