

IMPROVING DELIVERY OF LONDON'S INFRASTRUCTURE



The UK is home to world-class infrastructure providers, developers, engineers and architects. At home and overseas they are at the forefront of delivering large-scale innovative infrastructure projects. London has seen the benefits of this expertise across many projects. Crossrail, the biggest construction project in Europe, is on track to deliver on time and on budget.

London has the technology experts and entrepreneurs to put London at the forefront of innovative delivery and use of infrastructure.

With political will we can ensure projects are prioritised and pushed forward – the Olympic Park being the perfect example of what can be achieved with virtually unanimous political support. An unmovable deadline also helped.

But on many other occasions infrastructure has not been delivered to the same high standards. Fragmented and nationalised siloes, including the different legislation, regulations, planning periods and organisations that manage the delivery of London's infrastructure have not created an environment conducive to optimal infrastructure delivery. For example, developers and businesses we have consulted can cite many projects that have been held up because of problems connecting them to utilities.

It can take an incredibly long time to gain political support for large-scale projects. Crossrail, for example, was first proposed in the 1940s, officially advanced in the 1970s and 80s, cancelled in the 1990s, before being reinstated in the early 2000s – although without any funding commitment until later that decade.

There is a real need for clear long-term plans that have cross party support. As much as possible, consensus is required for good infrastructure planning. As such, the Mayor will seek to gain cross-party support for the strategic elements of the London Infrastructure Plan and will consult widely including with London's political and business leaders and with national government.

Once the go ahead is in place, delivery is not always planned in such a way that all aspects are considered and joined up from the outset. Development has been held up at Battersea Power Station, ironically because of problems getting enough power to the site. Infrastructure providers, either due to competitive motives or simply because no other options are at their disposal, do not always work cooperatively together – the fact that separate ducts are laid for each broadband provider on new developments, when one duct could accommodate all of them, is a telling example. On smaller-scale projects planning consent can be a long and complex process. Uncertainty, delays and missed opportunities to collaborate all add to the costs of infrastructure provision – costs that the public ultimately pays for in taxes, fares and utility bills.

Delivery needs to be joined up across the city and across sectors. The Mayor will establish a London Infrastructure Delivery Board to bring together the various actors in different sectors as a first step in overcoming the otherwise inherently disjointed arrangements, which have led to suboptimal outcomes to date.

The infrastructure planning cycle invariably spans elections. Infrastructure can become subject to political attack, and long-term plans are less convincing when they can be rejected by political opponents, and can more easily be undermined if they do not achieve consensus.

Political consensus requires cross-party support across London and at national level for key projects. The increased certainty such commitment would bring could significantly reduce the cost of and time taken to deliver London's infrastructure. Indeed, the infrastructure industry has been clear that visible commitments to long-term infrastructure plans would reduce the cost of delivering infrastructure in London.

Longer-term plans and certainty that they will be followed through, would also enable the whole industry to ensure the right resources – both human and physical - are in place to deliver our infrastructure requirements. Without this certainty, for example, providers cannot start training the workers needed in the future or ensure their supply chains are in place.

The London Infrastructure Plan sets out the priorities for London over the long term.

To gain consensus around the proposals in this report, the Mayor will formally consult with the borough leaders, the Assembly and Infrastructure UK before the final report is published.

Existing mechanisms such as the London Congress, which brings together the Mayor and the leaders of London's local authorities, will be used for ongoing decisions regarding London's infrastructure requirements and we will also seek participation from national government and local governments that surround the capital – and further afield - for decisions of national or regional importance.

As this is a key issue, the process outlined above will be kept under review. The London Infrastructure Delivery Board will be asked to feedback their views on the extent to which this is really building the consensus, support and certainty to enable them to plan and deliver London's infrastructure.

Infrastructure provision and use is changing and in many cases converging, which has been made increasingly possible by the use of data and technology. The opportunities and need to better integrate infrastructure provision is becoming increasingly important.

Integrated delivery has proven economic benefits. Frontier Economics has analysed the economic benefits for Infrastructure UK. Its work is based on case studies of well-delivered infrastructure projects, which demonstrate the potential economic gains to be had from better integration. Examples include the following:

- Well-targeted interventions to encourage more efficient street works by utility companies in key cities could yield savings in the region of £150-450 million over a 5 year period.
- Potential savings of 16-26 per cent could be achieved where existing infrastructure is used to rollout broadband.
- One sector sharing the infrastructure assets of another lowers the cost of provision for each sector. Possibilities include electricity and broadband cables sharing the same infrastructure assets, routes or networks.

As outlined in the London Infrastructure Plan and elsewhere, the UK is likely to face a significantly higher bill for infrastructure in the coming years and decades. Reducing costs through improved ways of working is therefore an absolute necessity.

However, the current arrangements do not support such ways of working and governance is varied between sectors and, for some, within sectors. This variety has evolved in some cases over many decades and reflects the accumulation of past decisions, many of which were sound at the time.

- In transport, the Mayor has responsibility for planning and management of TfL, but Network Rail has responsibility for rail services, whereas governance for the road network is shared between TfL, Highways Agency and the boroughs.
- Airports policy is a national-government responsibility, although some of the surface access is provided by TfL and regulation is managed by the Civil Aviation Authority.

- The energy sector is made up of private companies, regulated by Ofgem.
- Water is supplied by four monopoly suppliers¹, which are regulated by Ofwat.
- Telecoms are provided by private companies which are regulated by Ofcom. However, within this model, there is an effective monopoly controlled by BT Openreach.
- Private companies collect and dispose of waste under contract to the local authorities.
- No single body or set of bodies manages London's green space from a network perspective. The boroughs and the Royal Parks manage many public parks and open spaces, and much of London's green infrastructure is managed by a variety of other organisations.

While the GLA is the strategic planning authority for London, many of the above bodies do not need to have regard to the growth projections contained within the London Plan, the Mayor's statutory strategic planning document.

When large-scale infrastructure projects are delivered, opportunities are missed for integration. Examples include the following.

- Crossrail tunnels that are currently being built could have included broadband fibre, but will not because decisions were not made at the right time.
- The capacity of green space to reduce flood risk is rarely factored into the planning or design of parks. Their potential to be integrated into regional walking and cycling networks has only recently been recognised.
- Waste disposal is not coordinated at a London level so potential economies of scale are missed.

¹ There are 4 water suppliers in London (Thames Water, Affinity Water, Essex and Suffolk Water and Sutton & East Surrey Water) and 1 sewer undertaker (Thames Water)

There are exceptions where collaboration produces integrated, joined-up and foresightful action. Stakeholders involved in the delivery of the Olympics were clear that early involvement of the whole range of infrastructure providers and effective forums for cross-sector working made a real difference to the cost and ability to deliver within the strict deadline imposed by the Games. Of course the Olympics was a special case but there are important lessons to learn about political commitment and effective cross-sector working that can be taken forward across London, and in delivering on new Opportunity Areas.

The development of King's Cross Central demonstrates how an integrated approach that maps out interdependencies, risks and success measures from the outset reduces costs and delivers projects that meet their full range of objectives. For example, co-ordinating the delivery of utility infrastructure allowed it to be delivered at lower cost than would otherwise have been expected. This was enabled by a single organisation being appointed to deliver multiple utility infrastructure requirements across the site, providing the developer with greater control and flexibility compared to dealing with separate utility companies. Problems and risks were identified and acted upon early in the process to avoid delays and unnecessary costs later.

The key lessons learned from well delivered infrastructure projects as well as those where problems have been encountered are as follows.

- A people-centred approach needs to be adopted from the beginning.
- Effective project management is needed across the entire project – to identify all interdependencies and risks from the outset.
- Early whole industry involvement, from the planning stages onwards, is necessary – to benefit from their expertise.
- Effective forums for cross-sector stakeholder working are important – to identify opportunities for collaboration before they are missed.
- Provision for extra capacity in the future should be made – to reduce costs and allow for future innovations.

The desire to better coordinate (and so reduce costs and risks) exists in the industry. The technology also exists to identify potential for joined-up delivery, for example through underground mapping of assets. The Mayor will provide the leadership that is currently lacking to unite London's infrastructure providers.

The Mayor is establishing a 'London Infrastructure Delivery Board' composed of senior representatives from all the main infrastructure providers in London to create the links across sectors and to utilise their expertise on best practice delivery.

The Board will be established in the Autumn and will include all key players (including the regulators, Infrastructure UK, landowners, developers, utility providers, TfL and Network Rail). We envision that they will meet on a regular basis, possibly monthly to drive forward integrated cost-effective delivery across London. The exact composition of the Board will evolve to reflect its agenda.

The Board will form an expert group to advise the Mayor on best-practice integrated delivery. By bringing the key players together, a key aim is to form links across sectors and actively promote joined-up delivery.

Its main responsibilities will be as follows.

- a. To assist the GLA in developing London's strategic programme of infrastructure works in the light of its growth projections.
- b. To advise on the deliverability of key infrastructure programmes and projects.

- c. On particular projects, to identify and consider key issues around deliverability, to include:
- barriers to delivery
 - opportunities for integration across programmes, projects and sectors
 - opportunities for innovation
 - skills required and options for training and employing Londoners
 - risks
 - best value for money
- d. To act as sounding board for future iterations of the London Infrastructure Plan.
- e. To identify and involve other key players on particular projects.
- f. To promote the benefits of best practice integrated delivery.

Much of London's infrastructure is the responsibility of the regulated utilities. We therefore intend to include the regulators in the Delivery Board. Their presence alongside national government, represented by Infrastructure UK, will be important for two main reasons.

- They can advise on what the regulators permit.
- Current regulations cause a number of issues in London; by becoming actively involved in London's infrastructure delivery they can gain an understanding of the unintended consequences of some regulations and consider effective changes.

The Board will be an important step towards fully integrated delivery as standard. However, the Board alone will not be a panacea.

- National policy and planning is not joined up – Government departments operate quite separately of one another.
- The regulators also operate independently of one another – their planning cycles are out of sync and cover different time frames.
- Incentives in the regulated utilities do not promote a joined-up approach. Energy and water providers do not face the same pressures to drive down costs. Broadband providers are not required to share infrastructure or information.

There are still gains to be made and the Mayor will work to ensure they are realised. By demonstrating the benefits of joined-up delivery and working with Infrastructure UK and other parts of Government the Mayor will push for UK policy to move further towards greater devolution and integration.

London can bring out the very best in infrastructure delivery by providing a conducive environment where:

- the infrastructure industry has the certainty it needs to make investments
- the regulatory and policy framework supports development
- the whole infrastructure industry is involved in planning for infrastructure from the beginning – its expertise is invaluable
- mechanisms are in place to bring infrastructure providers together to integrate plans and jointly develop cost-effective solutions.

This process will take a concerted effort on behalf of the Mayor, London boroughs, national government, the regulators and industry. Ensuring all parties work together will be vital for the successful delivery of London's infrastructure requirements.

To start the process, the Mayor will:

- a) Consult with the borough leaders, the London Assembly and Infrastructure UK on this co-ordination process as well as this and future interactions related to the London Infrastructure Plan to gain cross-party support and commitment to London's major infrastructure requirements, as set out above.
- b) Convene a London Infrastructure Delivery Board composed of senior representatives from all the main infrastructure providers in London to better join up delivery by forging links across sectors and utilising their expertise on best-practice delivery, as set out above.