

London Infrastructure Group

Date of meeting: **3 December 2013**

Title of paper: **Long Term Infrastructure Investment Plan - update**

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Cleared by: (Director) **Fiona Fletcher-Smith, Executive Director - Development, Enterprise & Environment**

Classification: **Public**

1 Executive Summary

- 1.1 The Greater London Authority (GLA) is producing a Long Term Infrastructure Investment Plan for the city, to set out London's strategic infrastructure requirements to 2050, across the main aspects of infrastructure (transport, energy, water, waste, green infrastructure, telecoms and partially social infrastructure). It will also assess the magnitude of spend involved, and consider how we could fund and finance our requirements.
- 1.2 A range of internal work has been conducted in-house since the last LIG meeting, to develop our thinking on London's high level infrastructure requirements to 2050. This paper sets out the timetable for reporting on this piece of work, along with our initial findings and next steps.

2 Recommendation

That the Group:

- 2.1 Notes that we plan to publish an interim report in early Spring 2014 setting out our initial thoughts on London's high level infrastructure requirements, the likely magnitude of cost involved and how we might pay for it all.
- 2.2 Notes the work to provide a first draft of our initial assessment London's infrastructure is due to be completed by the end of November. Emerging issues and proposals are outlined in the paper; we will provide further information at the meeting. These are very much first thoughts, which we will further refine through continued internal analysis and external input. The Group are asked to provide their reactions to the proposals presented in this paper and at the meeting.

3 Introduction and Background

- 3.1 At the last LIG meeting we set out our thoughts on the scope of the project, timetable to publication and approach to the work. It was agreed that the scope should cut across all aspects of infrastructure. The Plan will cover transport, energy, water, waste, telecoms, green infrastructure and partially housing and schools. We set out our view that publication by summer 2014 would allow the necessary work to be completed. This

remains our aim, with an interim report ready by February 2014. This will allow us to show progress and provide a further opportunity for stakeholders to input as we refine our thinking.

- 3.2 This is the first time London has produced a long term look at its infrastructure needs. As stated previously this means we will take an iterative approach to publication of both the interim and final reports. It also means this will not be a one off exercise and will be revisited periodically, we do not intend for these publications to provide the final answer on London's infrastructure needs to 2050. Technology, policy changes, economic growth and population growth all have the potential to profoundly change our infrastructure requirements.

4 Update

Approach

- 4.1 For the purposes of producing our initial assessment of London's strategic infrastructure requirements to 2050 a view on London's growth based on continued growth in population and growth has been adopted. This will form our baseline proposition for London's infrastructure requirements and the scale of investment required. This assumes London's population will increase by 37% to 11.27 million.
- 4.2 Going forward, as we start to refine and extend this analysis of London's infrastructure needs, we will consider alternative scenarios for London development to 2050. This will address questions such as:
- Location of increased airport capacity. For example, what will the consequences be for London's infrastructure needs should Heathrow close and a new airport located to the east of London?
 - Policy towards the green belt and densification change – we will consider the consequences for London's infrastructure requirements should we see a step change in these policies
 - What would London's infrastructure requirements look like, if some of the expected growth in population was accommodated by the building of new towns?
- 4.3 We are nearing the end of producing our initial assessment. From December we will start to get external input on these early proposals, through stakeholder engagement and recruiting consultants to sense check our work to date and provide an assessment of the costs involved.

Emerging issues and proposals

- 4.4 Across infrastructure provision there has been at least some level of under-investment in recent history. This may be partly due to uncertainty and/or lack of confidence in the city's future as well as a result of the constraints placed on the regulated utilities to keep consumer prices down.
- 4.5 The planning that has taken place for London's infrastructure investment is largely based on now out of date population projections. Based on results from the latest Census, London's population is now expected to grow at a much faster rate – the latest projected growth suggests an increase of 20% or 1.6 million people in London population between 2011 and 2031 (from 8.22 million to 9.84 million). Our latest projections to 2050 suggest a continued growth in population to 11.27 million.
- 4.6 The combination of under-investment in infrastructure to date and London's population growing faster than previously anticipated, means there is even greater pressure than before to deliver housing, transport links to new housing developments and the whole

range of infrastructure needed to support such growth. Without a significant increase in investment, London is likely to see:

- Significant increases in congestion in outer London
- Demand for water outstripping supply – on the lower population projections Thames Water project that demand will outstrip supply by 125m litres per day (mld) as soon as 2015, and by 367 mld by 2040.
- New housing developments unable to go ahead due to lack of electricity cables.
- Ever growing housing shortages, based on the projected population growth to 2050, London requires 50,000-80,000 new homes a year.

4.7 The ability to attract financing for infrastructure is a greater issue for some sectors compared to others. For example, for green infrastructure with the main purpose being to provide community benefits such as improved health and well-being, the economic benefits are not easily captured in terms of the returns to investment.

4.8 To address these issues, and address the implications of climate change, a range of recommendations are being proposed. All need further explorations in terms of feasibility and value for money, but provide a starting point for determining how London may need to respond to its infrastructure needs. The list of draft proposals to date is attached at Annex A; they include:

- Develop an Energy Master Plan for London, based on favoured approach of either continued nationally led centralised provision, or a decentralised model based on local energy production from a range of low and zero carbon energy sources. (Favoured approach to be set out in the Infrastructure Investment Plan for London).
- Ensure London is a leader in the implementation of Autonomous Vehicle Technology to enhance the functionality of the public transport network.
- Create a GLA-led delivery body to deliver green infrastructure projects to reduce the amount of rainwater entering the drainage system. Potentially to be funded from the water companies and developers.
- Central Government to provide a clear long term allocation of grant funding to meet London's infrastructure investment needs (as to be set out in the Infrastructure Investment Plan for London).

Engagement

4.9 It is critical that stakeholders are closely involved in the development of the Infrastructure Investment Plan. This will both ensure we have access to the full range of expertise needed and to ensure support for the report, particularly important as many of the recommendations will be delivered by external parties.

4.10 We have already engaged a range of stakeholders, including John Armit, City of London and the London Chamber of Commerce and Industry. The vast majority have been supportive of the need for a long term integrated infrastructure plan for London. Many have offered support, particularly in terms of facilitating engagement with their members/contacts.

4.11 We have issued a call for evidence to our main stakeholders, asking for the general thoughts on London's infrastructure requirements, the barriers to delivery and how we could pay for our needs. This was sent to all London boroughs, business organisations, engineering and consulting firms; developers; academics and think tanks.

4.12 Going forward, we plan to hold a number of events to debate our emerging proposals with a large range of stakeholders. Our main stakeholder event will be a one day event

on 16th December, to bring together a wide range of stakeholders with interests across the full range of infrastructure. The day will include all-attendee discussions on our emerging ideas, possibilities for the shape and size of London at 2050 and how we might pay for our requirements. Workshops will then allow more detailed discussion on specific ideas and generate further ideas to explore.

- 4.13 We are also planning smaller events with key groups of stakeholders. These include working groups with the 'City Thinkers' group of leading academics from the London Universities; a workshop session for the Institute of Civil Engineers combining our work on the Infrastructure Investment Plan with their work on the State of the Nation report. We will also hold a round table with London Councils for council Leaders. These will take place in January.
- 4.14 Depending on stakeholder input during December as well as the level of expertise needed to progress specific recommendations we may hold further events focused on specific sectors or proposals (either in person or virtually through online discussions) during January and February.

5 Comments of the Executive Director of Resources

- 5.1 There are no direct financial implications arising from this report

6 Next steps

- 6.1 We will continue to develop to our thinking on London's high level infrastructure requirements, how much that might cost and how it might be paid for. In doing so, we will incorporate comments from the LIG and our stakeholders.
- 6.2 We are about to tender for contractor to advise on our thoughts so far and to assess the costs and benefits of London's long term infrastructure requirements, determining which aspects are most essential and represent best value for money.

Appendices:

- None.