

The Great Stagnation: Briefing 3

Infrastructure

By Valentin Boboc



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Summary

- Successive governments have acknowledged that a lack of modern infrastructure is a significant impediment to economic growth in Britain.
- This is not a problem created by an unwillingness to spend public funds. Britain spends as much on infrastructure as its peers but receives measurably less. HS2 Phase 1, at roughly £470 million per route-kilometre, is the most expensive high-speed railway in any international database. British construction productivity fell by 0.6% a year between 1997 and 2019 whilst the wider economy grew by 2.8%.
- Every French city with a population above 150,000 has a tram, light rail or metro; around 30 British towns and cities of comparable size have none.
- Not building infrastructure also comes with costs, and these accumulate over time. The decision to cancel the Birmingham to Manchester leg of HS2 will have forgone, it is estimated, benefits worth somewhere between £0.6 and £1.3 billion a year to the economy of Greater Manchester alone.
- Development by right rather than by permission, narrower grounds for judicial review of planning decisions, procurement open to international competition, and land value capture on development could be part of a package that would boost productivity in infrastructure projects and replace the state's monopoly of risk with hard budget constraints.

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About the publication

This briefing is a version of a chapter that will appear in a forthcoming IEA book, *The Great Stagnation: Why Britain Stopped Growing*, along with contributions from other authors. Each chapter presents and analyses a distinct explanation for the decline in British economic growth over the last two decades.

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Introduction

Infrastructure is one of the most persistent ‘puzzles’ at the heart of British economic policy. Successive governments have acknowledged, with increasing urgency, that the country’s stock of economic infrastructure is inadequate. The National Infrastructure Commission concluded in its Second National Infrastructure Assessment that the UK has ‘significant deficiencies’, particularly in transport systems serving regional English cities (National Infrastructure Commission 2023). The World Economic Forum ranked the UK eleventh in overall infrastructure quality in 2019, behind France, Germany, the Netherlands and Japan (World Economic Forum 2019). The government’s own ten-year infrastructure strategy, published in June 2025, projects a need to raise annual infrastructure spending from approximately £55bn to £70–80bn per year (HM Treasury and NISTA 2025).

And yet the money spent on infrastructure in Britain consistently produces far less infrastructure than the equivalent sum would in comparable economies. HS2 Phase 1, a commonly discussed example but by no means the only one, has cost roughly £470m per route-kilometre, making it the most expensive high-speed railway in any international database.¹ The European average for comparable projects is roughly £25–32m per kilometre (European Court of Auditors 2018). Even the heavily tunnelled Shinkansen extensions through the Japanese Alps, bored through some of the most seismically active terrain on earth, cost between £50m and £100m per kilometre.²

This chapter is about the economic consequences of the gap between spending and outcomes. Poor infrastructure outcomes create a supply-side constraint on growth that compounds over time, shapes the country’s economic geography and forecloses options that, once lost, are very difficult to recover.

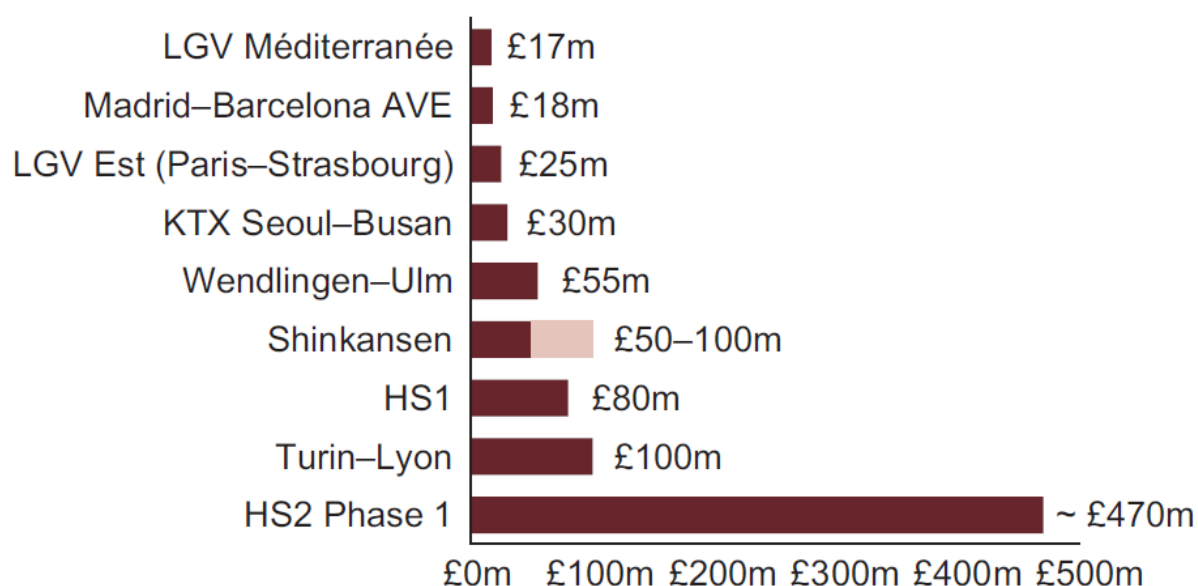
Fact 1: Britain pays more and waits longer

The most arresting fact in the international infrastructure literature is not that Britain builds expensively relative to comparable Western and Northern European countries, but that it builds expensively relative to Japan. Japan’s labour costs are broadly comparable to the UK’s, its land is scarcer, its terrain is more challenging, and its seismic requirements impose engineering standards with no equivalent in the British Isles. The cost differential, which can reach a factor of six or more for comparable project types, therefore cannot be attributed to factor costs or geographic circumstances. It is an institutional and regulatory phenomenon.

¹ <https://transitcosts.com>

² https://www.mlit.go.jp/kokusai/itf/policy_001.html

Figure 1: Britain builds high-speed rail at several times the cost of its peers (real cost per km of track)



Source: *Transit Costs Project*.

A typical UK Nationally Significant Infrastructure Project (NSIP) takes between nine and seventeen years from inception to opening. Japan's equivalent approval process, which handles projects of similar or greater complexity, takes three to six years.³ The Lower Thames Crossing, a road tunnel connecting Kent and Essex, was first identified as a priority in the early 2000s. Its planning application ran to 359,866 pages across more than 2,300 documents, the longest submitted under the Planning Act 2008. It cost approximately £300m to prepare,⁴ a sum roughly equal to more than twice the total construction cost of Norway's Laerdal Tunnel, which at 24.5 km is the longest road tunnel in the world.⁵ The Lower Thames Crossing received development consent in March 2025, approximately sixteen years after its formal identification as a priority.⁶

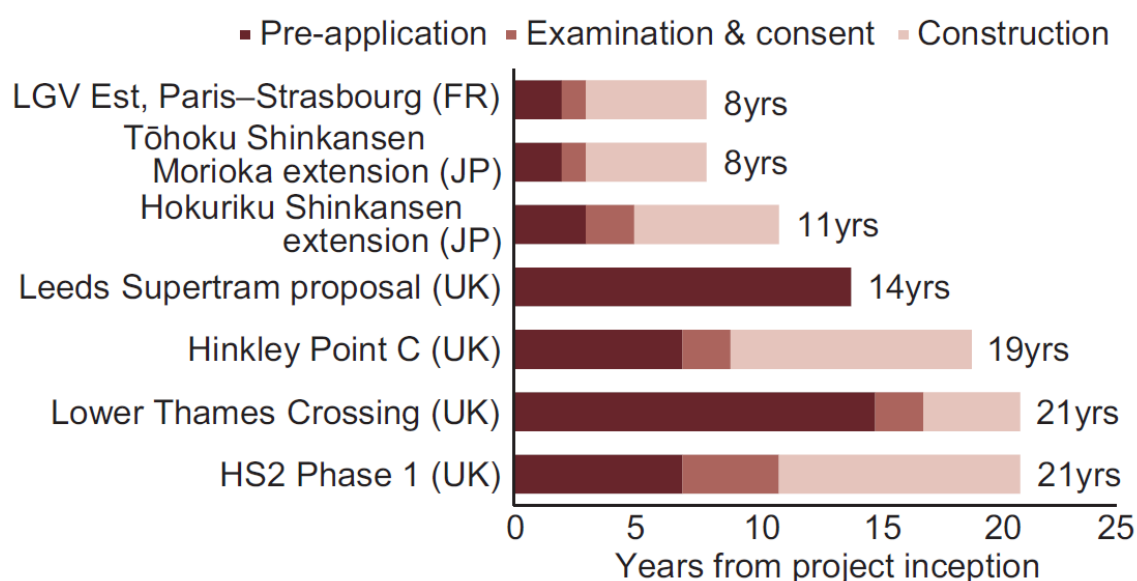
³ The three-to-six-year figure covers the period from formal route designation under the Nationwide Shinkansen Railway Development Law through to construction approval.

⁴ https://www.britainremade.co.uk/revealed_how_the_lower_thames_crossing_is_breaking_records_for_all_the_wrong_reasons

⁵ Author's own estimate. The Laerdal Tunnel cost approximately USD100m on completion in 2000. With cumulative US inflation of roughly 89 per cent between 2000 and 2026, that is about USD190m at 2026 prices. If the entire £300m were spent in 2026, it would be roughly USD401m at the exchange rate on 12 March 2026, so the ratio is in fact higher.

⁶ <https://www.gov.uk/government/news/lower-thames-crossing-development-consent-decision-announced>

Figure 2: UK major projects spend most of their life in the planning system



Source: Britain Remade; NIC (2024); HS2 Ltd; SNCF Réseau; Japan MLIT. Dates reflect formal project milestones, rounded to whole years. Leeds Supertram is shown as a cancellation after 14 years of pre-application and design work.

Such delays are the cumulative result of process drift. Average pre-application timelines for major projects almost doubled between 2013 and 2021, from 14 months to 27 months, and the overall time required to secure a Development Consent Order rose by around 65 per cent over the same period (Ministry of Housing, Communities and Local Government 2025).

Of the 27 major projects that received or were expecting a decision in 2025, around half were held beyond the statutory three-month deadline for ministerial sign-off, adding roughly four years of cumulative delay across the cohort (Centre for Policy Studies 2025). When every project is a bespoke development–consent battle lasting a decade or longer, it is rational for contractors to maintain flexible, general-purpose supply chains rather than committing to the manufacturing capacity that would deliver economies of scale.

Fact 2: The UK has an urban connectivity deficit

If the cost and time premia were purely fiscal problems, their growth implications would be limited to a misallocation of public capital. Another important channel is the constraint placed on urban agglomeration. One of the fundamental insights of modern urban economics is that workers, firms and ideas are more productive when they can interact at high density.

Physical infrastructure extends the effective size of labour markets by reducing travel times. A worker willing to commute forty minutes by rail can reach a materially larger pool of employers than one dependent on the same journey by congested road or a slow train. Infrastructure, therefore, translates spatial proximity into economic proximity, and the productivity literature consistently estimates that effective urban agglomeration is associated with returns of between 2 and 5 per cent per doubling of labour-market size (Melo et al. 2009).

It is intra-city access that matters most for agglomeration, and here UK cities are systematically under-provided relative to their population and economic weight. Every French city with a population above 150,000 has a tram, light-rail or metro system, while around 30 British towns and cities of comparable size have none.⁷ The contrast is visible at the level of daily access. In Marseille, around 87 per cent of residents can reach the city centre by public transport within 30 minutes. In Leeds, the figure is closer to 38 per cent.⁸

The Trafford Park Metrolink extension illustrates what even a modest improvement in urban connectivity can do. The line, which opened in March 2020 for £350m for 5.5 km, connected the Trafford Park industrial and retail district to central Manchester and the wider Metrolink network.

In the years after it opened, the number of businesses in the area rose by about 9 per cent, the average value of planning applications rose by roughly three-quarters, residential prices rose by about 32 per cent, and some 700,000 car journeys a year were taken off the roads.⁹ The line was delivered approximately seven months ahead of schedule, largely because it drew on the accumulated expertise from a decade of continuous Metrolink expansion.

The same integrated delivery team that had built the East Didsbury, Airport and Second City Crossing extensions deployed its established contractors and supply chain on the Trafford Park corridor, using consistent engineering standards and tested procurement arrangements.¹⁰ The programme's continuity was a proximate cause of on-time delivery.

Even so, at about £64m per kilometre, the line cost more than double the unit price of comparable French trams. Hence, continuity addresses the time premium more readily than the cost premium. Where British infrastructure delivery resembles a continuous programme, it builds to schedule in the manner of its European peers.

Fact 3: The costs of inaction compound over time

Infrastructure decisions are typically framed in terms of their monetary costs. They are less often framed in terms of opportunity costs, that is, the costs of not building. When the option to build a major project is declined or the project is cancelled, the economy does not simply wait at a fixed point until the decision is reversed. It adapts to the absence of the infrastructure: firms relocate, workers adjust their housing choices, land-use patterns shift and supply chains reorganise. These adaptations embed a suboptimal equilibrium more deeply.

⁷ <https://benhopkinson.substack.com/p/how-centralisation-makes-infrastructure>

⁸ Centre for Cities analysis of the share of residents able to reach the city centre by public transport within 30 minutes.

⁹ Transport for Greater Manchester, Trafford Park Line four-years-on assessment, with figures reported via Marketing Stockport (November 2025). The total project cost of £350m and the March 2020 opening are confirmed in TfGM materials.

¹⁰ <https://bethell.co.uk/case-studies/manchester-metrolink-light-rail-phase-3-trafford-park-extension/>

Take the example of HS2. The cancellation of the Birmingham to Manchester leg in October 2023 forwent the direct benefits of faster journeys and greater rail capacity between the West Midlands and the North West.¹¹ It locked in the existing pattern of underdeveloped links between Birmingham, Manchester and the cities in between for at least a generation. The eastern leg towards the East Midlands and Leeds had already been abandoned two years earlier. The forgone annual benefit to Greater Manchester alone had been estimated at between £0.6bn and £1.3bn (KPMG 2013).

The compounding works in both directions. Just as the absence of infrastructure accumulates lost output over decades, its presence accumulates gains. Greater Tokyo's private rail network, built incrementally over a century, has produced a labour market of 35 million people, with average commuting times shorter than those in most smaller UK metropolitan areas. The economic geography of that city is a product of choices made in 1920, 1950 and 1980. The same logic applies, in reverse, to Britain. The choices it declines to make now will shape the economic geography of its cities in 2070.

Fact 4: The construction sector is not innovating

In most manufacturing and service industries, productivity rises as firms accumulate knowledge, as competition drives inefficient producers out of the market and as workers and managers develop sector-specific expertise. In UK infrastructure construction, this mechanism is largely absent. UK construction productivity growth averaged -0.6 per cent per year between 1997 and 2019, compared with whole-economy growth of 2.8 per cent and manufacturing growth of 3.9 per cent (Institution of Civil Engineers 2022).

The National Infrastructure Commission's review of cost drivers found substantial evidence that long-term, programmatic procurement pipelines reduce unit costs materially (National Infrastructure Commission 2024). Major transport infrastructure, by contrast, is procured episodically, which destroys the learning gains that continuous programmes accumulate.

Sweden's railways show what widening the field of bidders can achieve. Until 2002, rail infrastructure maintenance was produced in-house by the state infrastructure manager, Banverket. From that year, the work was opened to competitive tender, one contract area at a time, with private firms bidding against the incumbent provider.

Examining 39 contract areas between 1999 and 2011, Odolinski and Smith (2016) found that the introduction of competition reduced maintenance costs by around 11 per cent, and that the savings came with no loss of quality. The gain came from the single act of replacing a closed-in-house monopoly with a contestable market in which more firms could compete for the work. What is striking is how little competition was needed to produce the result, which suggests that a market that opened even wider, including to capable contractors from abroad, could bring costs down further.

¹¹ HM Government announcement, 4 October 2023. The eastern leg towards the East Midlands and Leeds had been removed earlier, in the Integrated Rail Plan of November 2021.

As one of the world's most trade-intensive economies, with trade in goods and services accounting for around 63 per cent of GDP in 2024 (World Bank 2024), Britain is well placed to benefit from opening its procurement market more widely.

The academic evidence shows that even a small increase in the number of genuine bidders, from one or two to three or four, is typically associated with a 10–20 per cent fall in contract prices (Adam et al. 2021). The domestic field is also strikingly subscale: Britain's largest contractor, Balfour Beatty, turns over a fraction of the revenue of European leaders such as Vinci.¹² Foreign contractors do already participate in large UK projects, but typically as members of a consortium led by a domestic partner rather than as sustained, independent competitors.

The structure of UK procurement, episodic and fragmented, offers them little reason to invest in a durable British presence. A deliberate policy of open, repeated and well-structured procurement for major infrastructure would expose domestic contractors to the techniques, equipment and management practices that have driven down costs elsewhere. Firms that build more cheaply and more quickly would win contracts, and the methods that enable them to do so could diffuse through the sector.

Fact 5: Even projects which survive the planning system fail

Between 1991 and 2016, Leeds spent over £70m on building a mass transit system. In return, nothing was built. Not a single metre of track, not one station, not one journey. The money went on planning applications, public inquiries and land acquisition for two successive schemes, both of which were cancelled by the government after costs spiralled beyond their original estimates.

Leeds is the largest city in Western Europe by population without a mass transit system. It has been trying to build one for over thirty years. Its greatest obstacle was that even projects which clear every planning hurdle can still be destroyed by a combination of cost escalation and retrospective regulatory challenge. Table 1 shows the timeline of proposals to expand public transport in Leeds and the wider West Yorkshire area.

The Supertram received parliamentary approval in 1993.¹³ The Treasury did not commit funding until 2001, however, in part because it would bear the cost of any overrun, and reluctance to underwrite that risk delayed the project for years before any track was laid. Then, estimated costs doubled, support was withdrawn in 2004, and the government pulled the plug in 2005.¹⁴

¹² Balfour Beatty's 2024 revenue was approximately £10bn including joint ventures; Vinci's was approximately €72bn. Figures taken from the companies' 2024 annual results.

¹³ Leeds Supertram Act 1993.

¹⁴ <https://www.constructionnews.co.uk/sections/news/end-of-the-line-for-leeds-supertram-03-11-2005/>

Table 1: Leeds mass transit proposals, 1991 to present

<i>Project</i>	<i>System</i>	<i>Initial estimate</i>	<i>Final/latest estimate</i>	<i>Outcome</i>
Supertram (1991–2005)	Light rail, 28 km, 50 stations	£500m (2001)	£1bn (2004)	Cancelled. About £40m spent.
New Generation Transport (2007–2016)	Trolleybus, 14.8 km	£250m (2012)	£250m	Cancelled after 72-day inquiry.
West Yorkshire Mass Transit (2021–)	Tram, Leeds to Bradford	£2bn (2022)	£2.5bn (2024)	In development. First services expected late 2030s.

This is a pattern familiar across British infrastructure projects. Nobody involved faces a hard budget constraint. Costs drift upward through the procurement process because the public balance sheet absorbs all risk. No sponsor is penalised for underestimating. No contractor loses money when specifications expand. No consultee pays a price when its requirements add months or millions to the programme. Costs simply keep rising until they eventually cross a threshold, and the project is cancelled.

The replacement scheme, a trolleybus network branded New Generation Transport, received approval from the Secretary of State in July 2012.¹⁵ It then went through a 72-day public inquiry.

The inspector rejected the entire scheme on grounds that were both extensive and, from the promoter's perspective, retrospective.¹⁶ He concluded that modern hybrid buses could deliver most of the benefits of the trolleybus at lower cost, that shared running with general traffic would make journey times unreliable, and that the overhead wiring required by trolleybus propulsion would impose unacceptable visual and environmental costs. Some of these are procedural findings; others are substantive judgements about the economic merits of the scheme that do not appear to be backed by empirical evidence. What is least clear is why these conclusions were reached only after four years of development work and multiple prior government approvals.

This reflects another structural problem. No approval in the British system is ever truly final. Statutory consultees, planning inspectors and judicial review can reopen questions at almost any stage, on almost any grounds, with no time limit and limited cost consequences for the challenger.

¹⁵ Department for Transport approval of the Holt Park to Stourton route, 5 July 2012.

¹⁶ https://assets.publishing.service.gov.uk/media/5a7f4649ed915d74e622975d/leeds_trolley-vehicle-planning_permission_letter.pdf

Of the 34 legal challenges completed against Nationally Significant Infrastructure Projects since 2010, 30 sought to overturn a grant of consent, yet only four succeeded (Banner 2024). The success rate is therefore low, but the mere prospect of challenge shapes behaviour long before any claim is filed. Banner found that the risk of judicial review leads promoters to commission ever more exhaustive environmental assessments, adding months and months to a programme as a defence against grounds that may never be argued. National Highways has estimated the cost impact of a single legal challenge at between £66m and £121m per scheme.

Put these problems together, and you get the Leeds cycle. Costs inflate because nobody faces a hard financial limit. The project is then subjected to a fresh assessment at which those inflated costs are judged to represent poor value for money, or, worse, the project is deemed to fail one of the arbitrary regulatory tests imposed by a third party. The project is cancelled. A new scheme is proposed. The cycle restarts.

The third attempt is now underway. The current tram scheme is estimated to cost £2.5bn, with £2.1bn in government funding committed in 2025. An independent review has already raised governance concerns and pushed back the timeline, with the first services now expected in the late 2030s. If that holds, Leeds will have spent at least 45 years from the first proposal to the first tram.

Over the same period, from 2000 to the present, more than 20 French cities have built new tram systems. Besançon, a city of 115,000, comparable in size to Blackburn and rather smaller than Leeds, built an entire 14.5 km, 31-station tramway for €254m, approximately €17.5m per kilometre.¹⁷ The project was delivered eight months ahead of schedule, at roughly half the unit cost of other French tram projects of the same period.

The savings came from disciplined specification, competitive procurement of rolling stock and, above all, an explicit decision to build what the city could afford rather than the engineering ideal. France as a whole increased its tram network from 125 km in the late 1990s to more than 620 km by 2012, and further still since,¹⁸ a more than fourfold expansion achieved in less time than Leeds has spent producing no tramway at all.

What is to be done?

The stylised facts above share a common thread. The UK system produces poor outcomes because its institutional framework fails to align incentives with delivery. The proposals below, drawn from international experience, could directly address these core shortfalls.

¹⁷ <https://www.railjournal.com/opinion/low-cost-light-rail-what-can-we-learn-from-besanon/>

¹⁸ <https://www.thetransportpolitic.com/2012/06/24/commitment-to-tramways-makes-france-a-world-model-for-new-urban-rail/>

Devolving power and money

Britain is among the most fiscally centralised countries in the OECD. Only about 5 per cent of tax revenue is raised locally, and roughly a fifth of public spending is decided subnationally.¹⁹

The French cities that built tramways and the Spanish cities that built metros did so with revenue-raising and borrowing powers held close to the project. A mayor who has pledged to build a line, who holds the powers to fund it and whose re-election turns on whether it opens, faces an incentive structure that no central department can replicate. Devolving both approval and fundraising powers to combined-authority mayors could put the political cost of delay and the political reward of delivery in the same hands (Britain Remade and Create Streets 2024; Spencer et al. 2025). Where a mayor must raise part of the money locally, the pressure to control costs becomes direct rather than abstract.

Reducing Bureaucracy

The most consistent finding in the comparative infrastructure literature is that speed and cost depend less on engineering difficulty than on regulatory predictability. A developer who knows a planning decision will be made within a defined timetable, on defined criteria, without relitigation at every subsequent stage, can make faster investment decisions. A developer facing open-ended processes, shifting requirements from consultees and unlimited judicial review cannot.

The problem is compounded by what Gary Miller calls a horizontal managerial dilemma: a horizontal array of regulatory bodies, each with statutory powers to impose requirements on a promoter, with no vertical authority capable of resolving conflicts among them (Miller 1992). The Environment Agency, Natural England, Historic England, National Highways and local planning authorities can all require additional surveys, modifications or mitigations. None bears any financial consequence if its requirements add months to the programme or millions to the cost. The predictable equilibrium is one in which every consultee imposes the maximum requirements it can.

A better approach would replace bureaucratic discretion with clear, objective rules that enable development by right. By setting a transparent checklist of requirements, the state could remove the heavy burden of uncertainty and the need for protracted negotiation. When developers can certify compliance through private auditors rather than waiting on state agencies, the planning process shifts from a system of government-granted permissions to one based on predictable property rights, lowering the overhead for new infrastructure.

To reduce the costs imposed by litigation, the grounds for judicial review could be narrowed so that the legal system is harder to use as a tool of economic obstruction.

¹⁹ Around 5 per cent of tax revenue in the UK is raised locally, and roughly a fifth of public spending is decided subnationally. See, for example, analysis from the OECD (<https://www.oecd.org/en/data/dashboards/oecd-dashboard-on-subnational-government-structure-and-finance/subnational-government-tax-revenue.html>).

Requiring challengers to demonstrate direct harm or post a financial bond would help internalise the costs of delay among those seeking to halt a project. One reason challenges are so frequent is that the Aarhus Convention caps the costs an unsuccessful claimant may be required to pay at roughly £5,000 to £10,000, thereby removing much of the financial deterrent to litigation. Some argue that the UK could revisit this, though the Banner review concluded that there is no case for amending the cost-cap rules while the country remains party to the Aarhus Convention (Banner 2024). A more modest reform would give every stakeholder a defined window in which to be heard, after which the matter is legally closed, and investment can proceed.

Liberalising procurement

The UK civil engineering market is marked by high fragmentation, weak links between design and construction, and a procurement culture that penalises innovation. The construction sector is among the least productive in the UK economy and in the OECD. Foreign contractors are not absent, but they tend to enter as members of a consortium alongside at least one domestic firm rather than as sustained head-to-head competitors, and the episodic structure of UK procurement gives them little reason to build a lasting presence.

Infrastructure delivery could be improved by replacing prescriptive state designs with output-based specifications and open procurement. By focusing on what a project must achieve rather than dictating every technical detail, the government would remove the burden of over-specification and allow competing firms to design more efficient, lower-cost solutions. Opening these contracts to international competition on a repeated, well-structured basis would further sharpen the domestic supply chain, so that the best techniques and management practices are adopted through competitive pressure rather than bureaucratic dictate.

Liberalising investment

Perhaps the deepest structural problem with UK infrastructure finance is that the state monopolises both risk and delivery. When the public balance sheet bears all risk, the parties making investment decisions bear no financial consequence if those decisions are wrong. The Treasury attempts to impose discipline through Green Book appraisals, but no appraisal methodology can substitute for direct financial exposure. When decision-making authority is separated from financial risk, systematic cost expansion is a predictable outcome.

The remedy is to allow a wider range of market players to initiate and fund infrastructure as a core feature of its financing and delivery. This would organise proposals around service demand and create hard budget constraints under which promoters gain if costs are controlled and projects succeed, and lose if they are not.

Two concrete measures would begin to shift the model. The first is to open infrastructure promotion to private and local authority actors subject to commercial discipline. The Hong Kong MTR Corporation is the canonical example: a government-owned but commercially run operator that finances its railway from a combination of fare revenue and property development around its stations. More

than half of MTR's income comes from property rather than fares, and the company has expanded its network over the past forty years without construction subsidies from the Hong Kong government (McKinsey & Company 2016). Japan's private railways operate on a similar model. Tokyu Corporation owns the railway serving Shibuya, as well as large residential, retail and commercial developments along its line; its fare business is profitable, but much of its overall return comes from the property it develops around its stations (Calimente 2012).

Copenhagen's first metro lines were financed largely through the sale of development rights in the Ørestad district, an approach chosen specifically to build a metro without raising taxes (Knowles 2012).

The second measure is the reform of UK compensation law to let infrastructure promoters capture part of the value their investments create. The Land Compensation Act 1961, as long applied, required promoters to pay compulsorily acquired landowners the prospective market value of their land, including the 'hope value' arising from the very project for which the land was being acquired. This produced the perverse outcome that public investment in a new station inflated the price the public then had to pay for the land around it.

The Housing, Communities and Local Government Committee concluded in 2018 that the Act required reform, and specifically that hope value be removed where the scheme itself creates it (Housing, Communities and Local Government Committee 2018). Parliament has since taken a first step. Section 190 of the Levelling-up and Regeneration Act 2023 now allows acquiring authorities to disregard hope value in compulsory purchase, but only for schemes delivering affordable housing, education or health facilities.²⁰

The natural next move would be to extend that existing power to transport and other economic infrastructure. Doing so would realign promoters' incentives with the taxpayer's interests and make possible the integrated rail-and-property financing that works so well in Hong Kong, Tokyo and Copenhagen.

Conclusion: choosing growth

The UK spends comparable sums on infrastructure to its peers. It receives measurably less for the money, for a combination of reasons: a discretionary planning system that treats every project as a fresh negotiation; a complex and unaligned regulatory environment that imposes high premiums without accountability; a construction sector insulated from the competition that would force it to adopt more efficient methods; and a rigid financing framework in which the public balance sheet absorbs all risk.

Each of these failures reinforces the others. The episodic procurement that follows from long, uncertain planning timelines destroys the economies of scale that would reduce costs. The absence of land-value capture removes the incentive for private promoters to enter the market. The absence of private promoters means that all risk sits with the state, which has no hard budget constraint to enforce. And the absence

²⁰ Levelling-up and Regeneration Act 2023, section 190, in force in England from 30 April 2024.

of a hard budget constraint rewards the behaviours, upward cost drift, endless consultation and retrospective reassessment that produced the crisis in the first place.

Meaningful progress requires the liberalisation of regulatory frameworks that currently impose open-ended costs. That means a shift in the planning system, prioritising development by right rather than by exception, alongside a more competitive procurement process that leverages Britain's trade-intensive economy. Decentralising the initiation and funding of infrastructure would dissolve the state's monopoly on risk and let a diverse range of market actors, such as local authorities and private firms, deliver new projects in line with local demand.

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