

Infrastructure needs its own checks and balances

*Lord Berkeley – presentation to All Party Parliamentary Group on Infrastructure, 6 September 2016.*

I want to reflect today on the role both of the Institution of Civil Engineers and this All Party Group, sponsored by the ICE. I worry that there may be a tendency to become the cheer leader for any project that creates jobs, regardless of whether it is the best or only solution, or whether a project needs doing at all. After all, the ICE is a charity set up under Royal Charter, and I believe it has to be careful to ensure that it is a forum for debate and information, rather than a pressure group to seek to persuade Government to build more roads, for example.

This comes to a head now with several large infrastructure projects at present nearing the point of 'shovel ready'; Hinkley Point, the Thames Tideway Tunnel, HS2 Phase 1, airport runway expansion and probably many others.

All now take years from the first glint in the eye of politicians, financiers or business; it is likely that, in the decade or more they need to get through all the decisions making processes, the reasons for the project may change, the efficacy or justification, the availability of viable alternatives, or the availability of finance or whatever.

Many of these projects also suffer from an excess of risk which will end up being bailed out by the taxpayer. I spent time building the Channel Tunnel; we won the competition against bridges and submerged tubes largely because of lower costs and much lower risks, and did not get any government guarantees.

The Thames Tideway Tunnel may have been justified in the early noughties as a means of cleaning the Thames, but that has already happened and the occasional spill of sewage can be mitigated by holding back the storms that cause this by Blue Green technology, proven now but not then. Surely a project which is estimated to be operating just 2% of the time and putting somewhere between £25 and £75 a year on the bills of 12m households should be reviewed?

Hinkley Point suffers not only from a very high cost but also because its technology is not proven. That is risk indeed and, of course, will end up either with the Government or the poor consumer. Why not use proven technology on a smaller scale?

As for HS2, that is a project that started as a very high speed world leading one – to show that the UK is best at railways. But the 400kph design is 100kph faster than the European norm for high speed lines and trains, and the difference is reflected not only in a 30 to 40% increase in the capital cost of the trains, but an increase of 20% in operation costs, before one adds in the higher capital costs of building it.

High speed lines do not generally go into city centres on the continent; they use existing, or 'classic' lines, to save money and disruption to residents. Why does HS2 think it needs have a special new line right into Euston to save perhaps a minute or two of time but to the detriment of 17 to 20 years of construction work at Euston with, over several year's 1400 lorry movements a day through a densely populated London Borough? They could save

£10 to £15 bn by reducing the specification and other changes, and still build it, even if it takes two or three minutes longer to get to Birmingham!

So why do governments and their private sector 'partners' insist on going blindly forward even when the rationale for the project has changed or gone away? It cannot be just vanity – the idea of cutting a ribbon in ten years' time or having it named after you!

What I think is wrong is the structure of decision making. An independent panel of experts could provide an ongoing review of projects as they proceed. I proposed an independent technical advisor for the Select Committee on HS2, but was told that there was no precedent for this since 1840. The need for independence is of course clear, as is the need for such a body to be in place for the project life until it is operational. Who should it report to? Not the Government, but perhaps the National Audit Office; the National Infrastructure Commission is only six months old and is, anyway, an arm of government. This panel must be free from conflicts of interest, which abound in some of these large projects, especially when they appear to rely on dodgy financial structure to stave off the day when they put their hand out to Government for help.

So I hope that the ICE and other institutions (this is not just a civil engineering problem) and others who want to see projects created and delivered in a cost effective and efficient way can debate how the excesses that we see at present can be prevented in the future.

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