Is fixing infrastructure in the London city-region undermining the rest of the UK?

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1. Introduction

Infrastructure is once again at the heart of our national political and economic moment.

It is being portrayed as a central problem and potential solution to the longstanding social and geographical inequalities and highly centralised governance that have troubled the UK for many decades.

As a problem, the uneven distribution of public expenditure on infrastructure across the UK is considered unfair and left parts of the country lacking investment and unable to realise new and sustainable paths to prosperity. Centralised national government has prioritised the needs of the London city-region as the engine of national economic growth and tax revenue generation and seat of UK political and economic power.

At the same time, infrastructure is seen as part of the solution to resolve such problems. Before the General Election, the Conservative Government promised an “infrastructure revolution” to “bind the United Kingdom together” through state activism and big infrastructure projects. Commitments were made to further devolution of powers and resources and a “levelling-up” of local autonomy in key areas such as bus and rail services.
In the General Election campaign, Labour too see infrastructure and devolution to local communities as central to addressing climate change, improving quality of life and reducing social and geographical divisions.

Such concerns and the potential for infrastructure to address them have become pressing since the 2008 economic crisis.

Following marked reductions in real wages, living standards and public expenditure, some claim that geographically uneven access to infrastructure contributed to the rise in discontent felt across the country and its expression in the 2016 EU referendum vote and its aftermath.

Amidst national debate about the high-speed rail project HS2’s initial phase linking London with Birmingham, local government leaders in Cumbria stated that residents wanted “any speed rail” and claimed that the lack of a “fair share” of infrastructure investment contributed to the Brexit vote.

As symbols of state neglect and under-investment, infrastructure has now become part of the response to dealing with the problems of the so-called ‘left behind’ people and places across the country.

This evening’s lecture digs deeper into infrastructure’s relations with social and geographical inequalities and centralised governance in the UK.

It draws upon research we undertook in the iBUILD infrastructure research centre between 2014 and 2018 funded by the UK Engineering and Physical Sciences and Economic and Social Research Councils.

It has been brought together in our new book on Financialising City Statecraft and Infrastructure jointly written with Pete O’Brien, Tom Strickland, Graham Thrower and John Tomaney. I’d like to give my heartfelt thanks to them for their collaboration. All of them are also here this evening to answer any difficult questions! The book is
available through your favourite retail channels and – thanks to the publishers Edward Elgar – in the foyer after this evening’s lecture…

Specifically, this lecture addresses the question of whether fixing infrastructure in the London city-region is undermining the rest of the UK?

The argument is that the UK’s geographically uneven infrastructure provision is trapped into servicing the needs of the national economic engine of the London city-region and this situation is constraining the realisation of the economic potential of the rest of the country.

The lecture is organised into four parts. First, I define infrastructure and explain why it is important.

Second, I look behind the headlines to reveal the uneven geography of infrastructure in the UK.

Third, I delve into one of the UK’s fundamental and entrenched problems that helps explain this uneven infrastructure geography: the close relationship between social and geographical inequalities and highly centralised governance.

I’ll then conclude on what this all means and what we might do differently to use infrastructure to address the UK’s divided economic, social and political geography.

To demonstrate the multi-disciplinary dialogues around such issues we’re uniquely placed to have here at Newcastle University, there will be some brief reflections from two internationally renowned experts and professors at Newcastle – Simin Davoudi from Planning and Richard Dawson from Civil Engineering – before we open it up for your questions and comments.

2. What is infrastructure and why does it matter?

What, then, is infrastructure and why does it matter?
It is certainly more than the physical things such as cables, electrical sub-stations, railway tracks and so forth. Indeed, Richard Dawson has argued for an approach to infrastructure that goes beyond “bridges n’ that”!

Infrastructure systems provide services we all rely upon for our everyday lives.

Services such as heat, light, hydration, shelter, connection and mobility enable our basic daily tasks of cooking, eating, resting, washing, communicating with each other and moving around on foot, bikes, boats, cars, trams and trains.

Infrastructure underpins and connects sites for fundamental human and social activities in the home, and places to live, learn, work and play across the world.

Infrastructure is seen as a fix to address the global challenges of economic restructuring, demographic shifts, technological transitions, rising inequalities and climate change.

Infrastructure is made up of unavoidably geographical interconnections between people, physical things, processes, resources and services. For a water system, this includes physical things such as reservoirs, processes including treatment, resources such as flows of water and the essential services of hydration and sanitation for people consuming the water.

In defining infrastructure, Matthew Bishop refers to the “economic arteries and veins…that enable people, goods, commodities, water, energy and information to move about efficiently”.

Or, if you prefer, ‘Last Week Tonight’ host John Oliver sees infrastructure as “anything that can be destroyed in an action movie”!

Different academic disciplines and professions think about infrastructure in different ways.
Engineers take ‘whole systems’ approaches and see infrastructure as ‘systems of systems’ with strong interconnections involved in providing essential services.

Economists interpret infrastructure as a public good that only the state can provide where markets fail. For them, infrastructure generates externalities or spill-over effects such as connectivity that affect the benefits and costs for all firms and households.

Financiers see infrastructure as assets and revenue streams capable of supporting high levels of debt with governments closely involved as contractors and guarantors and regulators of essential service provision.

There are two basic kinds of infrastructure.

“Economic” or “hard” infrastructure includes digital communication, energy, flood protection, transport, waste management and water. “Social” or “soft” infrastructure includes education, health, legal and protective services.

Infrastructure matters for several reasons.

It shapes the economic, social, environmental, political and cultural activities that people in places can undertake and how this helps or hinders the fulfilment of their capabilities and wellbeing.

Who owns, manages, prices and governs infrastructure determines what is provided or not, how much people have to pay for it, for how long and on what terms, and where and when such infrastructure is available or not to people and places.

Last, how infrastructure is owned, run and paid for expresses the nature of the national political economy and the government’s relationships with its citizens and its commitment – or lack thereof – to collective infrastructure provision.
In short, infrastructure is vital in our economy, society, polity and ecology. According to Jeremy Dodson we are in the midst of a “global infrastructure turn” and dramatic increase in interest amongst business, government and the wider public.

This increasing attention is reflected in the dramatic growth in published articles with ‘infrastructure’ in their title since the mid-1990s.

What is important about the current infrastructure moment are the claims of ‘crisis’ and view that national and local governments have under-invested and are struggling to fund, finance and govern infrastructures into the future. ‘Gaps’ are being articulated by various interests but national governments are said to be unwilling or unable to borrow and/or raise taxes to address them.

Gargantuan sums are being discussed. The Organisation for Economic Co-operation and Development calculated that by 2030 the total global infrastructure “investment requirements” for key sectors will amount to $71 trillion dollars (about £58 trillion pounds) – the equivalent of around 3.5% of total annual global Gross Domestic Product between 2007 and 2030.

Claims about ‘crisis’ and ‘gaps’ have further opened the door to external investment from private sector and non-UK government institutions. Such financial actors are attracted by infrastructure as critical, long-term and sometimes monopoly assets with predictable long-term revenue streams able to support high levels of debt and generate attractive combinations of financial returns, risks and maturities.

As a result, a global infrastructure market has been constructed, widening and deepening over time. In an international context of low interest rates, uncertainty and volatility, investors are attracted to low risk sectors which balance their portfolios and produce relatively good returns compared to other asset classes such as commodities or shares.

Large scale, international and often national government-led investors are increasing their involvement and have distinctive ‘spatial signatures’ in the geographies of their
infrastructure investments. They include sovereign wealth funds, pension funds and financial services companies.

Today, then, for infrastructure there is a matching of the increasing interest and demand from governments with the growing involvement and power of these financial actors. This is termed ‘financialisation’ and through this process infrastructure is being unevenly transformed from a collective or public good that only the state provides into a financial asset class for international financial and government investors.

This transformation has profound implications for how infrastructure is funded, financed and governed. Public finance in national and local governments has wider economic, social, political and environmental objectives and longer-term timescales. It is now colliding with the narrower aims and shorter-term horizons of private and commercial finance.

We’ve now covered what infrastructure is and why it matters. Next we turn to the uneven geography of infrastructure in the UK.

3. The uneven geography of infrastructure in the UK

Historically, the UK has experienced a dramatic reduction in government expenditure. Public sector net investment has been reduced by governments of both main political parties from its peak of over 7% of GDP in the late 1960s to 1.5% in 2018.

Putting the UK in its international context, the level of gross fixed capital formation has lagged behind other comparable major economies including Canada, France, Germany and the US since the mid-1990s.
This history of under-investment has left the UK relatively low down in the rankings of infrastructure quality, sitting in 28th place in the World Economic Forum’s recent listing. Switzerland, Singapore and France occupy the top 3 slots.

Within the UK, the geography of infrastructure investment is spatially skewed towards its globalised capital city-region in and around London.

Mapping this geographical distribution is not straightforward due to problems with data availability and determining the location, structure and timing of infrastructure investments. More details are provided in the book.

Overall, the UK Treasury’s public expenditure figures for the period 2011/12 to 2015/16 show that public spending on infrastructure per head was highest in London followed by Scotland. All the other parts of the UK received comparatively less infrastructure investment.

Widening the analysis, other national data reveal a similar picture.

The ‘National Infrastructure and Construction Pipeline’ identifies investment per head for 2017/18 to 2020/21 across England. It shows the highest level is in London and the lowest in Yorkshire and the Humber.

Indeed, many of the largest scale and highest value new infrastructure projects worth over £1 billion completed, underway or being planned are located in or connecting to the London city-region. These include HS2, Crossrail and the Thames Tideway ‘Super-sewer’.

Focusing on specific sectors, transport expenditure per head was substantially higher in London than elsewhere. Between 2012/13 and 2016/17, the data reveal that London remains the highest and fastest growing, rising to £300 per person compared to less than £100 per person in the East Midlands.

Not all infrastructure investment is by national or local government in the UK. The private sector plays an important role especially in energy, telecommunications and water. Data sources on the level and location of their investments are less readily
available. One area we can explore is the geography of Private Finance Initiative (PFI) and Private Finance 2 (PF2) projects where the private sector partners with government to provide infrastructure. Here, the picture is familiar. PFI and PF2 projects by value are concentrated in London and the South East as well as the North West and Scotland, reducing their earlier geographical concentration on the capital.

These examples are just a taste of the analysis in the book.

The overall picture is of an uneven geography of infrastructure in the UK with a strong orientation towards the London city-region.

Where people live, work, learn and play in the UK is serviced by highly differentiated infrastructure systems. This situation is acknowledged by national and city governments and agencies, private institutions and civic actors.

The unevenness results in socially and geographically unequal participation of people in economy, society, polity and culture, shaping life chances and wellbeing across the country.

The key question is why is the UK marked by this uneven and spatially skewed geography of infrastructure?

4. The UK’s fundamental problem: social and spatial inequalities and highly centralised governance

The explanation rests on four related elements: first are the UK’s longstanding social and spatial inequalities; second is the economic and political dominance of London and the UK’s highly centralised governance; third is the geographically skewed project appraisal methodology; and, last are the constraints upon local governments attempting to fund, finance and govern their infrastructure investments.

Let’s consider each of these in turn.
First, the UK has a highly uneven economic geography and deep rooted social and spatial inequalities. As the UK has deindustrialised and evolved into a service-based economy, its economic geography has concentrated in London and its city-region. London’s share of the national economy increased from 4% to 23% of total UK Gross Value Added between 1997 and 2015. All the other regions declined over the same period.

Historically, social and spatial inequalities have been persistent and growing: the coefficient of variance or difference between the most and least prosperous regions increased by nearly seven points between 1871 and 2007. On an index of regional Gross Domestic Product per head where the UK is 100, London increased from 142 to 165 while the North East and Cumbria fell furthest from 94 to 75 over the same period.

These entrenched historical trends mean the UK now has a hierarchical and monocentric economic geography dominated by the London city-region. The capital has become a ‘spatial spike’ of economic activity with a high density of jobs concentrated in London.

This geographical concentration has an increasingly expansive spatial footprint. The map of people commuting in and out of London each day is widening, increasing their reliance upon effective and cost-efficient public transport systems.

For some, this uneven geography is an economically rational outcome and the most efficient and productive way to organise the UK economy. Large scale infrastructure investments should be focused on the most populated and largest centre of economic activity and tax generation in the UK. In this view, we would all be poorer without London’s economic might and should accept the use of general taxation gathered across the UK to invest in infrastructure to support the capital. London’s growth, it is argued, supports and complements expansion elsewhere in the UK through ‘trickle down’ or spill-over effects. As consultancy GLA Economics put it: “When London grows, the rest of the UK grows”. Approaches seeking to address
social and spatial disparities are seen as spreading scarce public resources too thinly across the UK and not supporting those places able to grow.

For others, this uneven geography is economically inefficient. London is vulnerable to overload and the diseconomies or costs of the spatial concentration of economic activities such as unaffordable housing and the negative externalities or spill-overs of congestion and poor air quality. Supply bottlenecks are reached in land, housing and labour markets that raises their prices more quickly than in other countries with more spatially balanced economic geographies. The skewed geographical distribution of infrastructure investment means that London and its city-region is getting higher levels of public expenditure per head than elsewhere in the UK in attempts to address these problems, fuelling discontent with perceived unfairness across the rest of the country.

Second, the dominance of London as the engine of the national economy and tax revenue generation has strongly shaped national government strategy and policy. Located in the seat of political and economic power in the UK, national government often takes a ‘London-centric’ perspective. In this view, the uneven economic geography has effectively reinforced the centralised governance system.

Indeed, the UK has one of the most centralised governance systems internationally. The Regional Authority Index measures the decentralisation of powers and resources across countries. The UK sits just above Greece in this ranking and well below more decentralised countries such as Germany, Spain and Belgium. The longer run picture is one of relatively low and stable levels of decentralisation, punctuated by increased centralisation especially in England during the 1980s and 1990s, until the late 1990s devolution to Northern Ireland, Scotland and Wales.

The uneven geography of economic activity and tax generation further reinforces this centralised political economy. The continued and growing net surplus of tax receipts over public expenditure in London demonstrates its positive contribution to national public finances. From the late 1990s and except for the period around the 2008 crisis, London and the South East have had a persistent negative fiscal balance,
generating a financial surplus that underpins redistributive transfers across the rest of the UK.

The UK’s economic and political geography has reproduced and reinforced a spatially skewed national narrative that has been expressed by national and London actors and financial interests. This narrative prioritises the infrastructure needs of London as the main engine of national economic growth and tax revenue generation. Focusing available public investment upon resolving market failures and supply bottlenecks in the most productive and economically prosperous capital city-region is deemed the most effective policy response. The case is made for investing in rather than penalising economic success. Given its weight within the national political economy, London projects are deemed nationally important and national projects are often oriented to the capital’s needs.

This geographically skewed approach has not always been followed in the UK. Historically, the post-war construction of a distinctive version of what Steve Graham and Simon Marvin called the “modern infrastructure ideal” created a highly centralised, top-down and national framework of state management, Keynesian economic policy and the welfare state. It was marked by ‘One Nation’ politics, commitment to redistribution, integration, modernisation and nation-building that sought to deliver broadly similar essential services to everyone at similar cost across the country. This ambition was achieved mostly through monopolies in national infrastructure systems and institutions.

For this period think British Railways, the Central Electricity Generating Board, the motorway network and Post Office Telecommunications. Provision of such infrastructures was deemed a fundamental role for national government, paid for by revenues from general taxation, additional borrowing and some user fees.

This UK version of the ‘modern infrastructural ideal’ was undermined by the break-up of the state-regulated mass production and consumption model from the early 1970s through deindustrialisation, the rise of services, rising inflation and unemployment, internationalisation and technological change. This transition eroded tax bases and generated growing national and city government indebtedness and fiscal crisis.
The next period from the 1970s was marked by the socially and geographically uneven fragmentation and splintering of infrastructure provision in the UK. This shift was generated by deregulation, privatisation, the break-up of monopolies, introduction of competition and financialisation. Infrastructure networks were split or ‘unbundled’ with the aim of reducing costs and prices and increasing consumer choice, often to the disadvantage of poorer people and places.

This period was marked by uneven moves towards private interests, public-private partnerships, finance actor engagement and antipathy to public ownership and management. National and local government were criticised for under-investment, causing the infrastructure ‘crisis’ and not securing sufficient private investment. Attempts were made to reframe infrastructure items and systems from failing public goods provided by the state to potentially lucrative assets with value to be unlocked by finance. Funding and financing were increasingly mixed through public, private and hybrid arrangements.

This fragmentation and splintering of the UK’s ‘modern infrastructure ideal’ is fundamental to explaining the geographically uneven infrastructure provision across the country.

Crucially, with demise of the national Keynesian settlement, actors in London and its city-region were more able to reassert their interests in a more liberalised and supportive national political and economic context.

In 2012, for example, Business association London First argued that “In the period following the Second World War, we made a conscious choice not to grow London and instead planned for its decline; an approach that was to the detriment of the UK as a whole”.

Third, the geographical bias in infrastructure investment has become engrained in how government administration works. The UK Treasury’s Green Book specifies the appraisal methods for working out the costs and benefits of public intervention and expenditure.
This way of assessing the cases for public investment is based upon calculation of their current economic or market value and rated using Benefit–Cost Ratios.

This method produces geographically skewed outcomes. Projects located in more productive and stronger economies have higher current economic or market values – for example in house prices and wages – and therefore generate higher benefit-cost ratios. These projects are then authorised for investment ahead of other projects located in less productive and weaker economies. These places have lower current economic or market values – in house prices and wages – and are therefore only able to generate relatively lower Benefit-Cost Ratios.

*The Economist* cites the example of an investment to replace the infamous Pacer trains in northern England calculated to produce 35p in benefit for each £1 of cost, compared to £2.10 for every £1 for Crossrail in London.

The Green Book method therefore skews investment geographically to areas – especially the London city-region – with larger potential economic benefits for every £1 of public investment committed. It leads directly to the prioritisation of investment in growth hotspots being constrained by their infrastructure and inhibiting further city and national growth, especially London. As then Mayor of London Boris Johnson put it: “£1 spent in Croydon is of more national value than £1 spent in Strathclyde”.

The mayor of Greater Manchester, Andy Burnham, has criticised this approach. He noted that projects are judged by the economic value they created and those “in parts of the country where the economy was strongest were more likely to score highest” with no weighting given to “areas with higher social need that required better transport to grow their economy”.

*Fourth and last,* given sustained national under-investment in the UK and unprecedented public expenditure reductions since 2010, there are limits to how much public funding is available to invest in infrastructure.

If London is being allocated the bulk of available investment because of its dominant position within the national political economy then little is left for the cities and
regions elsewhere in the UK to invest in infrastructure to enable their growth. There is debate, however, over whether this is a zero-sum game and many have called for increased investment across the country.

Confronting a public expenditure squeeze, limited decentralisation and a skewed infrastructure geography, local governments across the UK are constrained and have been forced into new strategies and practices in attempts to fund and finance local infrastructure investment.

Facing what former Birmingham City Council leader Sir Albert Bore called the ‘jaws of doom’ of rising adult and social care costs and reduced funding transfers from national government, local governments have been compelled to develop new strategies and enter into innovative and untried funding and financing arrangements.

These include acquiring assets with revenue streams to offset expenditure reductions and support local statutory service delivery, borrowing against future tax revenues and securing credit ratings and issuing bonds.

Such new practices have increased local governments’ borrowing and commitments to long-term contracts costly to renegotiate as priorities and conditions change. These new arrangements are more risky, speculative and uncertain than those used by local governments historically.

Financial actors have been quick to see the emerging business opportunities in the public sector. Local government demand and financial institution supply has been broadening, deepening and accelerating the shift from tried-and-tested taxes, fees and borrowing to new instruments such as asset leasing and revolving funds.

Together, these four elements explain the spatially skewed and unequal geography of infrastructure in the UK:

i) the UK’s uneven economic geography and longstanding and persistent social and spatial disparities;

ii) the economic and political dominance of London and the UK’s highly centralised governance system;
iii) the geographically skewed project appraisal methodology;
iv) and, the constraints upon local governments attempting to innovate and fund their own infrastructure investments.

Given London’s growth and central place and weight in the UK’s political economy, it’s infrastructure demands and needs are ongoing. Estimates of future infrastructure investment for London are £1.3trn to 2050, over three quarters of which is for housing and transport.

National government is effectively trapped into supporting this infrastructure investment in the UK’s economic engine. The priority is sustaining the dynamic economic benefits of geographical concentration in the London city-region. Infrastructure investment aims continually to defer the point at which the rising costs of land, housing, labour and capital and negative spill-overs of congestion and deteriorating environmental conditions incentivise economic activities to relocate beyond the capital. That such motivations for dispersal could be used to stimulate and encourage more infrastructure investment beyond the capital is a secondary concern.

Indeed, the UK Treasury’s own review reveals that the costs of infrastructure provision in London are rising and will soak up more investment in fewer and larger future projects. Infrastructure provision complexity and costs are increasing due to underlying land value increases and dealing with ageing and incumbent systems in densely urbanised areas. Building in crowded cities costs much more than construction in empty fields.

The geographically uneven national distribution of public resources for infrastructure undermines national government aims for spatial ‘rebalancing’ or ‘levelling-up’ across the country.

Cities and regions elsewhere in the UK risk being left behind in the shadow of the London city-region’s rising demands and costs of infrastructure provision and its actors’ claims upon national public expenditure.
4. Conclusions

This contemporary moment has distinct echoes of the Barlow report on the Distribution of the Industrial Population from the 1940s.

Barlow expressed concerns about persistent geographical inequalities in the UK, connecting growth in the London and Greater South East core to under-development in the peripheries elsewhere in the country.

Such issues have returned and crystallised around infrastructure as the geographical inequality in the spatial distribution of investment across the UK has revealed.

With infrastructure again a central part of our current political economy in the UK, the aim of today’s lecture was to examine its relations with social and geographical inequalities and centralised governance.

In a context where even liberal and market-friendly magazines such as The Economist bemoans how outside London people will “discover infrastructure that looks like it is from another, poorer country” and acknowledges that a “divide exists between London and the rest”, the question of whether fixing infrastructure in the London city-region is undermining the rest of the UK has been addressed.

The argument was that the UK’s geographically uneven infrastructure provision is trapped into servicing the needs of the national economic engine of the London city-region and this situation is limiting what can be done in other places and undermining economic potential in the rest of the country.

This much is recognised. Nationally, the Queen’s Speech in October 2019 noted the then government’s plans to develop a ‘National Infrastructure Strategy’ with the explicit aim that “the benefits of a prospering economy reach every corner of the United Kingdom”.

The London Chamber of Commerce too argued that “London is heading towards megacity status with 10 million people by 2030 and while we seek the right infrastructure here, it is important that the rest of the country continues to grow as
well. At present cross-country travelling between the great northern cities of Liverpool, Manchester, Leeds and Sheffield is a tortuous, time consuming experience. That is not good for business or Britain plc”.

What, then, can be done about this situation? How can we use infrastructure to address the deep and persistent social and geographical inequalities and highly centralised governance in the UK?

Inspired by our multi-disciplinary work within the iBUILD research centre we have some ideas. First, we can change the way we think about infrastructure. Against its transformation from a collective good into an asset class, we need to reframe the question and ask ‘what kind of infrastructure and for whom?’ Our answer is that we need a people and place rather than finance-centred approach.

This people and place-based perspective aims to provide access to high-quality, affordable, convenient and reliable services and protection from risk. Widening beyond a narrow and solely economic and financial focus, this view interprets infrastructure as the means through which people are connected to wider social, environmental, cultural and political opportunities for human fulfilment and wellbeing. It also prompts thinking about how it can be done in more economically, socially and environmentally sustainable ways.

Rather than channelling cities and regions towards financial institutions and the kinds of infrastructure they want to finance, this approach opens the door to a wider discussion and the possibilities of alternative approaches.

New ideas are needed for funding, financing and governing local infrastructure. Research in the iBUILD research centre identified many including: new state-led institutions such as regional development banks backed by the UK sovereign’s guarantee and able to access low cost borrowing; new and more social forms of collective and mutual ownership; innovative configurations of public, private and civic joint working; and, new and reformed regulation and forms of taxation.
Such an approach provides a way to return to and reinforce the public dimensions of infrastructure as integral to what Karel Williams and colleagues call the ‘foundational economy’ of universal basic services that provide the essential underpinnings of civilised everyday life and collective consumption.

Some progress is being made on this agenda. The Industrial Strategy Commission proposed the notion of “Universal Basic Infrastructure” and the iBUILD research centre an “Infrastructure Service Guarantee” aimed at ensuring appropriate provision of both the hard and soft infrastructures that enable and support the capacities of all people and places.

Second, meaningful decentralisation of powers and resources are needed to enable more people-centred and place-based infrastructure strategies and policies tailored to the needs of cities and regions across the UK.

In this way, the untapped economic potential of cities and regions can be mobilised in sustainable ways. Investing in infrastructure is necessary to raise productivity across the country rather than only seeking to increase productivity even further in the already high performing London city-region.

All people and places across the UK can then contribute positively to national prosperity and wellbeing; rather than being portrayed as a drain on the national economy and public purse.

Changing the way we think about infrastructure and decentralising powers and resources require reforms in the centre: in national government and the civil service in Whitehall.

In terms of national economic strategy, the UK retains – at least for now! – a relatively high credit rating and can borrow to invest in infrastructure in the context of low interest rates internationally.

The UK National Audit Office estimated that the interest rates for government borrowing were 3.3 to 3.4% compared to 7.4 to 7.5% for accessing private finance.
The returns and ability to service and repay this cheaper borrowing would then be generated by the additional growth this infrastructure investment would produce.

As Nobel Economics Prize winner Paul Krugman noted now is “time to borrow” to invest because: “Spending more now would mean a bigger economy later, which would mean more tax revenue...larger than any rise in future interest payments” and it would boost job creation too.

Indeed, the UK’s independent Office for Budget Responsibility estimated that the fiscal multiplier of capital spending is between 1 and 1.3. This means that a 1% increase in national capital spending would boost national GDP by 1–1.3%, generating further tax revenues to repay the borrowing secured at a lower interest rate.

More advice and support are also needed for cities and regions to use the Treasury’s Green Book project appraisal methodology in ways that address its otherwise spatially skewed outcomes.

Building on the Department for Transport’s “rebalancing toolkit”, adjusted weightings are needed more appropriately to value projects in places with weaker economies, higher social needs and environmental issues.

In tackling the fixes for the London city-region’s infrastructure and their undermining of efforts elsewhere across the UK, this is the landscape upon which the future articulation of socially rather than financially useful city and regional infrastructures will need to take place.

Thanks for your attention and I look forward to the reflections of Simin Davoudi and Richard Dawson and the comments and questions from the wider audience.

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