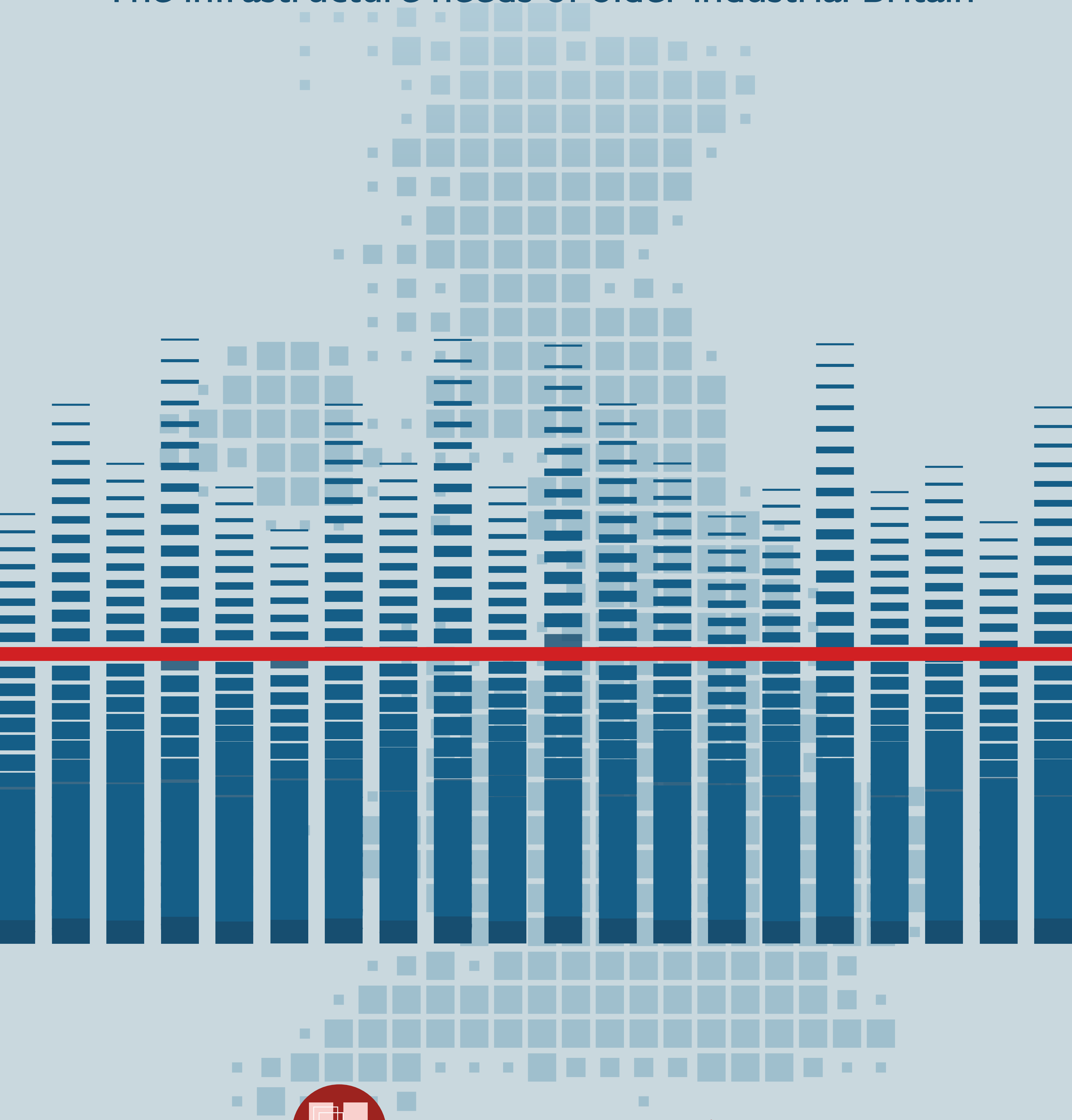
LEVELLING UP

The infrastructure needs of older industrial Britain



Industrial Communities **Alliance**

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The UK government has made a commitment to an unprecedented expansion in spending on infrastructure. The scale and timing of the expansion will no doubt be tempered by the coronavirus crisis but the emphasis placed on infrastructure suggests that the government is unlikely to be deflected. But where will this infrastructure spending go? Which parts of the UK will be targeted? And what sorts of projects will be supported?

This report sets out the infrastructure needs of Britain's older industrial areas, which include so many of the 'left behind' places that deserve to be at the front of the queue for investment.

The new commitment

In his bid to become Prime Minister, Boris Johnson said that one of his key aspirations was to level-up the UK economy. He acknowledged that the regional disparities within the UK are wide, with London's economy charging away whilst other parts of the UK are being left behind, and that the infrastructure should be put in place to lift every region.

After the General Election in December 2019, he found himself with a substantial number of Conservative MPs representing what were once considered safe Labour seats – the so-called 'red wall', predominantly in the industrial heartlands of the Midlands and the North of England. These areas and their new MPs are looking to the government to deliver the promise to level-up the economy and provide the infrastructure their communities need. But it is not just the red wall constituencies that are expecting the promises on levelling-up to be delivered. Older industrial communities throughout the whole of Britain are now hoping for a new focus on their needs.

The Budget on 11 March 2020 began to flesh out the government's commitment. It announced that over the next five years the public sector will invest £640bn. By 2024-25, the plan was that public sector net investment would be triple the average over the last 40 years in real terms[1]. The intention was that the Comprehensive Spending Review – planned

[1] HM Treasury, *Budget 2020*, p.31.

for the summer but now delayed – would allocate capital funding for projects across the UK "to drive growth, level up economic opportunity, decarbonize the economy, and maintain and build high quality public infrastructure". A *National Infrastructure Strategy*, to be published in Spring 2020, would set out plans.

What was not anticipated was that just twelve days after the Budget the UK would be put into lockdown, with businesses shutting, people losing their jobs or being furloughed and the economy plunged into an unprecedented recession. Social and economic weaknesses have been exposed and key industries now face an uncertain future. Against the backdrop of crisis and recession, much of Britain will more than ever need public investment to be part of the recovery.

Older industrial Britain

'Older industrial Britain' is a substantial part of the country, accounting for perhaps a third of the total population, mainly but not exclusively in the Midlands, North, Scotland and Wales. It covers cities, towns and smaller communities that were often in the very vanguard of the Industrial Revolution, providing the fuels, goods and technologies that would create the modern world.

Massive investment in transport infrastructure supported the original growth of this part of Britain – initially in the canal network and docks, later in railways, and in the 20th century in new roads. There were also massive investments in water supply, drainage systems, power stations, gas supply and, later on, the telephone network. This was often an era of great municipalism, where local authorities alongside central government and private investors led the way in putting in place the infrastructure to support economic growth. We still use much of that infrastructure: the Midland mainline, for example, still runs through Robert Stephenson's tunnels.

In many places the old industries have now gone or shrunk to a fraction of their former size, and it has been a long struggle to rebuild the economies of the cities, towns and communities that once depended upon them. There has been real progress, but for too long much of older industrial Britain has lagged behind in terms of prosperity, and the UK economy as a whole has been weaker as a result.

In the industrial areas of the Midlands, North, Scotland and Wales there is actually still a substantial manufacturing sector, including industries such as aerospace, motor vehicles, train building, chemicals, steel and much more. In addition, there are the supply chains which surround these industries. What these places still need, however, are more jobs and in particular more 'good jobs', offering training and advancement and paying wages that allow a more than a basic standard of living.

In older industrial Britain the UK government's commitment to levelling up the economy is very welcome. Investment in infrastructure has a key role in delivering this.

The investment that's needed

Rail tracks, rolling stock and services

There is no clearer example of how older industrial Britain has been short-changed than the skewed pattern of investment in rail.

For many years, investment in rail has been focused either on London or on the routes between the big cities. London's Crossrail, nearing completion, is expected to have cost around £20bn. HS2, linking London and Birmingham with potential extensions to Manchester and Leeds, could cost as much as £100bn. These staggering sums dwarf the rail investment in other parts of the country.

Older industrial Britain's needs are distinctive and neglected. Faster links between the big cities are welcome – the electrification of the line between Cardiff and Swansea, now suspended, is an example – but the key requirement is for more for investment in local connections, in particular between cities and their surrounding towns and smaller communities. Over the last decade, job growth in the cities has pulled in more and more commuters from the older industrial towns in their hinterlands and the strain on local road networks is showing badly, with even more congestion and longer journey times. Travel by rail offers an environmentally sound alternative but in too many places the network is skeletal and rolling stock has become overloaded.

In older industrial Britain there are a wealth of railway lines that could be reopened. Some of these are lines closed as part of the Beeching cuts of the 1960s. There are also present-day freight lines that could be opened to passenger traffic, often restoring long-lost services. There is a tremendous opportunity here for investments, at a fraction of the cost of prestige schemes, that could be transformative for communities:

- **New services**. The re-introduction of passenger services on long-lost routes has often proved a commercial success – the Waverley line from the Scottish Borders and Midlothian into Edinburgh, and the service from Ebbw Vale into Cardiff, are classic examples.

- **New stations**. Some present-day services pass through stations that closed when the assumption was that most people would work close to home and those that didn't would travel by car. Other services pass through newly-developed residential areas that have never had a station of their own.

Investing in a better rail network between the cities, towns and communities of older industrial Britain would boost their economies and contribute to the levelling up of the UK economy. In an environmentally sustainable way, it would improve access to centres of employment, opening up access to job opportunities and raising local employment rates. It would increase the pool of labour available to businesses and facilitate growth. The investment would also give a boost to the UK steel industry and civil engineering.

RAIL INVESTMENT – EXAMPLES OF SUCCESS

Robin Hood line, East Midlands

The Robin Hood line runs from Nottingham through the former coalfields of North Nottinghamshire and North Derbyshire to Worksop, connecting a number of older industrial towns to the city and opening up commuting and leisure opportunities. A passenger service was discontinued as part of the Beeching cuts of the 1960s but much of the line continued to be used by freight trains. It was gradually re-opened to passenger services between 1993 and 1998 with financial support from the local county councils and is now run on a commercial basis by East Midland Railways. The service will have a full evening and Sunday service from 2020 onwards and there are well-developed plans to create a new spur to Edwinstowe and Ollerton.

Ebbw Vale line, South Wales

A passenger service from Ebbw Vale to Cardiff was reinstated in 2008 after the line had been freight-only for 46 years, serving the local steelworks. Following the closure of the steelworks there was a pressing need to enable local residents to access jobs further afield. In 2015 the line was extended to serve a new station, Ebbw Vale Town. The original forecast was for 50,000 users a year but currently 250,000 use the line. There are plans to introduce a passenger service to Newport and to increase the frequency of trains from one an hour to four.

Borders Railway, Scotland

The track on which the Borders Railway (also known as the Waverley Line) now runs was a Beeching closure in 1969. The stretch between Edinburgh and Tweedbank, via the former mining communities of Midlothian, was reopened in 2015. There were immediate problems because demand for the service was twice what had been expected, leading to overcrowding. ScotRail has subsequently increased carriage numbers and extended the car park at Tweedbank to accommodate travellers, who include tourists as well as many commuters into Edinburgh. The Office of Road and Rail in Scotland estimates that over two million people used the line in 2018-19.

Investing in rail infrastructure in older industrial Britain is also about rejuvenating networks and making them a more attractive way to travel:

- **New rolling stock**. Local services often still use old trains and carriages. Slow, noisy and polluting diesel trains run on lines that have already been electrified. Carriages from the 1980s do not meet the expectations of passengers who expect features such as automated doors, information displays and modern-day necessities such as charging points and WiFi.

- **More frequent services**. London commuters are accustomed to services that run every few minutes. Not so in older industrial Britain. Miss the train from Worksop to nearby Sheffield, for example, and you'll have an hour's wait for the next. Early morning, late night and Sunday services can be scarce or non-existent. Increasing frequency and the range of times would make the rail service a more feasible option for workers outside the standard 9-to-5 model, for example those who work shifts or in the care and hospitality sectors.

- **Better station experience**. Some stations in smaller towns and communities still have the original Victorian buildings, largely unchanged. In other cases the original station buildings were demolished in the 1960s and 70s and all that is left is a shelter and no other facilities. Stations can be inhospitable places particularly for lone travellers, with bad lighting, dark underpasses and isolated car parks. Often they are in locations that do not mesh well with local buses and are not kitted out for cyclists.

There are numerous opportunities for local rail investment that have been on the drawing board for years. Some may take millions of pounds worth of investment; others could be delivered with a more modest budget.

Road network

In the light of environmental concerns, investment in roads has often fallen out of favour, but roads in the right places can still play a vital role in helping areas regenerate and driving growth.

Roads make it easier for people and goods to move around, both locally and connecting to regional and national networks. Roads can open up land for development, whether it be for commercial properties or new homes, creating job opportunities and bringing in investment. By taking traffic out of residential and commercial areas, roads can also improve road safety and reduce air pollution.

For better or worse much of older industrial Britain, especially away from the cities, relies heavily on private cars to move people to work and on lorries to collect and deliver goods. Investment in rail and other public transport can only go so far in reducing this dependence, especially in smaller towns and communities that are never likely to be able to offer the dense public transport networks more common in the big cities.

RAIL INVESTMENT – SOME CURRENT PROPOSALS

Northumberland Line

The proposed Northumberland Line aims to link a series of former colliery towns with Newcastle and the Tyne & Wear Metro network, opening up a much wider range of job opportunities to local residents. The service plans to use a mixture of old passenger lines as well as the freight lines that once served the mines and an aluminium smelter. New stations would be created at Seaton Delaval, Newsham, Blyth Bebside, Bedlington and Ashington. The cost of opening up the railway is estimated to be £99m.

Doncaster Sheffield Airport

Doncaster Sheffield Airport is one of the UK's newest airports and has been expanding its passenger numbers but lacks a rail connection despite its proximity to the East Coast mainline. Development of the airport is seen as a strategic asset for the wider region. The proposal is to create a four-and-a-half-mile long spur off the mainline, also linking into Doncaster station, that would allow services to run directly in and out of the airport. The link would increase the airport's rail catchment population (within 90 minutes journey time) from 2.4 million to 8.8 million.

East Cleveland line

In Redcar & Cleveland, in North East England, there is a proposal to open the freight line that currently serves the Skinningrove steelworks and Boulby potash mine for passenger services. The current passenger service terminates at Saltburn, several miles along the coast. The proposed service would open up access to and from the former ironstone mining towns of Brotton and Loftus and has the potential to create a scenic tourist route along the local cliffs.

Pontypool & New Inn station, South Wales

There are proposals to turn the existing station in this former mining valley into a hub for regional travel, including a new park and ride car park, footbridge and new slip roads. The intention is to improve access to Newport, Cardiff and Bristol and help reduce congestion on the M4 and local roads.

Britain's strategic road network is largely in place. What older industrial areas needs are relatively modest investments that have the potential to make a big difference at the local level:

- **Access roads** to open up development sites for industry and housing, including where appropriate new motorway junctions.

- **By passes** to take heavy traffic out of towns and smaller communities.

- **Removal of bottlenecks** that disproportionately impede travel to work and the movement of goods.

- **Better connections** into the more remote places – the industrial towns and communities of West Cumbria for example – that otherwise struggle to attract investment.

Most local authorities across England, Scotland and Wales have schemes of this kind that could be delivered quickly if the right funding became available.

There is an additional and immediate need, triggered by the coronavirus crisis and the resulting limitations on the capacity of public transport, for investment in streets and roads:

- **Adaptation for 'active travel'** – walking and cycling – that changes road layouts, introduces multi-user pathways and closes some roads to traffic to create a safer and more attractive place for pedestrians and cyclists.

Investment in active travel has potential longer-term gains, not least in helping to reduce carbon emissions and in improving health and fitness. In older industrial Britain there are old railway tracks and canal towpaths that could be used by cyclists and pedestrians, including as an asset to attract visitors. The provision of safe cycle storage at transport interchanges and more cycle space on public transport would also encourage a move away from private cars.

Buses and trams

Historically, most men and women in older industrial Britain walked or cycled to work, or took the bus. However, as the old industries declined people found themselves needing to travel further afield and to more dispersed places. Some now work in cities, others in neighbouring towns or on out-of-town industrial estates. Bus usage has declined, and for work and leisure many people have become dependent on the private car.

Deregulation moved bus services from a public service model to a commercially driven model. One result is that regular bus services have often retreated to the biggest cities, where there are enough passengers to maintain viability. Away from the cities, buses can be few and far between and sometimes run only at peak times. Early morning, late night and weekend services often only exist because of local authority subsidies. Local authority

HOW ROADS CAN MAKE A DIFFERENCE

Dearne Valley link road, South Yorkshire

The Dearne Valley used to be one of the heartlands of the British coal industry. The Dearne Valley, which lies between Barnsley, Doncaster and Rotherham, is made up of a number of smaller towns and villages established around the local mines. The area went into severe decline when all the collieries closed in the 1980s and early 1990s. Worklessness was widespread, and former pit sites were mostly derelict.

The original roads in the Dearne Valley were predominantly small, more reflective of the rural setting of the area before the arrival of the coal industry which relied first and foremost on the railways. The local road infrastructure was ill-suited for modern business development or indeed for commuting to nearby cities and towns.

What was needed, in particular, was a link road to the nearby M1. The dual carriageway Dearne Valley Link Road (A6195) was completed in 1998 and there were also major investments in the connecting network of roads, including a number of by-passes of former mining towns taking heavy traffic out of residential and commercial areas. The road investment, combined with the reclamation of former colliery sites and 'enterprise zone' status has transformed the Dearne Valley. The area's problems have not entirely disappeared but the new roads now serve numerous retail and industrial units, new homes, and thousands of new jobs.

Dualling the Heads of the Valleys, South Wales

The dualling of the A465 Heads of the Valleys road between Hirwaun and Abergavenny in South Wales, which is nearing completion at a cost of around £1bn, is one of the largest public sector investment projects in Wales. It links Swansea, West Wales and the Valleys with the English Midlands and beyond.

The road has the potential to help transform the economy of one of the poorest areas in the UK, including former mining and steel towns beyond easy commuting distance of Cardiff and the M4 corridor. Investment in business sites and premises, in skills and training and in 'anchor towns' as sub-regional centre of growth is now needed to maximise the opportunities opened up by the new road.

finances, however, are extremely stretched so often the subsidies have been withdrawn, leaving areas without services.

For many people, buses continue to provide the vital link between outlying communities and jobs and services in town centres but, for a long time, buses have had a reputation for being unreliable, unpleasant and inconvenient. To the credit of the bus companies, their vehicle stock has mostly been upgraded with USB charging points, free WiFi and contactless payment. Nevertheless. in many places outside the big cities the experience of catching a bus has remained unchanged – if you're lucky a draughty bus shelter, no real-time information and few or no services out of peak hours – and too many services meander around housing estates.

As the UK tries to move towards a more sustainable, greener economy, increasing bus usage offers a cost-effective way forward. However, the cost of bus lanes and other priority measures, bus stations, shelters and stops falls on local authorities that after years of budget cuts are often in no position to invest heavily in infrastructure. The priority for investment in buses therefore needs to be:

- **Funding for local authorities** to enable them to invest in the infrastructure supporting bus services, and restore the subsidies necessary to keep less economic routes operating.

In practical terms, the infrastructure spending that would help support buses services in older industrial Britain, and in much of the rest of the country, includes:

- **Real-time bus information**. Whilst real-time information about services is commonplace in the cities and larger towns it is still lacking in vast swathes of the country. Having real-time information at the bus stop or being able to track progress via an app would rule out uncertainty and create an experience more akin to catching a train.

- **Smart ticketing**. London was the first to introduce smart ticketing with the Oyster card and has extended the benefits to contactless payments. It gives users flexibility, immediacy, convenience, no queuing for tickets and no worrying about which purchase is best value. The experience is one of 'frictionless travel', taking pressure off the traveller and making the bus experience more attractive.

- **New bus stations and interchanges**. Whilst many larger towns and cities have new bus stations and transport interchanges, many smaller towns have little more than bus shelters, open to the elements with nowhere to sit and no other amenities.

- **Bus priority measures.** Bus priority measures can shift travellers from cars and in so doing reduce delays for both bus users and car drivers. Infrastructure measures such as lane segregation; traffic management; traffic signal control; and bus stop improvements can help buses avoid congestion and make them more attractive.

Many councils have ambitions and plans to improve their bus networks. They need the funding to enable them to deliver.

Trams and light rail schemes can be part of the jigsaw. Once a common mode of transport in many cities and towns, by the 1970s trams had largely become a thing of the past. The first modern light rail project in Britain was the Tyne and Wear Metro. Other light rail and tram schemes have since been introduced in Sheffield, Manchester, Croydon, London Docklands, Birmingham, Nottingham and Edinburgh. Other areas have sought government funding but been refused.

Possibly the most ambitious and complex transport plan at present, integrating heavy rail, light rail and bus services, is for the Cardiff city region, which extends deep into the Welsh Valleys, one of the UK's most disadvantaged older industrial areas. For the Valleys, the investment programme has the potential to be transformative.

Development land

If you want new jobs and businesses in an area you have to have somewhere to put them. This is a rather obvious point but unfortunately the supply of development land is not always straightforward.

A key problem in just about all older industrial areas is the weakness of the industrial and commercial property market. Low land values and low property rents mean that older industrial areas rarely offer the sort of return that commercial investors expect. In particular, developing brownfield land is unlikely to be commercially viable.

Many of the largest brownfield sites that once blighted older industrial communities have now been cleaned up through the work of agencies such English Partnerships and the Welsh Development Agency. Former colliery sites in England, for example, were remediated and regenerated through the National Coalfields Programme. Where undermining for stone, chalk and salt threatened towns with subsidence, these were dealt with by the Land Stabilisation Programme. Where a major industrial site has closed leaving significant contamination issues, such as the steelworks in Redcar, the government has sometimes established a Special Purpose Vehicle to lead the clean-up. In the case of the UK's earliest nuclear power stations, the Nuclear Decommissioning Authority takes the lead.

However, in many older industrial towns there are still derelict or contaminated sites for which a solution remains to be found. The problem is negative land values – the cost of cleaning up and site preparation exceeds the value of the completed development-ready site. In these circumstances the private sector fails to bring the site to market. Additional complications in some places include watercourses prone to flooding, where the cost of flood defences means the private sector is unwilling to invest.

In England, there is no longer a government agency charged with addressing these problems. The government provides corporation tax relief for certain costs involved in cleaning up contaminated land but the way the tax is calculated still leaves the landowner or developer with large costs. The Welsh Government remains committed to tackling contaminated land through help for local authorities but the funding is modest. In Scotland, a vacant and derelict land fund is available to only five local authorities and, at just £11.4m in 2019-20, the funding is again modest.

Across the whole of older industrial Britain, the funding to bring forward brownfield sites for development is therefore limited and this impacts far harder in these places, where land values are low, than in London or most of the South East, where much higher land values mean that even difficult projects stack up commercially.

This is classic 'market failure', but there is a clear and well-tried solution:

- **Gap funding for brownfield sites** is needed to make it worthwhile for the private sector to invest in bringing forward sites that are often of strategic importance but costly to develop.

SITE RECLAMATION – THE NATIONAL COALFIELDS PROGRAMME

The closure of coalmines created a legacy of redundant sites across the country, many in public ownership and nearly all in disadvantaged communities. Low land values and the cost of cleaning up meant that most of the sites could not be reclaimed or brought back into use without government funding.

In England, the National Coalfields Programme was established in 1996 by the then Conservative government, initially under the government agency English Partnerships and later the Homes and Communities Agency, and subsequently expanded in several stages under Labour. The concept behind the programme was that the revenue from sites with positive value would cross-subsidise the reclamation of sites with negative value. Some of this was achieved by direct public sector development and in other cases by gap funding to support development by the private sector.

By the time the programme was completed nearly twenty years later, around 100 former coal sites covering 4,000 hectares had been brought back to economic or recreational use. The targets of two million sq. metres of new employment floorspace, more than 40,000 new jobs and 13,000 new homes were in sight. For an up-front outlay of rather more than £800m, the public sector collected around £400m in revenue from completed sites and levered in more than £1bn in private sector investment.

BUSINESS SPACE

Small units in the former coalfields

The former coalfields have a shortage of good quality space for small firms, but private sector developers show a reluctance to invest. The Coalfields Regeneration Trust – a charitable body operating across England, Scotland and Wales – took the decision to build 32,000 sq. ft. of industrial floorspace in Ollerton in Nottinghamshire, with financial help from the Local Enterprise Partnership. The ten new units were fully occupied within six months and now accommodate more than 60 jobs. A flexible approach to leasing was taken so that firms felt comfortable when committing.

The Trust now hopes to replicate this model elsewhere, beginning in St Helens and on the site of the former Kellingley colliery in Yorkshire. With no shareholders or dividends to pay, the Trust is committed to reinvesting a proportion of the income generated into social programmes in the local areas, particularly to provide new education and training opportunities.

North East Technology Park

North East Technology Park (NETPark), near Sedgefield in County Durham, is one of the UK's leading science parks but would not have happened without public sector investment and gap funding.

NETPark is home to more than thirty companies and 450 highly skilled jobs in a high-quality parkland setting. It is the only UK science park with two 'Catapult Centres' (high value manufacturing and satellite applications). Durham University operates an on-site research facility and several businesses on the park are spin-outs, commercialising cutting-edge research. Now more than 15 years old, the park is critical for diversifying the county Durham and North East economies. Investment and support from local, regional, national and EU sources has provided business space and supported innovation.

Industrial and commercial property

A supply of development land is only part of the solution in providing space for new jobs and businesses. There also needs to be a plentiful supply of industrial and commercial buildings to accommodate firms. This is especially the case because most firms don't have the option of commissioning new-build premises of their own – it takes too long – so they rent or buy buildings already developed by someone else.

In several market segments in older industrial towns, private sector developers presently show a reluctance to invest in new quality workspace. They are sometimes willing to invest in large 'sheds', generally on the outskirts of towns and often with a specific big-name occupier signed up from the outset, but the private sector rarely if ever invests in speculatively built space for SMEs, in incubator units for start-ups, or in high-quality office space in town centres.

In their eyes, the returns they would expect from investment are not secure enough in many older industrial towns and they do not take the risk, preferring instead to plough ever more funding into city centre developments.

At one time, local authorities were in a financial position to develop and build industrial units and workspaces for SMEs, and central government played a key role through agencies such as English Estates and the New Town development corporations. At other times there have been public-private partnerships to develop workspace such as Priority Sites and Network Space. However, much of the earlier accommodation has become dated, even run down, and does not provide for the needs of newer industries.

This is 'market failure' once again, and again there is a proven solution:

- **Gap funding for new workspace** would allow local authorities and development agencies, working in partnership with the private sector, to help grow businesses and jobs in older industrial Britain

Many places across older industrial Britain have historically and architecturally important buildings that are central to their identity but whose former use has run its course. These include distinctive older industrial buildings, such as warehouses and mills, but also cinemas, pubs, church halls, shops and even quite a number of town halls left over from the days before local government re-organisation. In some cases, the buildings are listed or in a conservation area. In areas with a stronger economy the market generally works to re-purpose these buildings, for example as workspace, living space or as a cultural hub. However, in areas of market failure these grand old ladies face a sad decline, with commercial rates of return unable to justify major investment to change their use or even to keep them in a fit state of repair. They can become a blight rather than an asset.

Similarly, there can be local housing that has historical and cultural value but whose future is in doubt. Examples include the 'model villages' often associated with mining communities and mill towns. Where rents are low and ownership has become fragmented, these can fall into disrepair.

- **Gap funding for preservation and re-use** would allow the historic assets and townscape of older industrial towns to be maintained and restored to productive use.

Many older industrial towns also find they have too much of the wrong sort of accommodation, such as retail or older-style office space. Empty frontages cast a shadow over the town and make it less attractive to consumers and investors. Changing the use of surplus buildings or adaptive re-use can be a costly exercise and, where the economy is weak or there are low and falling property values in struggling high streets, too risky for the commercial developer. Again, the market is failing and there is a case for gap funding or, in some cases, for public-sector led acquisition and development.

RAMPING UP CLEAN ENERGY

Windfarms, South Lanarkshire

Planning permission has been granted to re-power Scotland's oldest commercial windfarm at Hagshaw Hill in South Lanarkshire. The original windfarm was built in 1995 and expanded in 2008. 26 existing wind turbines will be replaced by 14 much larger turbines, each generating far more power, and there will also be an on-site energy storage facility. On completion in 2027, the installed capacity on site will increase from 42MW to around 84MW.

Along with another 55MW development, this will create a 220MW clean energy cluster in South Lanarkshire – enough to power more than 100,000 homes. Scottish Power say the overall project will create 600 jobs during the construction phase and 280 permanent jobs could also be created. Although the development is in a rural location it is also close to communities that have been badly affected by steel and coal job losses.

Swansea Bay Tidal Lagoon

The Swansea Bay Tidal Lagoon, which awaits a go-ahead, is intended to be the first of a series of tidal power generation schemes around the coast of Britain. It involves innovative technology in which the UK could become world leader, with the potential to generate zero-carbon energy for decades to come.

The investment is expected to stimulate new supply chains and skills in the Swansea Bay area, which has suffered from job losses in steel and other industries, and across the wider economy in Wales and the rest of Britain.

The green economy

Like all other parts of the country, older industrial Britain needs investment to help reduce carbon emissions.

Historically, this part of Britain was home to the coal industry and much of the UK's power generation. The last colliery closed in 2015 and the number of coal-fired power stations is dwindling fast, with the last set to close by 2025. But this part of the country also remains home to most of the UK's steel industry, glass industry and ceramics – all energy intensive industries.

These important UK industries should not be discarded just because they produce carbon. Indeed, taxing their carbon outputs would almost certainly result in a transfer of production abroad, with no net reduction in global carbon emissions. What these industries need is investment in new technology, supported where appropriate by the public purse, to reduce the carbon emissions that cannot be eliminated.

To facilitate the survival and viability of energy intensive industries, what needs to be added to the infrastructure of older industrial Britain is:

- **Carbon capture and storage**. For many years this has been talked about in the UK but it has never taken off, not least because of prevarication about government funding. The technology is not the problem.

The UK government's record on investment in green energy is mixed, with something of a stop/start approach to the sector. Nevertheless, the UK already has a well-established renewable energy sector, including for example in off-shore wind power, which is a plentiful asset around the British Isles. The development of renewable energy has the potential to bringing jobs and investments to places have seen their traditional industries decline.

Another plank in the effort to reduce carbon emissions is the shift to electric vehicles. This will require massive investment, not least to crank up the capacity for vehicle charging at home, at work and throughout the whole country. The towns and communities away from the big cities, including much of older industrial Britain, need this investment more than most places because they are generally more dependent on private cars than on public transport, and likely to remain so for the foreseeable future.

- **Investment in electric charging points** needs to give priority to the places where public transport accounts for a smaller proportion of travel.

Digital connectivity

For many businesses and families, digital connectivity can be even more important than physical connectivity. Indeed, the coronavirus crisis has highlighted this dependency. Better digital connectivity not only has positive economic impacts but can also bolster resilience.

In terms of broadband speeds, the average in the UK is unimpressive by international standards, especially for a supposedly advanced economy. Within the UK, there are also differences between places.

As a general rule, the broadband providers invest first in the places where the biggest numbers of potential customers are located – which means in the cities. Towns and smaller communities get this investment a little later but by that stage a new generation of still faster services is generally being introduced in the cities. Catch-up never quite happens. This can be a problem for parts of older industrial Britain, which extends far beyond just the big cities.

The current aspiration is that the UK should move to a 'full fibre' system. The problem, once more, is that the main urban centres are first in line with other areas left behind.

- **Full fibre broadband** needs to be delivered swiftly across the whole of the UK, in towns and smaller communities as well as the main urban centres.

DIGITAL DURHAM

Digital Durham is a £35m programme, led by the county council, to deliver superfast broadband services for residents and businesses in communities where the service is not commercially viable. The infrastructure works are being delivered by the council, which is itself moving more services online.

EU funding is being used to support broadband take-up and the digitalisation of local businesses. A range of businesses of different sizes and in a range of sectors across the county have benefited from this support. For those residents and businesses still struggling to achieve suitable broadband, the council also promoted the UK government's 'rural gigabit' grant scheme.

What's gone wrong?

The UK was once a world leader in investing in infrastructure but this is no longer the case. The UK has become poor at delivering infrastructure and has too often failed to get the investment in the right place. As the UK government's own National Infrastructure Commission concluded in 2017, "investment has been squeezed and policy is erratic".[2]

It is not hard to pin down one of the problems – the Treasury's *Green Book*, which sets out the methods by which potential infrastructure investments should in theory be assessed. Essentially, the *Green Book* requires a 'cost-benefit' approach of the type favoured by those within economics who emphasise the role of prices and markets.

Take investment in transport. One of the main factors in the *Green Book's* cost-benefit analysis of proposed schemes is the value of savings in travel time. The assumption is that the time saved by faster journeys means that more time can be spent on productive activity, which is then valued by the productivity (in practice the wages) of the traveller. Put bluntly, this means that saving the journey time of a London-based worker is 30% more valuable than saving a non-Londoner's time.

So the *Green Book* method of appraisal gives priority to mitigating the effects of congestion in an over-crowded capital rather than enhancing potential productivity and economic development in other parts of the country. It results in accumulated advantage, allocating money to the same places again and again whilst others languish with little or no investment. In other words, the way decisions about infrastructure investments are made favours the places that are already the most productive. This contributes to big differences in spending: in 2018-19, for example, transport spending in London was £903 per head, whereas in Yorkshire and Humberside it was £276 and in the East Midlands just £268[3].

An uneven distribution of rail investment is one result of the *Green Book* investment appraisal, which prioritises easing congestion. Inevitably, most of the funding is focused on networks in and around London. As more capacity is created in the capital, more demand is created, which in turn leads to more investment. The role that rail investment can play in facilitating regional and local economic growth by opening up communities to new opportunities, particular in areas that are lagging behind, is neglected.

In fairness, the *Green Book* does allow a wider range of factors to be taken into consideration but these too need to be given a financial value as far as possible, which is not easy when the long-term development trajectory of a city or town is under consideration or when one particular investment, say in transport infrastructure, is likely to deliver transformative changes only if other interventions happen at the same time.

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[2] National Infrastructure Commission (2017) *Congestion, Capacity, Carbon: priorities for national infrastructure*, NIC, London, p.4.
[3] IPPR North analysis of HM Treasury data, as reported by BBC 4 December 2019.

There is also evidence[4] that the principles embodied in the *Green Book* are not applied consistently, with the estimated cost-benefit ratio appearing not to be the determining factor in whether some projects go ahead or fall by the wayside. Most spectacularly, this applies to HS2, which is going ahead despite an expected low rate of return. That mechanistic applications of cost-benefit analysis do not in fact drive all decisions should perhaps be welcomed but the same study also shows that it has been rail links within London, or in and out of London, that have consistently been the ones given the go-ahead.

One-off flagship interventions in the regions will not be sufficient to offset this structural imbalance. What is required is a pipeline of projects, large and small, that will stimulate growth and help create jobs. Infrastructure investment in the regions needs to be judged in terms of its cumulative impact on places, alongside other measures, not on a project-by-project basis.

The tyranny of the *Green Book* – even if erratic – needs to be replaced by a long-term political commitment to use infrastructure investment to rebuild the economy of 'left behind' places. There needs to be recognition that infrastructure investment can and should be used to:

- Deliver more balanced growth across whole of UK
- Reduce the inequalities between nations, regions and local areas
- Foster social inclusion and community cohesion
- Reduce the welfare/social security bill
- Improve health impacts through reduced pollution and active travel
- Mitigate climate change

Delivering change

Decision-making about how and where infrastructure investment takes place has become complex.

Some decisions are made by the UK government whilst others are devolved to Scotland, Wales and Northern Ireland. Scotland takes its own decisions about investment in rail infrastructure, but in Wales the decision making on rail remains with Westminster, which has been a serious complication in developing the South Wales Metro. Decisions about transport in some parts of the England have been devolved, for example to Transport for London, though in an ad hoc way with little consistency and no vision as to the longer-term structure.

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[4] D Coyle and M Sensier (2018) *The Imperial Treasury: appraisal methodology and regional economic performance in the UK*, Bennett Institute for Public Policy, University of Cambridge.

Many of England's new Mayoral Combined Authorities think that decision-making is too centralised and would like to see more local powers. Where decisions are devolved and where there is pressure for further devolution, there is a thirst to change the basis on which decisions are taken and a dissatisfaction with appraisal methodologies that fail to take into account the capacity for economic and social transformation that can be brought about by infrastructure investment.

The *Welsh Infrastructure Investment Plan* focuses on investments that will deliver the greatest benefit in terms of sustainable development. Welsh government departments are required to align their capital investments with the devolved government's priorities and wellbeing objectives. When decisions are being made about investment in the economy portfolio, for example, they have to be consistent with the *Economic Action Plan for Wales* that targets reducing inequality, growing the economy and levering in funding. In Wales, transport investments focus on economic growth, safety, sustainability, tackling poverty and improved access to employment and services. In Wales, social outcomes are therefore factored in.

In Scotland, infrastructure investment is seen as helping to deliver the Scottish Government's wider economic objectives. Rail and road investments, for example, are viewed as instrumental in creating jobs, helping businesses and supporting sustainable economic growth across the whole of Scotland. In 2019 an Infrastructure Commission for Scotland was established to provide independent, informed advice on the vision, ambition and priorities for Scotland. It is intended to advise on the key strategic investments to boost economic growth and support the delivery of climate change targets.

Across Britain as a whole there is a mood change in the way infrastructure investment decisions are made. The need to take a broader economic and social perspective is widely recognised and the success or failure of the UK government's aspiration to levelling-up the regions will depend a great deal on how it responds to this challenge.

The way forward for older industrial Britain

By way of conclusion, meeting the infrastructure needs of Britain's older industrial areas requires four strategic commitments.

First, there needs to be **action across a broad front**. In older industrial Britain the investments that are needed are not confined to just to rail or road, or to the building blocks for a green economy. Rather, a wide range of interventions is required that also embraces for example land and property, bus services and the digital economy. One of the lessons of successful economic regeneration is that individual investments, however grand, rarely make a big difference on their own. It is the combined impact of several investments and activities that reinforce each other that generally makes the greatest impact.

Second, investment is needed in **multiple projects** rather than just a handful of prestige schemes. For example, the plans for a faster rail link across the Pennines ('HS3') can be expected to benefit Leeds and Manchester, and possibly Liverpool too, but will not necessarily make much difference to the numerous northern towns beyond these cities, and this part of the north is of course a very long way from North East England or Cumbria. What older industrial Britain mostly needs is a large number of more modest investments – a rail line re-opened here, a new road there, a development site on-stream somewhere else, and better bus services in very many places. In the context of regeneration there never has been a ‘silver bullet’ – a single, big infrastructure investment – that will solve all problems.

Third, infrastructure investment in older industrial Britain requires the **empowerment of local authorities**, individually and in groups such as England’s combined authorities. Local authorities know their patch best and generally have plenty of ideas about local schemes that need to be brought forward. The Westminster government, in particular, has for many years demeaned local authorities’ expertise and stripped them of substantial finance of their own, preferring instead a highly centralised way of taking decisions which has not served the country well and which is ill-equipped to deal with the major expansion in infrastructure spending that is now planned.

Fourth, there needs to be **sustained commitment** to infrastructure spending. The scale and breadth of the investments that are required in older industrial Britain point to a spending programme that could be expected to extend some way beyond the 2020s. Indeed, long lead-times are characteristic of nearly all infrastructure investments. They take time to plan, to secure the relevant consents, to specify and to award contracts. This is unavoidable. Rebuilding the infrastructure of older industrial Britain is not a short-term commitment that can be delivered in a couple of years.

Industrial Communities **Alliance**

The Industrial Communities Alliance is the all-party association of local authorities in the industrial areas of England, Scotland and Wales.

The Alliance was formed in 2007 by the merger of longer-standing associations dating back to the 1980s. Its role is to deliver funding and policies to enable economic, social and environmental renewal in the cities, towns and communities covered by its member authorities.

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