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George Builder CANHE FIX IT?;
Will the attempt by the chancellor to take politics out of our new infrastructure projects succeed, asks Kathryn Cooper

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Osborne has shamelessly poach - HS2 and HS3. "This should rail. When Keith Clarke submitted a planning application last year to build the world's first man-made tidal energy lagoon in Swansea Bay, Wales, he had to hire a van to transport the 5,000-page document to the planning inspectorate in Bristol.

Clarke, chairman of Tidal Lagoon Swansea Bay, won permission for the £850m scheme this summer after a "demanding" process that took 16 months. The project, expected to go on stream in 2021, will harness the tides to power more than 155,000 homes.

Yet Clarke has nothing against Britain's planning process. His biggest headache, he says, is the lack of vision on energy policy.

"The key issue for us is not planning or environmental rules - they are as they should be. Where we have had problems and delays, it has been because of the lack of rationale in government policy," said Clarke, who was chief executive of WS Atkins, Britain's largest engineering consultant, for eight years. "The withdrawal of subsidies for solar energy is sending a message to markets that the government is not committed to low-carbon energy, which I think is incorrect. We have had a number of potential investors who were extremely interested, but who now want to wait for the chancellor's autumn statement." Industry leaders hope that a new independent infrastructure commission, announced by George Osborne at the Conservative party conference last week, will put an end to such contradictions in government policy.

The chancellor said the commission would "get Britain building" by providing a long-term, cross-party vision for the country's energy and transport needs for the next 30 years. The country requires at least £500bn of investment in its ageing infrastructure by 2020 or it will fall further behind its international competitors, economists say.

Osborne has shamelessly poached the idea from Labour, who asked Sir John Armitt, former chairman of the Olympic Delivery Authority, to conduct an independent review in 2012. His central recommendation was for an overarching body that would take party politics out of big building projects. Labour adopted the idea in its last election manifesto.

"It's good to see the Tories finally recognise the benefits of the national infrastructure commission," said a Labour source. "By appointing Andrew Adonis, the Labour peer, as interim chairman, Osborne signalled
that he is prepared to "depoliticise" infrastructure projects to free up billions of pounds for new power stations, roads and railway lines. The hiring of Adonis, who quit the "Labour whip to take up the post, was a serious blow to Jeremy Corbyn.

"Sir David Higgins, chairman of HS2, the high-speed London to Birmingham and north of England rail link, said the move would bring the country closer to a national transport strategy, including Crossrail, rail, HS2 and HS3. "This should eliminate the stop-start process whereby each time a new government comes in, it says it is starting from scratch," he said.

Armitt said he was not consulted on Osborne's plan, but welcomed it nonetheless. "I wasn't expecting it because there had been radio silence from the coalition," he said. "But Andrew is the ideal person to chair it. The private sector needs consistency of government policy and a good pipeline of projects."

Yet sceptics question whether the commission can overcome the forces of Nimbyism as Britain tries to compete in the 21st century with 19th-century waterworks, postwar transport networks and a 1970s electricity infrastructure.

"Everyone is determined to drive this through, but don't underestimate the forces of conservatism," said Edi Truell, adviser to Boris Johnson on pensions and investments. "People are always very much in favour of infrastructure investment - until it's near them."

HS2, which will pass through 70 constituencies, has been hampered by local opposition from the beginning. Legislation is unlikely before the end of next year, with completion of the entire network not expected before 2033-24 years after Labour first began work on the project.

Higgins wants to bring forward to 2027 - six years earlier than originally planned - plans to extend HS2 to Crewe. This would lay the ground for HS3, an east-west link that could cut journey times from Manchester to Leeds from 48 to 26 minutes.

HS3 was top of Adonis's to-do list when he started work at the Treasury last week, alongside prioritising investment in London's public transport and ensuring the energy infrastructure is overhauled to keep the lights on. He will eventually have 25 to 30 permanent staff and is believed to be looking for a chief executive already.

But Adonis is not the first bighitter to be drafted in to address the infrastructure gap. In 2005, Labour asked the former British Airways chief executive Sir Rod Eddington to assess how the transport network could be overhauled to boost economic growth. His solution was national road pricing. Labour initially adopted the idea but, faced with public outcry, had to abandon it in the run-up to the 2010 election.

Economists blame Britain's adversarial parliamentary system for the sluggish approach to big projects. They tend to gather impetus at the start of a parliamentary term, only to be scrapped or reassessed in five years with a new government.

The unwieldy planning system and relatively ungenerous compensation for residents have also hampered progress. Heathrow's Terminal 5 was subject to the longest public inquiry in UK planning history. It took more than 15 years for the terminal to be completed. At Paris's Charles de Gaulle airport, four runways and three terminals were built in a period of 20 years.

The French authorities also paid local residents four times the estimated market value of their land if they sold voluntarily to allow the building of the airport. By contrast, British homeowners affected by HS2 will be paid only the full market value of their property plus 10%.

"Britain is a big, diverse country with very active press and democratic process, which can hold up infrastructure projects," said John Van Reenan, director of the Centre for Economic Performance, who co-chairs the London School of Economics Growth Commission.

"We are also very ungenerous in compensating people who lose out, and people respond to that through Nimbyism, using the planning system to force delays. If you give local people more of the benefits of planning decisions, as the government has proposed, it should help." Britain's pension funds have also been slow to invest in infrastructure, even though the long-term returns from big projects - through regulated rail fares and electricity prices - are a perfect match for their long-term payments to pensioners.
Osborne has also announced his intention to set up several British wealth funds by pooling the pensions of 89 local authorities. This should cut costs and free up cash for big building projects. Only 0.5% of the £180bn in local authority funds is invested in infrastructure.

Edi Truell, who chairs the London Pensions Fund Authority and championed its merger with the Lancashire County Pension Fund last year, is putting together a "dream team" of infrastructure experts in an effort to encourage pension-fund trustees to invest in projects "of national significance".

The final keystone of the plan to get Britain building is housing. David Cameron announced last week that builders in England will no longer be forced to offer low-cost rented homes in new developments. Instead they will be able to offer "starter homes" for first-time buyers under 40 as well, at discounted prices.

But property companies were sceptical. "I would not assume this will increase housebuilding," said Rob Perrins, managing director of Berkeley. "It doesn't increase the availability of land or change a council's local plan."

The final decision on big infrastructure projects will remain with politicians. The new commission will consider only future projects, not existing infrastructure commitments, such as the third runway at Heathrow and the work of the Airports Commission. The chancellor will also have powers to cap the value of the projects it recommends.

"You are never going to remove politics completely, nor should you," said Van Reenan. "But if the commission is truly independent ... it shifts the burden of proof to the government to explain why it is doing something that is politically motivated but damaging for the country in the long term."

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