

Insights

SECOND NATIONAL INFRASTRUCTURE ASSESSMENT

AN INSIGHT INTO FUTURE INFRASTRUCTURE POLICY

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Publication of the National Infrastructure Commission's (NIC) [second National Infrastructure Assessment](#) ('NIA2') in October 2023, in line with its 5-year requirement, is an important step and a document that will be used to shape the Government's infrastructure policies across all infrastructure sectors.

The NIA2 is comprehensive and ambitious and sets out a package of recommendations needed to deliver low carbon and resilient infrastructure that will support economic growth across the country and protect the natural environment.

TRANSFORMATIONAL CHANGE

The NIA2 sets out the steps the Government should take to capitalise on areas where the UK has already made good progress and areas where transformational changes are needed urgently, largely because of historic under investment or because of existing barriers to decision making and delivery.

It makes 46 recommendations and details the Government actions and funding requirements needed to deliver changes. Summarised below are its core recommendations needed to:

- **improve energy security** through the addition of low carbon, flexible technologies to the electricity system to ensure reliability of supply along with a new strategic energy reserve;
- **electrify the energy system** for domestic and industrial users through market support and incentives, accelerate deployment of more renewable sources of power, deliver more electric charging infrastructure to replace petrol stations and new infrastructure to supply clean hydrogen or carbon capture storage for industrial uses incapable of running on electricity;
- **improve transport infrastructure** in England's largest regional cities through upgrades to public transport in these areas, improve underperforming parts of the national road network and introduce a new long term rail plan across the North and the Midlands;

- **improve digital infrastructure** with the delivery of nationwide gigabit capable broadband by 2030 and market support to roll out new 5G services;
- **improve water resources** through plans to deliver additional water supply infrastructure and reduce leakage, and measures to reduce water demand;
- **significantly reduce the number of properties that are at risk of flooding** by 2055 by setting long term measurable targets and ensuring funded plans are in place;
- **deliver a more sustainable waste system** as recycling rates have not increased in a decade, by urgently implementing reforms to meet the 65 per cent recycling target by 2035 and incentivising investment in recycling infrastructure.

DELIVERING INFRASTRUCTURE GOALS

Sustained public sector investment of £30 billion per year is needed until 2040 along with a significant increase in private sector investment to deliver the recommendations. Critical to increasing investor confidence in a globally competitive market, the NIA2 recommends greater clarity and consistency of policy and regulation. Regular Strategic Policy Statements for each sector are suggested to set out a long-term vision aligned with the Government's policy priorities, an increased role for competition and new business models.

Planning improvements are also recommended to ensure major infrastructure is delivered on time, including updates to National Policy Statements (NPS) every five years, better use of environmental data, a meaningful and consistent approach to community benefits, integrated spatial planning, and more central government oversight and accountability. There's a lot to unpack here and we don't try to address it all in this short blog!

The NIA2 is also clear that speed is of the essence which is dependent on strong political leadership at national and local level along with close government, regulatory and industry collaboration.

POLICY AT THE HEART OF DELIVERY?

The NIA2's recommendations in respect of the NPSs are particularly important as these policy documents sit at the heart of delivery of many of the largest infrastructure projects in the UK.

The detailed recommendations make the case for a legal requirement to be in place by 2025, to ensure reviews of the NPSs for Energy, Water Resources and National Networks every 5 years. There should be clear tests, references to spatial plans and clear timelines and standards for consultation during the pre-application stage. The NPS reviews should also deal with existing and future technologies and thresholds.

By 2025, the Government should also set out the criteria for triggering reviews of other NPSs, for example those for ports and airports.

Finally, NIA2 recommends that by July 2024, the Government should introduce a system of modular updates to NPSs linked to primary or secondary legislation to ensure clarity on how future legislative change relates to NPSs.

Clearly the vintage of NPSs and their ability to exist as up-to-date and robust policy is very important to timely infrastructure delivery. One only has to look at energy policy – which remains as the 2011 suite of NPSs, subject to consultation drafts in 2021 and 2023 (see previous BCLP insight, ["Re-consultation on the draft energy NPS: key policy changes"](#)), and a final version which is awaited – or in respect of water resources – for which the NPS was consulted on in 2018 and eventually designated in 2023 (discussed in previous BCLP insights, ["The new water NPS: a milestone for water resources infrastructure projects"](#) and ["What does the new water NPS mean for water companies?"](#)).

Hence there must be a dose of reality here – one only has to think back to the court challenges launched in respect of various NPSs and related issues in recent years, to realise that the path to delivering on this recommendation will not be smooth. But with certainty as to the regular nature of the process for updates, will come certainty for those involved in these projects.

WHAT HAPPENS NEXT?

The NIC has produced its advice to Government in NIA2 and it is now a matter for the UK central government to consider its approach.

It merits looking back at what happened in respect of NIA1 in 2018 – which we discussed in this previous BCLP insight ["The inaugural UK national infrastructure strategy 2020"](#) and summarised the approach of the inaugural National Infrastructure Strategy in 2020. What we got there was a blow-by-blow response from Government in respect of the 64 recommendations, with a mixture of full and partial endorsement by Government (together stated as being in excess of 80% of the recommendations being wholly or partially endorsed).

So, in respect of NIA2, we are going to have to wait and see how the political headwinds impact the adoption of the latest recommendations.

WILL IT DELIVER?

We will have to watch this space to see whether and how the recommendations in the NIA2 are taken forward by this and successive governments (recognising the upcoming General Election in 2024), but the NIA2 is clear that transformation of the UK's infrastructure is essential and there is no time to waste if climate targets are to be reached and fairer economic growth delivered. But given

recent changes in direction from UK plc's leadership team, including in respect of net zero and major projects like High Speed 2, there are clearly challenges ahead.

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