The Chartered Institute of Logistics and Transport

Reviewing Infrastructure Investment

Maximising its Purpose and Value

October 2024

The Chartered Institute of Logistics and Transport UK (CILT UK) is a professional institution embracing all transport modes whose members are engaged in the provision of transport services for both passengers and freight, the management of logistics and the supply chain, transport planning, government and administration. Our principal concern is that transport policies and procedures should be effective and efficient, based on objective analysis of the issues and practical experience, and that good practice should be widely disseminated and adopted. The Institute has a number of specialist forums, a nationwide structure of locally based groups and a Public Policies Committee which considers the broad canvass of transport policy. This paper has been prepared with input from a number of these groups.

Executive Summary

It is imperative that the limited public investment funds available deliver the maximum economic benefits as quickly as possible. Greater rigour needs to be applied in how investments are prioritised to ensure maximum value is obtained. Planning for long term growth and the strategic context is important but, in the short to medium term, funding should be concentrated on projects that offer and deliver maximum returns for UK plc. Projects with the highest Benefit to Cost Ratios (BCRs) should be prioritised.

This has not been the case in the past. Many projects e.g. rail freight schemes, with excellent BCRs (in excess of 4) have not been approved when, at the same time, schemes in passenger rail and other transport sectors with poor BCRs (less than 1.5) have been authorised.

Project evaluation is in need of revision. The Rail Enhancement Programme (RNEP) ignores smaller projects, leaving them without an obvious route to authorisation and delivery. Such schemes, however good a Benefit to Cost Ratio they might have, or how straightforward they are to deliver, never get on to the policy and planning radar screen.

Recent investment in infrastructure has seen very extended delivery. We believe the emphasis going forward – and certainly for the course of the current Parliament – should be on schemes that can be delivered within 3 years from authorisation to delivery. Alternative delivery processes, such as a contractor-led approach, may well save time and money compared with the current model.

The focus should be on small to medium scale schemes rather than the "mega" projects of recent decades.

Recommendation 1: A list of projects ranked by their Benefit/Cost Ratios should be the key determinant of how public funds should be allocated.

Recommendation 2: Such projects should also indicate how they would contribute to growth, decarbonisation and the other Mission Statements set out by Government.

Recommendation 3: The top 3 Rail Freight schemes with high Benefit to Cost Ratios should be implemented.

Scheme	Estimated BCR	Estimated Cost
London Gateway electrification	6+	£10m
TransPennine (TRU) gauge enhancement*	4.5	£75m
Ely and Haughley Junctions capacity	5	£500m

***(**as first stage of the full TRU project and including the links from Liverpool to East Coast ports).

Recommendation 4: Infrastructure investment over the course of this Parliament should concentrate on small to medium size schemes that can be delivered to time and to budget. The target timescale should be closer to 25 months rather than 25 years.

Introduction

We welcome the review of the capital budget for transport. At times of financial stringency, it is critical that maximum value is derived from scarce public resources, so a fresh and clear approach to infrastructure enhancements is to be commended.

Our submission proposes how this can be achieved and is based upon the collective practical expertise of the Chartered Institute of Logistics and Transport (CILT), the leading professional Institute for this sector.

Our submission focuses upon the Government's mission for economic growth and for enhanced economic prosperity. It concentrates upon the commitments set out in its Manifesto and on the five key priorities announced by the Secretary of State on taking office. The CILT supports these, particularly the commitment to grow the use of rail freight, on transforming infrastructure that tackles regional inequalities, on delivering greener transport and on integrating transport networks. Better, more effective, transport investments along those lines can help drive forward those economic, environmental and social benefits that are so desired.

Background

Recent times have been characterised by very large "mega" projects, costing billions of pounds and taking a long time to deliver. Whilst acknowledging that those projects will contribute to the long-term economic prosperity of the country, it is beyond doubt that they have cost too much. Too many have been over time and over budget: comparable projects in Europe and elsewhere have been delivered for less. Significantly, Scotland has also delivered smaller projects to time and to budget. A root and branch review of delivery systems used in England and Wales is overdue.

The current financial situation demands a fundamentally different approach, particularly as we assume expenditure on committed projects, like HS2 between Birmingham and Old Oak Common/Euston which are currently being delivered, will continue. Indeed, it is essential that a viable link is forged between HS2 and the West Coast Main Line (WCML), avoiding the Colwich bottleneck, to resolve the uncertainty left by the last Government in abandoning Phase 2a without thought to the linkages with WCML.

We consider a much-reduced link using the HS2 trace from Fradley to Hixon, on the Colwich to Manchester line, to be the minimum viable option and should be designed with passive provision for a later extension to Norton Bridge, north of Stafford, and on to Crewe and Manchester. This would allow trains from London and Birmingham to Manchester to avoid the Colwich bottleneck and would create sufficient capacity for other WCML services and further freight growth, which is essential to the realisation of the 75% Freight Growth Target.

Value for Money

It is clearly imperative that the limited public investment funds available deliver the maximum economic benefits as quickly as possible. Transport enhancements of the right kind can also offer improvements and gains that assist other policy areas, for instance productivity, transforming regional inequalities, on health and on climate change. It is also useful if:

i). Such benefits accrue earlier rather than later

II). It encourages private investment to materialise in the wake of public funds being allocated. A partnership approach, where appropriate, should be considered

iii). It contributes to decarbonisation and to the accomplishment of Net Zero: the transport sector is still the worst culprit in the level of emissions and this needs to change.

We consider that the current restrained financial climate means that greater rigour needs to be applied in how investments are prioritised, to ensure maximum value is obtained. Planning for long term growth and the strategic context is important and must not be ignored but, in the short to medium term, funding should be concentrated on projects that offer and deliver maximum returns for UK plc.

We believe that projects with the highest Benefit to Cost Ratios (BCRs) should be prioritised. Thus, we would recommend:

1. **A list of projects ranked by their Benefit Cost Ratios should be the key determinant of how public funds should be allocated; and**
2. **Such projects should indicate clearly how they would contribute to decarbonisation and to the other Mission Statements set out by the Government.**

This has not always been the case. Many projects e.g. rail freight schemes with excellent BCRs (in excess of 4) have not been given the go-ahead when, at the same time, schemes in other transport sectors with poor BCRs (less than 1.5) have been authorised. We were surprised to learn that many of the current strategic road schemes, notably the Lower Thames Crossing and the A66, have such low BCRs. we understand the A66 has a BCR of less than 1. Whilst other factors should be taken into account, it is difficult to comprehend why projects with three times the value to the UK have been ignored.

Project evaluation needs revision. The Rail Network Enhancement Programme (RNEP), for example, ignores smaller projects leaving them without an obvious route to authorisation and delivery. Such schemes, however good a Benefit to Cost Ratio they might have or how straightforward they are to deliver, never got on to the policy and planning radar screen.

Thus, for example, a programme of infill rail electrification, using proven green technology and focused particularly on small projects that aid trunk haul rail freight, would improve considerably the ability of freight operators to grow the rail freight market and encourage private sector investment in growth and modal shift.

The same would be true of small capacity schemes removing bottlenecks on key freight routes, particularly for construction materials. which will play a significant role in the building of new towns and major housing developments, and intermodal containers which are critical to increasing UK overseas trade. It would also have the benefit of taking many thousands of HGV trips off the road, thereby reducing road congestion and emissions and contributing significantly towards decarbonisation.

Our recommended top 3 essential high BCR rail freight schemes would be:

Recommendation 3: Top 3 Rail Freight schemes with high BCR to be implemented.

Scheme	**Estimated BCR**	**Estimated Cost**
London Gateway electrification	**6+**	**£10m**
TransPennine (TRU) gauge enhancement*	**4.5**	**£75m**
Ely and Haughley Junctions capacity	**5**	**£500m**

*as a first stage of the full TRU project and including the links from Liverpool to East Coast port

Similarly, it may be that elements of controversial road schemes, like the A303 Stonehenge Diversion and the A27 Arundel By-pass, might be worth pursuing and provide a better BCR than the full schemes. His could include a by-pass around Winterbourne Stoke and completion of the grade separated junction at Crossbush (Arundel).

Scale and Urgency

A feature of recent investment in infrastructure has been very extended delivery. The TransPennine Route Upgrade (TRU), for example, is taking over 15 years from initial approval to implementation in the early 2030s and nearly 25 years to its final completion in the early 2040s (assuming the existing schedule is kept). The delivery schedule lacks urgency and does not encourage alacrity of benefit delivery.

We believe the emphasis going forward and certainly for the course of the current Parliament should be on schemes that can be delivered within 3 years from authorisation. This should ensure that infrastructure enhancements contribute to key imperatives, notably economic growth, far more quickly than in the recent past.

Delivery agencies, such as Network Rail and Great British Railways in the future, should be required to accelerate and streamline project delivery. It may well be that alternative delivery processes, such as contractor-led delivery, can save both time and significant money compared with the current model.

The focus should be on small to medium scale schemes rather than the “mega” projects of recent decades. We recommend:

> **Recommendation 4: Infrastructure investment over the course of this Parliament should concentrate on small to medium size schemes that can be delivered to time and to budget. The target timescale should be closer to 25 months rather than 25 years.**

Conclusion

Transport investments can contribute enormously to economic growth through:

i). improved accessibility;

ii). better connectivity;

iii). higher productivity; and

iv). encouraging and enabling the development of “green” technology

Transport’s contribution to the achievement of key policy objectives should be recognised and reflected in funding allocations.

We believe that far greater value can and must be achieved from the money invested. The key to achieving this is to focus primarily on small-scale schemes with good Benefit to Cost Ratios that benefit the criteria of economic growth, improved accessibility, better connectivity and enhanced productivity.

Projects should be ranked. Those that deliver quickly should be prioritised to ensure benefits are delivered as soon as possible. This can be facilitated by a radically different approach to project planning and delivery with much greater urgency and a clear sense of alacrity. Contractor-led delivery may help to achieve this. Planning for longer term projects can and should continue, but the emphasis should be on small to medium scale schemes that help the UK economy to grow throughout the 2020s.

We would be happy to discuss these proposals further with Ministers and officials.

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