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National Infrastructure
& Service Transformation
Authority

UK Infrastructure: A 10 Year Strategy

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UK Infrastructure:
A 10 Year Strategy

Presented to Parliament by the Chief Secretary to the Treasury by Command of His Majesty

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Ministerial Foreword

The United Kingdom is a country with a proud history. From the development of the railways to delivering the 2012 Olympic Games, the UK has been a country that can show the world how to innovate, develop and build the best infrastructure.

But after years of erratic decisions, false promises and squeezed capital investment, the UK has fallen behind competitor countries, with productivity falling behind countries such as France, Germany, and the United States. Many investors now question our intent and our capabilities. When we say we will build something, they question if we will and if we can.

Why does this matter? Because the economic arteries of the country – from roads, railways and airports to water, energy, digital and housing infrastructure – help deliver a more productive economy. And a more productive economy results in economic growth and better living standards for people in every part of the country.

Our goal is to prove to investors that the United Kingdom is not just one of many countries seeking investment, but a country that you can believe in. A country with a government that will roll up its sleeves to make it easier to build, with a clear long-term strategy that gives confidence and certainty in our Plan for Change.

And for the businesses and workers who do the hard work of building the infrastructure the country needs, we say to you that you have a government on your side. This 10 Year Infrastructure Strategy, coupled with long-term capital budgets, the modern Industrial Strategy and a commitment to investing in skills and training, presents a lifetime of opportunities.

This Strategy is the starting point, not the end. This Strategy is backed up by higher, longer term public-sector capital investment and an updated approach on the role of private capital in partnering with government to deliver. And our online dynamic Infrastructure Pipeline will give investors and businesses a confident operational view of the opportunities ahead of us, and a reason to invest here in the United Kingdom.

Alongside this, we have launched the new centre of expertise in government – the National Infrastructure and Service Transformation Authority (NISTA). NISTA brings together the strategic expertise of the National Infrastructure Commission and the project assurance expertise of the Infrastructure and Projects Authority. But we want it to be more than the sum of its parts.

Sitting inside HM Treasury, NISTA will play a crucial role in advising ministers on the go/no-go decisions for major projects and infrastructure. It will help government understand if a project has been properly designed, if the supply chain is able to deliver the project to time and budget and if the financing has been adequately put together. NISTA will be challenged by external experts through its Advisory Council and will engage directly with business and investors; whilst supporting other government departments to deliver major projects and infrastructure in line with best practice.

This is the first time that the UK has set out a long-term Strategy that brings together economic infrastructure (transport, energy, water and wastewater, waste, digital and flood risk management) with housing and social infrastructure (hospitals, schools and colleges, and prisons and courts). NISTA will oversee the implementation of the Strategy, as well as supporting progress reports to accompany future spending reviews.

The government has huge ambitions for the country, but we are committed to doing fewer things better instead of the same things badly. Our inheritance is one of major cost overruns, projects badly off track, and a huge backlog of public infrastructure not being adequately maintained. We have inherited projects where well known failures in good practice persist – failure to properly design and stick to project plans, poor commercial leadership, construction beginning too early, and political decision making that is erratic, short term, and undeliverable.

The government is conscious that it can't do everything at once – because of the inherited position of our infrastructure, the fiscal constraints we are working under and capacity in the supply chain. But through our Strategy, our long-term approach and our willingness to reform the system, we will start to turn the corner and deliver the change we promised the UK.

Infrastructure – social and economic – will deliver the government's missions to drive growth and raise living standards in every part of the UK. Infrastructure will support our modern Industrial Strategy and provide the certainty businesses need to invest; it will ensure home-grown energy to protect bill-payers and deliver clean power by 2030 and it will improve public services through taking a long-term approach to improving the fabric of our hospitals and our schools.

In short, this Strategy sits at the heart of our plans to renew the UK.

We will continue to work with businesses, investors, workers and regional and local leaders to drive up ambition and improve delivery. We will start to implement the obvious solutions to the well known problems that led the UK to where it is today. And together, we will get the UK building again and deliver the improvements that are needed to bring about the decade of national renewal that we all want to see take place.

The Rt Hon Darren Jones MP
Chief Secretary to the Treasury

Executive Summary

The government's Plan for Change sets out clear milestones to put this country on track for a decade of national renewal, with growth and raising living standards across the country as its priority mission. Better infrastructure has a vital role to play in delivery of all of the government's missions, creating and connecting people to good jobs, supporting new housing and neighbourhoods, ensuring people can depend on vital public services and providing resilience in response to a changing world.

Delivering this requires a new approach. Infrastructure investment has been too erratic and too low in the UK, hampering productivity and wages and making delivery slow and costly. Across policy and delivery, there needs to be more coordination, across sectors and between government and delivery partners.

The government is doing things differently to fix the failures of the past, prioritising long-term outcomes over short-term announcements, providing the certainty and stability needed to attract investment, boosting British supply chains and jobs, and taking a joined-up view to improve planning and delivery across all types of infrastructure.

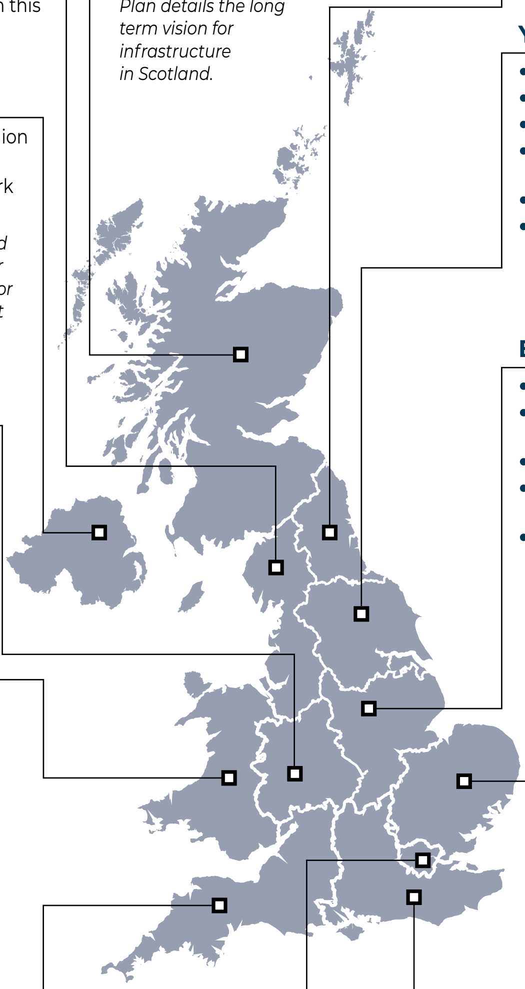
UK Infrastructure: A 10 Year Strategy ('the Strategy') sets out this new approach. It is long-term in nature – backed by at least £725 billion of government funding for infrastructure over the next decade. It is comprehensive – covering both economic and social infrastructure for the first time, recognising that schools and hospitals are just as vital to living standards as road and rail. And it is ambitious – with the upcoming online Infrastructure Pipeline, setting out the full range of projects to be taken forward.

This will support the government's modern Industrial Strategy, delivering the long-term certainty businesses need, and unlocking the potential of the highest-growth sectors and the places where they are concentrated.

Together, these plans will be an enormous stimulus for British workers and British firms, creating well-paid jobs in every corner of the UK. By dealing with years of chronic underinvestment, productivity will grow, leading to increasing earnings and living standards.

The government will work with businesses and delivery partners to implement this Strategy, holding itself accountable by reporting on progress every two years.

Figure 0.1: Examples of infrastructure investment across the country



North West

- Transport for City Regions allocation
- Transpennine Route Upgrade
- CCUS HyNet Cluster construction spend
- Barrow regeneration
- Hospitals – North Manchester General Hospital and Leighton Hospital
- 65 schools being delivered in the School Rebuilding Programme in this region

Northern Ireland*

- Recommitting to the Belfast Region City Deal
- Redevelopment of Casement Park

**Many aspects of infrastructure are largely devolved. The Northern Ireland Executive's Infrastructure Strategy for Northern Ireland sets key objectives for infrastructure investment for the next thirty years.*

West Midlands

- Transport for City Regions allocation
- HS2
- Midlands Rail Hub
- 57 schools being delivered in the School Rebuilding Programme in this region

Wales*

- Investment into enhancing rail including for Cardiff West Junction
- Investments in ports for floating offshore wind
- CCUS HyNet Cluster construction spend

**Many aspects of infrastructure are largely devolved. The Welsh Government published the Wales Infrastructure Investment Strategy in December 2021.*

South West

- Transport for City Regions allocation
- Bridgwater Tidal Barrier Flood Defence Scheme
- Western Forest and Forest of Avon
- 40 schools being delivered in the School Rebuilding Programme in this region

Scotland*

- New supercomputer at Edinburgh University
- Investments in ports for floating offshore wind
- Development funding for CCUS Acorn

**Many aspects of infrastructure are largely devolved. The Scottish Government's Infrastructure Investment Plan details the long term vision for infrastructure in Scotland.*

London

- TfL capital renewals programme
- HS2
- Thames Estuary 2100
- Hospitals – Whipps Cross University Hospital and Hillingdon Hospital
- 51 schools being delivered in the School Rebuilding Programme in this region
- Specialist Emergency Care Hospital, Sutton

North East

- Transport for City Regions allocation
- CCUS East Coast Cluster construction spend
- Tees Tidelands Programme
- 47 schools being delivered in the School Rebuilding Programme in this region

Yorkshire and the Humber

- Transpennine Route Upgrade
- Project Prometheus
- Transport for City Regions allocation
- Hospitals – Airedale General Hospital and Leeds General Infirmary
- Development funding for Viking CCUS
- 66 schools being delivered in the School Rebuilding Programme in this region

East Midlands

- Transport for City Regions allocation
- Derby Flood Risk Management Scheme
- Ilkeston Flooding Strategy
- Hospitals – Leicester Royal Infirmary and Kettering General Hospital
- 44 schools being delivered in the School Rebuilding Programme in this region

East of England

- Universal Studios Theme park
- East West Rail
- Sizewell C
- Hospitals – Princess Alexandra Hospital, Queen Elizabeth Hospital, West Suffolk Hospital, James Paget Hospital, Watford General Hospital and Hinchingbrooke Hospital
- 90 schools being delivered in the School Rebuilding Programme in this region

South East

- East West Rail
- Portsea Island – Flood Cell 1 Southsea Coastal Flood and Erosion Risk Management Scheme
- Oxford Flood Alleviation Scheme
- Frimley Park Hospital
- 58 schools being delivered in the School Rebuilding Programme in this region

This map illustrates a selection of Infrastructure investments committed across the UK over the next 10 years. Hospitals built with RAAC or with a cost over £1bn in wave 1 and or 2 of the New Hospital Programme, as set out in the NHP Implementation Plan and in-flight Flood Schemes with a cost over £50m have been included in the map.

Investing for the long term

The government is funding at least £725 billion of economic and social infrastructure over the next decade, ensuring that public infrastructure capital funding continues to grow at least in line with inflation after the current Spending Review period. This funding certainty, as part of the new approach to infrastructure set out in this Strategy, will help government and industry plan further ahead, allowing for more efficient delivery, ensuring better value for the taxpayer, and supporting jobs across the country.

This will also create opportunities to unlock other types of new investment into infrastructure, to maximise public investment. Together this Strategy will support the government's Plan for Change, through:

- **Housing:** supporting delivery of 1.5m new homes this Parliament, through the 10-year Affordable Homes Programme and with investment from the National Housing Bank.
- **Transport:** Transport for City Regions (TCR) settlement, capital funding to progress work on the Lower Thames Crossing and a new Structures Fund to repair major structures on the road network.
- **Water:** water companies to quadruple investment in new water infrastructure over the next five years, including developing 9 new reservoirs.
- **National Wealth Fund:** helping crowd in private investment and drive growth across the UK.
- **Clean Energy:** including investment by GB Energy, the UK's first regional hydrogen transport network and store, strategic electricity transmission network investment and electric vehicle charging infrastructure.
- **Nuclear energy:** investment to enable one of Europe's first Small Modular Reactor programmes and for nuclear fusion, alongside Sizewell C.
- **Schools:** deliver rebuilding projects at over 500 schools within the existing School Rebuilding Programme and provide funding certainty out to 2034-35, enabling a further 250 schools to enter the programme.
- **Hospitals:** delivering 35 hospitals in England via the New Hospital Programme.
- **Essential maintenance:** providing funding certainty up to 2035 for schools, colleges, prisons, courts and hospitals maintenance programmes.
- **Digital connectivity:** continuing investment in high-speed internet access via Project Gigabit.
- **Flood resilience:** ensuring long term readiness via the 10-year flood defence investment programme.
- **Justice:** three new prisons in England by 2031.
- **Defence:** committing to 2.6% of GDP by 2027 on NATO qualifying defence spending

This is the starting point. In July, NISTA will set out a new **Infrastructure Pipeline** which, over time, will provide a single source of data across the major infrastructure market.

A new approach to infrastructure to drive growth

Infrastructure boosts growth and plays a vital role in delivering higher living standards. It provides the connectivity which supports productivity and efficiency improvements, thriving communities and access to housing. It helps maintain the resilience of the economy to extreme weather and other risks which could drag down growth. And infrastructure supports the public services required to maintain the healthy, well-educated workforce that is essential for long-term economic growth.

For the first time, the government is bringing together economic, social and housing infrastructure under one strategy. The Strategy will not solve everything in one go because of the legacy position on infrastructure, fiscal constraints and capacity in the supply chain. But through this Strategy, a long-term approach, and a willingness to reform the system, the government will start to turn the corner and deliver the change it has promised.

This new approach is based on reforming institutions, providing certainty and removing barriers:

Reforming institutions and the approach to delivery

- The National Infrastructure and Service Transformation Authority (NISTA) has been established to integrate infrastructure policy, strategy and delivery in the centre of government. NISTA is reforming wider processes to ensure delivery is more effective and to develop stronger partnerships with the private sector. It will also help in recommending infrastructure projects with the greatest growth impact.
- The government is improving its approach to project delivery and appraisal, for example through the reforms of the Green Book. HM Treasury is introducing 'place-based' business cases, to bring together the different projects that are needed to achieve the objectives of a particular place and make sure that central government properly considers complementarities between different projects such as housing and transport.
- The government is also implementing a bespoke approach to governance and funding for current and future mega projects, as set out in the study conducted by the Office for Value for Money (OVfM).[1]
- Five mayoral strategic authorities will join Greater Manchester and the West Midlands in having access to the integrated settlement meaning that mayors representing nearly 40% of people in England will have local control over a single flexible pot for growth and public services priorities.

Providing certainty, confidence and stability

- The government's fiscal framework introduced at Autumn Budget 2024 has supported a step-change in capital investment, while ensuring debt is on a sustainable trajectory.
- The government is funding at least £725 billion for infrastructure over the next decade, ensuring that infrastructure capital funding continues to grow at least in line with inflation after the current Spending Review period. As part of this,

[1] The Office for Value for Money, 2025.

the government is committing to longer-term certainty with some projects and programmes receiving funding certainty even beyond 5 years and up to 10 years in some cases, including the school and college estate, the health estate, and justice estate. This will be a boost for British workers and British firms, creating well-paid jobs across the UK.

- The Infrastructure Pipeline digital portal will be launched in July 2025. This will be regularly updated and will provide comprehensive information on publicly funded and financed economic and major social infrastructure projects, to provide businesses with the certainty they need to invest in skills, technology and market capacity. The Infrastructure Pipeline will also include privately funded and financed schemes where the necessary information is available.

Removing barriers through an enhanced spatial approach to planning

- The government is taking a spatial approach to planning infrastructure, joining up across different sectors and geographies to address both national and local needs.
- Future updates to the Strategy will set out national spatial priorities for England.
- NISTA is leading the development of the government's national infrastructure spatial digital tool to strengthen the local evidence base for place-based infrastructure investment decisions. This will enable integration of spatial investments across multiple areas such as housing, energy and transport.
- The government is taking forward the most ambitious planning reforms in a generation, including via the flagship Planning and Infrastructure Bill, and is fast-tracking 150 planning decisions on major infrastructure projects by the end of this Parliament.
- The government is working to ensure a more consistent approach to the construction sector, including through compliance with the Construction Playbook. It is reforming public procurement, making it simpler, more commercial, better designed to drive up investment in skills and supply chains to boost British jobs – and is consulting on further reforms to ensure public contracts create high quality jobs and boost skills in the communities that most need them.
- The Strategy covers 10 years, with updates every two years to ensure it remains up to date and reflects progress made. Implementation of the Strategy will be overseen by NISTA.

Encouraging private investment

Delivering this ambitious programme for improving economic and social infrastructure in the UK will require increased and sustained investment. A significant increase in private investment is needed to complement and maximise the value of the extensive public investment underway. The UK must build on existing strengths in attracting private capital for the step-change in investment needed to deliver this Strategy's ambitions.

The government will work with the private sector to harness the potential for private finance – supporting increasing investment in regulated sectors, leveraging private finance in other sectors, supported by public financial institutions, and developing mechanisms to enable private finance to reach infrastructure projects.

The government is taking action to support this in three ways:

- **Supporting the supply of private capital into the UK infrastructure market**, by working with pension funds and other providers of capital through, for example, the Mansion House Accord.
- **Matching these varied sources of capital to investment opportunities**, through public financial institutions such as the National Wealth Fund, appropriate regulation, and end-to-end investor support via the Office for Investment (OfI).
- **Ensuring a healthy and visible supply of projects to create demand** for private capital, by continuing to evolve our infrastructure finance models – including exploring the use of Public Private Partnerships (PPPs). PPPs will be considered for projects and sectors where there is a revenue stream and appropriate risk-transfer can be achieved, and value for money for taxpayers can be secured (for example, for financing the development of Euston station). The government will also explore the feasibility of using new PPP models for taxpayer-funded projects (for example in decarbonising the public sector estate and in certain types of primary care and community health infrastructure) in very limited circumstances where they could represent value for money.

On economic regulation, the Department for Business and Trade, HM Treasury and NISTA will continue to take a strategic perspective, recognising that stakeholders and investors value coordination across sectors. Alongside sector specific activities, and following the outcomes of the individual sector reviews, the government will set out an updated approach to economic regulation by the end of 2025.

Unlocking growth across regions

Economic growth is the only way to sustainably increase wages, bring down bills, revitalise our high streets and fix our broken public services. Driving growth across the UK is about making more of our local economies strong and resilient, allowing more people to access new opportunities and a higher quality of life wherever they choose to live.

Infrastructure has a critical role to play in delivering resilient growth across all sectors and regions of the UK, including those underpinning our modern Industrial Strategy. The government's investment in infrastructure will in turn support British supply chains and jobs.

Boosting growth through transport and digital connectivity

- **Fixing the basics through long-term investment in road and rail maintenance:** addressing backlogs, fixing potholes and ensuring existing networks are resilient to long-term challenges. £24 billion of capital funding between 2026-27 and 2029-30 has been allocated to National Highways and local authorities to maintain and improve motorways and local roads across the country. This includes investing £1 billion to enhance the road network and create a new Structures Fund that will repair major structures like bridges, flyovers and collapsed roads.

- **Record investment in urban transport infrastructure to support our city regions:** £15.6 billion investment for public transport systems through the Transport for City Regions settlements, which will include enabling construction to start on West Yorkshire's Mass Transit system – a more than double real-terms increase in capital spending on local transport in city regions by 2029-30 compared to 2024-25.

- **Connecting the towns and cities of the North and Midlands:** better connecting the major northern English towns and cities – and increasing agglomeration, fostering sectoral clusters alongside key infrastructure investment, and encouraging greater university collaboration and inward investment.

- **Delivering East West Rail to enable the Oxford to Cambridge Corridor:** £2.5 billion funding provided at the Spending Review 2025 to support delivery of East West Rail, enabling the delivery of new homes and boosting the local economy by £6.7 billion a year by 2050.

- **Progressing High Speed 2 (HS2):** Continuing delivery of the high-speed line from Euston to Birmingham and maximising economic development around key stations along the route at Old Oak Common, Euston, Interchange Station (Solihull) and Birmingham Curzon Street.

- **Supporting a third runway at Heathrow:** inviting proposals to enhance connectivity, reduce travel costs and minimise delays at one of the busiest global airports, whilst meeting legal, environmental and climate obligations.

- **Driving forward work on the Lower Thames Crossing**: An initial £590 million for 2026-27, provided at Spending Review 2025 to deliver this project. Further work, including on a Regulated Asset Base model, is being undertaken in parallel to design and agree a funding model which delivers value for money for the taxpayer and users.

- **Building sovereign compute capacity to support growth:** £2 billion to deliver the AI Opportunities Action Plan, which includes expanding compute resource available to academics and researchers, alongside creating AI Growth Zones with enhanced access to power and support for planning approvals to enable investment in AI-enabled data centres and supporting infrastructure.

Providing the right conditions for new housing development

- **Committing to clear targets for new homes, allowing for better infrastructure planning:** the government has taken decisive action to restore and raise housing targets, ensuring that local authorities, investors, and infrastructure providers have a clearer basis for predicting need and planning accordingly. The OBR recognised the impacts of the government's changes to the National Planning Policy Framework (NPPF) at Spring Statement, judging it would boost GDP by 0.2% and add £6.8 billion to the economy by 2029-30.

- **Delivering the biggest boost to investment in social and affordable housing in a generation**: the government has committed to a comprehensive package of support for social and affordable housing providers, including as announced at Spending Review 2025, confirming £39 billion for a successor to the Affordable Homes Programme over 10 years from 2026-27 to 2035-36.
- **Establishing a new National Housing Bank as part of Homes England to catalyse additional private investment:** capitalised with £16 billion of new financial capacity, on top of £6 billion existing finance, the new Bank will boost housebuilding through a broader range of development finance products, including new products for SME builders, equity investments that will crowd in institutional investment, and partnership working to support mayoral priorities. Together this is expected to deliver at least 580,000 additional homes.
- **Delivering water to new homes and industries:** the government has agreed water companies' water resource plans, unlocking £7.9 billion investment in water resources in the next 5 years – including in the development of 9 new major reservoirs and 9 water transfer schemes. The government is also working to address objections to new developments.
- **Increasing energy transmission and distribution network capacity:** supporting the sector to deliver the investment needed to enable clean power and support economic growth and development, and speeding up the connections process for new homes and businesses.

Improving the resilience of infrastructure and the reliability of services

- **Strengthening resilience standards:** mapping existing standards across critical national infrastructure, identifying gaps and strengthening or introducing additional standards where necessary and effective to do so.
- **Committing to our flood defence pipeline:** a £7.9 billion 10-year pipeline of capital investment to maintain existing and invest in new flood defences, nature-based solutions and property level resilience measures. This investment will benefit 840,000 properties by 2035-36.

Becoming a clean energy superpower

The government's mission is to make the UK a clean energy superpower by delivering clean power by 2030 and accelerating to net zero. This is an historic opportunity to invest in a growing sector of the economy – one of our modern Industrial Strategy growth-driving sectors – to boost energy security, create good jobs at good wages across the country, and deliver wider benefits to society, such as improved air quality.

The government will use infrastructure policy and investment to deliver clean power by 2030 and accelerating to net zero, including by:

- **Delivering a flexible, low carbon electricity system by 2030:** the Clean Power Action Plan will aim to secure 43-50 GW of offshore wind, 27-29 GW of onshore wind and 45-47 GW of solar generation by 2030 – delivered through the successful Contracts for Difference scheme – while ensuring that there is sufficient short and long duration flexibility that unabated gas provides less than 5% of generation and that consumers are able to access the benefits of flexibility.

- **Continuing to invest in Carbon Capture, Usage and Storage (CCUS) and low carbon hydrogen**: helping to decarbonise industry and power by allocating £9.4 billion for CCUS to maximise deployment to fill the storage capacity of the East Coast and HyNet Clusters and support the Acorn and Viking clusters through development funding and providing over £500m for hydrogen infrastructure to enable the develop the first regional hydrogen transport network and store.

- **Building new nuclear generation:** supporting the development of Sizewell C, which will deliver up to 3.2 GW of continuous power generation, enabling one of Europe's first small modular reactor programmes to provide a further 1.5 GW of power, subject to all relevant approvals, and providing £2.5 billion funding for nuclear fusion research, including support for the world-leading STEP programme in Nottinghamshire. The government is also providing a pathway for privately-led advanced nuclear technologies, with Great British Energy – Nuclear tasked with assessing proposals.

- **Establishing Great British Energy**: a publicly owned clean energy company which will strategically develop, invest in, and own clean energy projects across the UK. Great British Energy and Great British Energy – Nuclear will together invest more than £8.3 billion over the Spending Review period in homegrown clean power.

- **Decarbonising heat and buildings:** To cut bills, tackle fuel poverty, and accelerate to net zero, the government is funding the Warm Homes Plan with a total of £13.2 billion over the Spending Review 2025 period, including £5 billion of financial transactions, and Barnett consequentials. This investment will be allocated across schemes that support the rollout of heat pumps, alongside energy efficiency measures and other low-carbon technologies, such as solar and batteries. The government will work with the UK's expert public finance institutions, including the National Wealth Fund, to support the delivery of the Warm Homes Plan.

- **Decarbonising transport:** providing £2.6 billion capital investment to decarbonise transport from 2026-27 to 2029-30 to continue to support the rollout of electric vehicles and the required charging infrastructure, as well as encouraging innovation in hard to abate sectors like maritime and aviation.

- **Decarbonising the waste sector:** transitioning to a circular economy, reducing our reliance on landfill and incineration, and ensuring that new energy from waste plants are carbon capture ready.

Delivering high quality social infrastructure

Historic underinvestment and lack of strategic planning has left the health, education and justice estates with a substantial maintenance backlog. Many buildings are now beyond repair, unable to accommodate new technology or reform how services are provided.

By having a long-term strategy that brings together social infrastructure alongside economic infrastructure and housing for the first time, the government can develop assets that are fit to support high quality public services and the places they serve.

The government will consider all social infrastructure assets as part of a system. This will be underpinned by:

- **A new roadmap to deliver a more efficient and unified approach to social infrastructure:** This is the first time government has taken a co-ordinated approach to social infrastructure, and NISTA will work with other parts of government and industry to improve the way in which social infrastructure is planned, delivered and maintained across the system.
- **Collaboration across government:** For example, the OVfM has conducted a study into public sector procurement of short-term residential accommodation, working in partnership with relevant departments.[2]
- **Long-term funding:** 10-year funding for specific programmes with details set out in the Infrastructure Pipeline. This will deliver at least £10 billion per year by 2034-35 to maintain and repair health, education and justice infrastructure, rising from over £9 billion in 2025-26 and this will help departments, local areas and industry plan ahead with confidence and invest in the skills and technology needed to improve efficiency.

This is supported by investment in key social infrastructure sectors:

- **Health:** £70 billion from 2025-26 to 2029-30 for targeted infrastructure replacement, maintenance, critical safety and the wider DHSC portfolio, and allocating up to an additional £49 billion from 2030-31 to 2034-35 for the New Hospital Programme, wider repair of hospital infrastructure, and the eradication of reinforced autoclaved aerated concrete (RAAC) from the NHS estate by 2035. This includes over £6 billion per year from 2025-26 to 2034-35 for maintenance and repair of the NHS estate.
- **Education:** £38 billion in education capital investment from 2025-26 to 2029-30 to ensure schools and colleges are able to deliver the education and skills needed to support local communities and workforces, improve educational outcomes and deliver the modern Industrial Strategy and Plan for Change. The government has committed to expand the School Rebuilding Programme, providing almost £20 billion investment in the programme from 2025-26 to 2034-35. The government has also allocated almost £3 billion per year by 2034-25, rising from £2.4 billion in 2025-26, to improve the condition of the school and college estate.
- **Justice:** supporting the justice system and keeping the country safe by building 14,000 new prison places by 2031 and allocating at least £600 million per year on average from 2026-27 to 2034-35 for maintenance to protect existing prison and court capacity, rising from £500 million in 2025-26. The government is also providing the funding necessary to deliver transformative reforms to probation, based on the recommendations set out in the Independent Sentencing Review.

[2] Terms of reference: Value for Money (VfM) studies, HM Treasury, 2025.

Improving the environment

The natural environment is one of the UK's most vital national assets, providing significant economic benefits, including by cleaning our air and water, protecting against the effects of climate change, safeguarding food security, and improving health and wellbeing from nature-based recreation.

The Strategy sets out how the environment will be improved through:

- **A strategic and spatial approach to the environment:** driving nature recovery alongside economic growth and streamlining the process of environmental planning assessments. The government is providing £500 million over three years to make it simpler and quicker for developers to meet their environmental obligations, without compromising on environmental improvement, through the Nature Restoration Fund and Marine Recovery Fund. It is also accelerating how Natural England and the Environment Agency process planning applications.
- **Investment in net zero, water resources, and the circular economy:** mitigating climate change, cleaning up rivers, lakes and seas, and improving resource efficiency.
- **Investment in nature-based solutions and green infrastructure:** particularly in the flood management sector through the new £7.9 billion 10-year capital investment programme.

Working with devolved governments to deliver infrastructure

The Strategy follows UK government responsibilities, and many aspects of infrastructure are largely devolved. Many of the same challenges and enabling actions identified in this Strategy are being addressed across the devolved governments:

- **Northern Ireland:** The Investment Strategy for Northern Ireland (ISNI) will set out the Northern Ireland Executive's Vision and Strategic Objectives for infrastructure up to 2050, alongside a costed infrastructure delivery plan for the next ten years. A draft ISNI was published in 2022, and the final strategy will serve as the Strategic Infrastructure Plan further committed to in the Interim Fiscal Framework (2024). The ISNI aims to invest some £30 billion in infrastructure over ten years, including £26 billion of public funding. The ISNI also includes an Enabling Action Plan setting out twelve strategic actions to unblock and address long-standing infrastructure challenges across the themes of People, Process and Policy.
- **Scotland:** The Scottish Government's Infrastructure Investment Plan (IIP) for Scotland 2021-22 to 2025-26 was published in February 2021 and details the long-term vision for infrastructure supporting an inclusive, net zero carbon economy. The period it covers has been extended by one year meaning it will now run to 2026-27. The Scottish Government is also taking action to ensure the planning system promotes delivery. National Planning Framework 4 includes a national spatial strategy, and embeds infrastructure considerations within regional priorities, national developments and national planning

policy. Development of the next IIP is underway and is being informed by the recommendations of the Infrastructure Commission for Scotland. This will cover the period from 2027-28 and a draft will be published for consultation.

- **Wales:** The Wales Infrastructure Investment Strategy (WIIS) was published by the Welsh Government in December 2021 and sets out a 10-year vision of the outcomes that investment in infrastructure should enable. This long-term strategy is underpinned by a series of Infrastructure Finance Plans. These operationalise the WIIS by setting out the key capital programmes that most effectively deliver the outcomes and allocate funding across the relevant budget period. The Welsh Government also publishes a Wales Infrastructure Investment Strategy project pipeline to provide insight to the infrastructure investments that are planned over a three-year period to support delivery of the WIIS.

There is strong alignment between the Strategy and the plans of the devolved governments. In largely reserved areas, like energy and digital infrastructure, the Strategy will deliver for the whole country.[3] A more joined-up approach to infrastructure in reserved areas should also support integration of devolved plans in areas like housing or transport.

The UK Government will continue to work closely with the devolved governments, including through the Council of Nations and Regions and the relevant Inter-Ministerial Groups established under the Review of Intergovernmental Relations.

[3] Devolution settlements are often complex. Individual schemes should therefore be considered on a case by case basis. However, this is a broad indication of devolved and reserved responsibilities: Flood risk, Waste, Water, Health, Education, Justice (except for Wales) and Housing are devolved responsibilities. Much digital is reserved (excluding data centres). For NI much energy is devolved (excluding nuclear); while for Scotland and Wales much energy is reserved (excluding energy efficiency). Much transport is devolved for NI, Scotland (excluding cross-border rail), and Wales (excluding heavy rail).

Chapter 1:

A new approach to infrastructure to drive growth

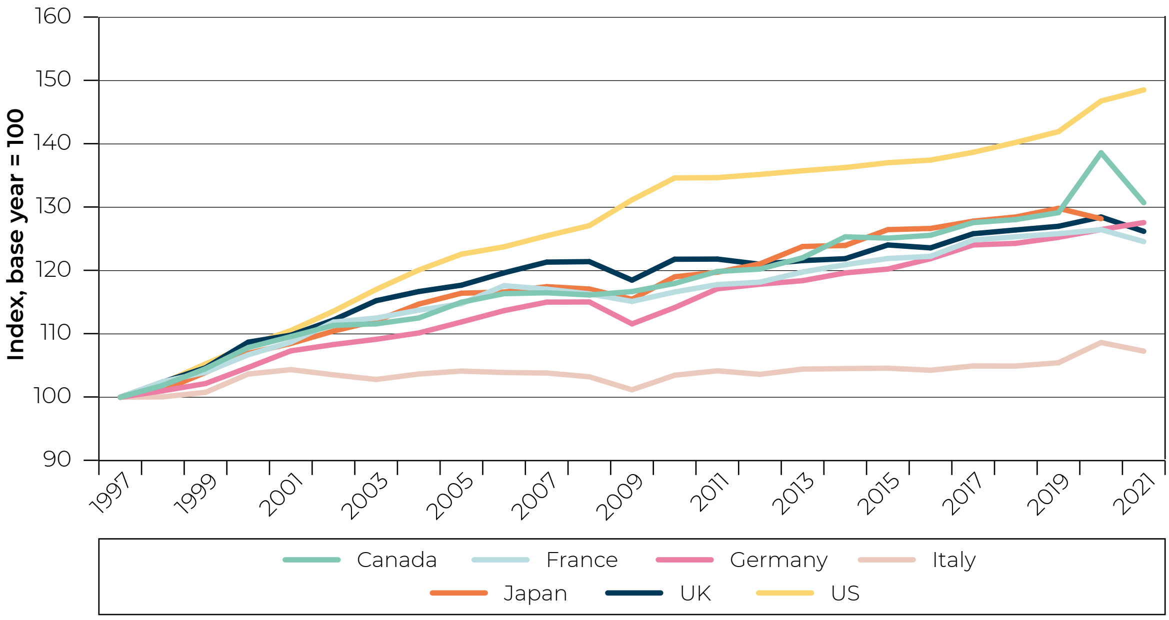
High quality infrastructure drives economic growth

1.1 High quality infrastructure boosts growth and plays a vital role in delivering higher living standards. Investment in infrastructure will improve transport and digital connectivity, which supports productivity and efficiency improvements. It will also provide housing for the workers that productive firms need.

1.2 Working alongside the forthcoming modern Industrial Strategy, it will boost supply chains and create good jobs for British workers. It will enhance the resilience of the economy to extreme weather and other risks, reducing outages that create a drag on growth. By supporting the delivery of better public services, it will ensure the healthy and well-educated population essential for long-term economic growth.

1.3 The government inherited a long history of underperforming economic growth. UK productivity growth has averaged around 0.3% a year since 2008, compared to around 2% in the years before that. UK productivity growth has been lower than France, Germany and the United States since the financial crisis in 2007-08.[4]

Chart 1.1: Annual output per hour worked for the UK compared to other G7 countries, indexed from 1997



Source: ONS, International comparisons of productivity.

[4] International comparisons of UK productivity (ICP), final estimates – Office for National Statistics, Office for National Statistics, 2023.

1.4 The condition of many of the UK's infrastructure assets is poor – the public estate maintenance backlog is estimated to be £49 billion.[5] Rivers are polluted, roads have potholes, not enough new homes have been built, and public service buildings are struggling to meet demand.

1.5 The government increased the capital envelope by over £100 billion at Autumn Budget 2024 (£107 billion from 2025-26 to 2029-30) and by a further £13 billion over the same period at Spring Statement 2025. Taken together, the government is investing an additional £120 billion over the Spending Review period compared with the plans set out at Spring Budget 2024.[6,7]

1.6 This was only the starting point, and funding alone cannot be the answer. It must be spent effectively and efficiently. The government is therefore also introducing a new approach to how infrastructure is prioritised, planned for, and delivered.

1.7 The new approach is set out across three pillars:

- **Reforming institutions and the approach to delivery**, including the creation of NISTA.
- **Providing certainty, confidence and stability** through government funding and developing a pipeline of infrastructure projects.
- **Removing barriers to delivery** through an enhanced spatial approach to planning, planning reform, more effective working with the construction sector and wider supply chains and building a skilled workforce.

Reforming institutions and the approach to delivery

Creating NISTA

1.8 The government has brought its expertise on infrastructure strategy and delivery together with the creation of NISTA as a joint unit of HM Treasury and the Cabinet Office. This will enable a more joined-up approach across both economic and social infrastructure and ensure improvements in infrastructure and service transformation deliver economic growth.

1.9 NISTA will play a vital role in identifying evolving infrastructure needs and growth opportunities. For the first time, needs assessments will look across both social and economic infrastructure. Through this, combined with developing a more spatial approach to infrastructure planning and recommending infrastructure projects with the greatest growth impact, NISTA will help to maximise economic growth opportunities.

1.10 NISTA has six objectives:

- **Overseeing the government's 10 Year Infrastructure Strategy:** implementing the Strategy and overseeing future refreshes.

[5] Maintaining public service facilities – NAO report, National Audit Office, 2025.
[6] Autumn Budget 2024 – HC 295, HM Treasury, 2024.
[7] CP1298 – Spring Statement 2025, HM Treasury, 2025.

- **Identifying and coordinating infrastructure needs:** assessing evolving needs and opportunities and developing a more spatial approach to infrastructure planning to maximise sustainable economic growth – including clusters of projects – and other objectives.
- **Unblocking barriers and streamlining delivery of the government's major projects:** advising on project set-up, planning, project delivery, benefits realisation and providing expert commercial and financial advice.
- **Setting standards and improving the government's project delivery capabilities:** developing best-in-class guidance and tools and delivering leadership and learning programmes, as well as drawing in industry expertise and best practice in the UK and Internationally.
- **Providing effective assurance for the government's priority projects:** overseeing the Government Major Projects Portfolio (GMPP).
- **Leading expertise on private finance:** providing advice and guidance on the government's approach to the private financing of major projects.

1.11 As well as creating NISTA, the government is also refreshing the wider infrastructure landscape – particularly around private finance. The new and refreshed institutions (set out in detail in Chapter 2) will provide expertise to help leverage private capital and maximise the value of public investment by crowding private investment in alongside it.

Approach to project delivery and appraisal

1.12 Ensuring effective project delivery is central to NISTA's purpose. Guided by the Government Functional Standard for Project Delivery and the Teal Book, NISTA will oversee and support government departments, delivery bodies and the supply chain.[8,9]

1.13 The government is also taking wider steps to improve its approach to project delivery and appraisal. On 11 June 2025, HM Treasury published the findings of its review into the Green Book and how it is being used to provide objective, transparent advice on public investment across the country, including outside London and the south-east of England.[10] The review marks a new approach to appraisal in the public sector. Following the review, HM Treasury will:

- Introduce 'place-based business cases'. These will bring together the different projects that are needed to achieve the objectives of a particular place. They will make sure that central government properly assesses the complementarities between different projects, such as housing and transport.
- Simplify and shorten the Green Book and the accompanying business case guides, publishing an updated Green Book at the start of 2026.
- Continue to address the over-emphasis on benefit-cost ratios (BCRs) in government appraisal, including by banning the use of arbitrary BCR thresholds as a simple means of determining if something should be funded.

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[8] Government Functional Standard GovS 002: Project Delivery – Government Project Delivery, Infrastructure and Projects Authority and Government Project Delivery Function, 2021.
[9] Government Project Delivery launches The Teal Book – Government Project Delivery, Government Project Delivery and the National Infrastructure and Service Transformation Authority, 2025.
[10] Green Book Review 2025: Findings and actions, HM Treasury, 2025.

- Improve the Green Book guidance on transformational change, to help public servants better assess the potential of projects to bring about growth.

Reforming the Government's Major Projects Portfolio

1.14 The Government Major Projects Portfolio (GMPP) ensures robust oversight of the government's most complex, risky and strategically significant projects, programmes and portfolios.

1.15 NISTA will review the GMPP to enhance oversight and support for projects, programmes and portfolios of national importance. Such as those that are delivering significant economic growth, supporting the government's missions and other national benefits; and that are high complexity, high risk, high profile or high cost.

1.16 This will include 'mega projects' which have transformational impacts on the economy, society or national security, involve multiple government departments and agencies, take longer to deliver – typically over 10 years – and have whole life costs over £10 billion. This approach will be taken for HS2, as outlined below.

Streamlined and enhanced project assurance and approvals

1.17 Beyond mega projects, the government is reforming the assurance and approvals process for all projects, programmes and portfolios. The process will be streamlined to provide integrated assurance and approvals to better support the set up and delivery of projects through:

- A new expanded project initiation offer, with commercial, project delivery and digital expertise.
- Integrated assurance, carried out by a multi-disciplinary team, at critical stages of the projects.
- Ensuring central approvals are timely, with meaningful recommendations and conditions.
- Consistent assessment of strategic alignment with the government's missions, value for money, affordability, and deliverability.

1.18 NISTA's enhanced assurance will complement departmental control and assurance of projects providing additional support to project delivery.

1.19 The government will also improve transparency around investment decisions by publishing, as appropriate, business cases for major projects and programmes. This will support better spending decisions consistent with the government's priorities, including long-term growth.

Providing certainty, confidence and stability

Long-term funding certainty

1.20 The government is taking a fundamentally different approach to how it funds investment in infrastructure. These reforms will ensure that government can deliver both stability and investment.

1.21 The government's fiscal framework introduced at Autumn Budget 2024 has supported a step-change in capital investment, while ensuring debt is on a sustainable trajectory.[11] The stability rule means that government will only borrow for investment, while the investment rule recognises the financial assets held by government, encouraging investments that support growth while generating a return for the government. Together the fiscal rules mean that, unlike our predecessors, we will not be balancing the books by cutting investment and the government can invest in the infrastructure that will provide stronger growth in future.

1.22 The government is reinforcing these changes by delivering stable and certain funding allocations to avoid 'cliff edge' budgets. Capital budgets were set at the Spending Review 2025 for the next 5 years. These will be extended every two years at regular spending reviews.

1.23 In addition, the government will now commit to a funding mechanism to provide greater certainty still, with some projects and programmes receiving funding certainty even beyond 5 years and up to 10 years in some cases.

1.24 To support delivery of this strategy, the government is funding at least £725 billion for infrastructure over the next decade, ensuring that infrastructure funding continues to grow in line with inflation after the current Spending Review period.[12] This includes:

- At least £600 million investment each year on average from 2026-27 to 2034-35 in maintaining the justice estate, up from £500 million investment in 2025-26.
- £6.3 billion investment in prison expansion from 2025-26 to 2030-31, delivering the government's commitment to build 14,000 more prison places.
- £7.9 billion from 2026-27 to 2035-36 for a new 10-year floods investment programme, benefitting around 840,000 properties by 2035-36
- Almost £3 billion per year by 2034-35 to improve the condition of the schools and college estate, rising from £2.4 billion in 2025-26.
- Almost £20 billion investment in the School Rebuilding Programme from 2025-26 to 2034-35, delivering rebuilding projects at over 500 schools across England within the existing School Rebuilding Programme and enabling a further 250 schools to be selected within the next two years.
- £39 billion for a successor to the Affordable Homes Programme over 10 years from 2026-27 to 2035-36.
- We are committing over £6 billion per year from 2025-26 to 2034-35 for maintenance and repair of the NHS estate with investment targeted to reduce the level of critical infrastructure risk and eradicate RAAC entirely.

[11] Autumn Budget 2024 – HC 295, HM Treasury, 2024.
[12] Internal HM Treasury calculation based on capital DEL and AME funding, including via financial transactions, for economic and social infrastructure by central government and local government consistent with Spending Review 2025. For the period from the end of the Spending Review period to the end of the 10 year period covered by the Strategy, the relevant totals are grown in line with expected inflation, using the forecast GDP deflator, and including an underspend assumption where relevant. Government funding for economic and social infrastructure includes the transport, energy, flood defence, water and wastewater, waste, digital infrastructure, justice, education, health and social care, and housing sectors.

- This is alongside funding of up to £24 billion from 2025-26 to 2034-35 for the New Hospital Programme to continue delivery of 35 hospitals including replacement of the 7 built with RAAC.
- £15.6 billion in total by 2031-32 for the elected Mayors of some of our largest city regions via the Transport for City Regions (TCR) settlements, supporting them to invest in their local transport priorities.

1.25 This funding certainty will help government and industry plan further ahead, allowing for more efficient delivery of infrastructure, ensuring better value for the taxpayer, and supporting jobs across the country.

1.26 The new fiscal framework also unlocks the benefits of financial transactions (FTs), which enable government to invest alongside the private sector through equity investments, loans and guarantees. The government announced £9.6 billion of additional FTs at the Spending Review 2025. This is part of a £59 billion step change in the financial transaction and guarantee capacity of the UK's public financial institutions in this Parliament which will help to leverage further investment in UK infrastructure, with details set out in Chapter 2.[13]

1.27 Until recently, all Mayoral strategic authorities received central government funding through a series of separate grants, each with different conditions and reporting requirements. From 2026-27, five mayoral strategic authorities will join Greater Manchester and the West Midlands in having access to an integrated settlement. This will bring together funding across a number of growth and public services priorities, under a single, mutually agreed outcomes framework, monitored over a Spending Review period. This will give mayors greater funding certainty and flexibility to make longer-term, cross-cutting plans to foster growth and deliver better value for money and outcomes, rather than working to short-term siloed targets.

Setting out a pipeline of infrastructure projects

1.28 The Infrastructure Pipeline will offer an ambitious and credible forward look of the opportunities for construction firms over the next decade, catalysing investment in construction skills and technology to raise productivity and growth across the economy. On-site labour productivity has flatlined in recent years and there is a significant workforce deficit.[14] With a clear and credible pipeline, the industry can feel confident knowing what infrastructure they will build, stimulating investment in key skills, technologies and sectors and build market capacity.

1.29 Launching in July 2025, the Infrastructure Pipeline's interactive portal will describe the projects and programmes will deliver this strategy, allowing businesses to see the types of opportunities available up to 10 years ahead. It will contain data on project timelines, size, funding status, location and procurement routes. It will include publicly funded and financed infrastructure projects alongside projects led by regulated and private sector infrastructure providers, covering projects from early stages of development through to construction. The transparency afforded by the Pipeline should unlock innovative approaches to delivering in partnership with the construction sector, further supporting a rise in productivity.

[13] Guarantees do not result in upfront borrowing – there is only a cost if they are called.
[14] Cost drivers of major infrastructure projects in the UK, National Infrastructure Commission, 2024.

1.30 To maximise its impact for all users, the Infrastructure Pipeline will be expanded and developed over time to include greater granularity, coverage, transparency and usability. New projects and updates will be added regularly (initially at least every six months) to maintain an up-to-date picture of the UK's infrastructure projects. The Infrastructure Pipeline data will also provide an important basis for understanding construction skills needs, market capacity and spatial planning.

1.31 At its launch the Infrastructure Pipeline will represent a post-Spending Review 2025 snapshot, providing information on committed projects in government's capital portfolio, alongside projects and programmes in key regulated industries such as water and energy. NISTA will require public sector bodies to engage with the Pipeline and provide relevant data.

1.32 The dataset will be expanded and developed over time, in line with industry requirements, and users will be able to submit feedback, so it can be improved between updates. NISTA will work with market and industry stakeholders, including the Construction Leadership Council, to develop the Infrastructure Pipeline so it includes investible opportunities ready for private investment.

1.33 Projects on the Infrastructure Pipeline are distributed across the UK, but will not cover devolved responsibilities in Wales, Scotland and Northern Ireland; these will continue to be covered in the respective infrastructure strategies of the devolved governments. NISTA is working with devolved governments to build consistency between the different pipelines and improve read-across. Further information on the Infrastructure Pipeline can be found at the Annex.

A new approach to mega projects

1.34 The Office for Value for Money (OVfM) has conducted a study into the budgeting and governance arrangements for mega projects, and found they are not typically set up for success: early cost estimates are difficult and unreliable, incentives push projects into delivery before they are ready, and convoluted decision-making and assurance structures blur accountability.[15] Even where they start well, they often go wrong – for example, by prioritising annual budgets over delivering to schedule, or due to inconsistent political support or scope.

1.35 Given the scale and complexity of mega projects (e.g. HS2, Dreadnought and Sizewell C), the OVfM has developed a bespoke approach to funding and governance that will be implemented for current and future mega projects:

- A Strategy and Delivery Plan will be published and laid as a Command Paper in Parliament at key stages of development and construction, including any material changes to scope or objectives. This will ensure all stakeholders are aligned on what the project is trying to achieve and how it will achieve it.
- Mega projects will have streamlined decision-making processes and integrated assurance plans. These will ensure people with the necessary expertise are able to make decisions and can be held accountable.
- Projects in development will be given staged, incremental funding as the design is developed, and uncertainty and risk is reduced. This will help ensure projects only proceed when they are ready. Cost and schedule estimates will start with broad ranges, reflecting the level of uncertainty.

[15] The Office for Value for Money, 2025.

- Mega projects that move into construction will be given a fixed capital envelope for the entirety of the project, supported by an Annually Managed Expenditure budget classification, or flexibility to move money freely forward and back up to an amount approved by HMT, as long as they are not undertaking a fundamental reset. This will allow projects to focus on the most efficient delivery models and deliver on time.
- Delivery bodies will be granted automatic freedom to determine pay for specialist roles that require skills not typically held by civil servants. This will enable the government to recruit and retain the necessary specialist expertise.

High Speed 2 (HS2)

Launched in the late 2000s, HS2 was an ambitious project – intended to deliver one of the world's fastest and best high-speed railways. The programme has not lived up to this original ambition. Costs have spiralled and the scope has been drastically cut back as a result – now limited to connecting London to the West Midlands.[16]

There is no single cause behind HS2's failings. External shocks have played a role, but there are very clear failings within the programme itself. Government reviews have found that the roots of HS2's problems can be traced back to the early stages of the programme. The strategic aims of the project have not been clear, at times centring on speed and other times on capacity, which has distorted prioritisation and design decisions. The project was given Notice to Proceed despite a still immature design, the commercial contracts created misaligned incentives as costs grew, the organisational setup was inadequate for managing such complex delivery, and both the budget and delivery timelines were too optimistic.[17]

The government is now undertaking a comprehensive reset of the HS2 programme, informed by the Major Transport Projects Governance and Assurance Review led by James Stewart.[18] This includes new leadership, strengthened governance and controls, and a credible plan to restore grip and momentum.

The UK must learn from the HS2 experience if it is to deliver the infrastructure ambitions set out in the Strategy. The government's focus is now firmly on delivering results, ensuring value for money, and rebuilding public trust in the delivery of major infrastructure in the UK, including through the bespoke governance and budgeting arrangements developed by the OVfM as set out in this Strategy.

[16] HS2: update following the Northern leg cancellation, Committee of Public Accounts, 2025.
[17] The Office for Value for Money, 2025.
[18] Major Transport Projects Governance and Assurance Review press release, Department for Transport, 2024.

Removing barriers to delivery of infrastructure projects

Developing a spatial approach to infrastructure planning

1.36 Delivering the right social and economic infrastructure projects, in the right places, and at the right time, requires clear direction from government and a spatial approach to infrastructure planning. This means coordinating and integrating policies for the development and use of land with other key place-based policies and programmes, such as housing, the environment and public services. It will also involve supporting the development of place-based business cases.

Spatial planning in practice

The positive impact of spatial planning can be observed in several places. In Manchester, the Mayoral Strategic Authority is working with the Environment Agency and United Utilities to plan for water management, climate resilience and nature recovery at a strategic scale. In Birmingham, improvements to rail connectivity have stimulated major urban regeneration in the city centre. In London, the strategic planning authority has played an instrumental role in coordinating major infrastructure investment with growth, regeneration and environmental improvement.

In all three cases, the delivery of successful outcomes depends on setting clear objectives, followed by sustained collaboration between local and strategic planning authorities, infrastructure providers, government departments and agencies, developers and local communities.

1.37 However, spatial planning has historically been made difficult by the lack of effective mechanisms for coordination at the local, regional and national scale. This has contributed to a situation where fewer than a third of places have up-to-date local plans. The government is already taking steps to support local authorities to update plans, including via the recently published NPPF which established a new method for assessing housing need, and supports universal coverage of Local Plans. It is also introducing developing a new approach to spatial planning to support the delivery of housing and infrastructure, grow the economy and improve the environment and climate resilience.

1.38 The following sections set out how the government will enable a more strategic and spatial approach to infrastructure planning in England across three areas:

- Providing strategic and spatial direction.
- Developing an aligned set of spatial plans for key infrastructure sectors.
- Establishing a comprehensive approach to spatial planning across local authority boundaries.

Providing strategic and spatial direction

1.39 NISTA will lead the development of the government's new national infrastructure spatial tool (see box below). This tool will complement the government's Land Use Framework, which will be published later this year. NISTA will work closely with departments, regulators, arms-length bodies and local delivery partners, to identify spatial trade-offs and synergies between infrastructure policies, plans and decisions in England.

1.40 It will advise on solutions, broker agreements and support ministers to resolve trade-offs. NISTA will work with Defra to embed a natural capital approach to infrastructure planning, and with with the Ministry of Housing, Communities and Local Government (MHCLG) to reflect strategic direction into planning policy. Future updates to the 10 Year Infrastructure Strategy will set out national spatial priorities for England.

National infrastructure spatial tool

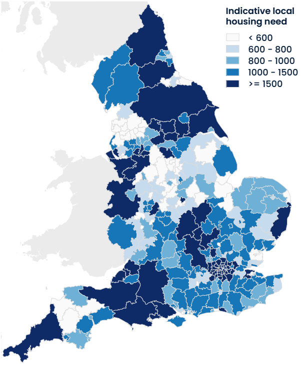
NISTA will lead the development of the government's national infrastructure spatial tool: a single digital platform bringing together strategies, data and tools, including AI, to identify local infrastructure needs and constraints (e.g. energy, water and wastewater, transport, flood risk, digital telecoms) for housing, industrial growth and land use scenarios. The objective of this work is to provide granular modelling outputs and insights to strengthen the local evidence base for place-based infrastructure investment decisions.

The spatial models underpinning the tool provide local projections of infrastructure capacity and need for a range of systems and metrics up to 2035 and/or 2050. Future iterations of the tool will provide a consistent means for central and local government to test how policies, strategies and decisions interact spatially with infrastructure and to capture spatial trade-offs. By overlaying contextual datasets on land use, environmental considerations and economic potential, this work will provide evidence on where infrastructure can make the biggest contributions to economic growth.

Figure 1.1: The government's approach to spatial planning in England

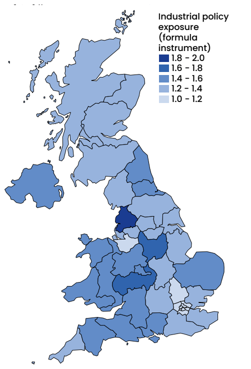
The government is developing a spatial approach to infrastructure planning in England, and will improve coordination across a range of policies to support delivery. This includes:

Housing



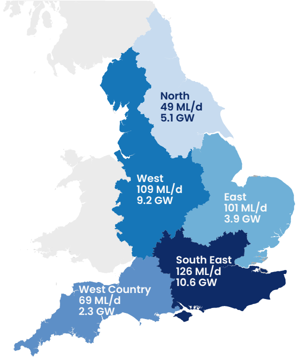
Indicative annual local housing need by local authority district in England

Industrial growth



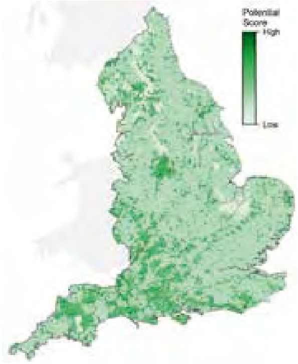
Illustrative exposure to national industrial policies by NUTS - level 2 region in the UK, 2010 to 2022*

Infrastructure



Indicative water and electricity headroom by water resource region in England**

Environment



Relative potential of grassland habitats across England

The government's approach:

Spatial planning strengthens the needs case for projects, increasing confidence and helping to streamline consenting and delivery, enabling the benefits of investment to be maximised and realised sooner

NEW

Strategic and spatial direction

IMPROVED

Aligned sectoral spatial plans

NEW

Spatial planning across local authority boundaries

NISTA will set out long-term economic and social infrastructure needs and coordinate across strategies, departments and delivery partners

The government will oversee the development of spatial plans for key infrastructure sectors, improving alignment between them and ensuring they respond to local ambitions and national goals

Spatial Development Strategies will identify infrastructure needs and coordinate delivery to support a range of place-based objectives

Notes
* The forthcoming Industrial Strategy Sector Plans will be setting out the highest potential city regions and clusters for each of the eight growth driving sectors in the UK.
** Indicative 2024-25 water resource supply demand balance (Ml/d) and 2024 electricity peak demand headroom (GW) in primary substations by water resource region in England.

Sources
Analysis of Local Housing Need, Ministry of Housing, Communities and Local Government, 2024. Industrial policies: new evidence for the UK, Competition & Markets Authority, 2025. Analysis of Environment Agency data on water supply demand balance for 2024-25 and Distribution Network Operators data at approximate geographies, Ministry of Housing, Communities and Local Government, 2025. Habitat Networks (England), Natural England, 2019. Soilscapes, Cranfield University, 2016.

Aligned spatial planning for key infrastructure sectors

1.41 Government departments, arms-length bodies and regulated utilities produce spatial and investment plans for specific infrastructure sectors at a regional or national scale in England (see Table 1.1 below).

1.42 The government is committed to greater integration and coverage of sectoral spatial plans. It will develop guidance to support the production of sectoral spatial plans and help embed them into planning policy. It will work in partnership with the devolved governments where these sectoral spatial plans have cross-border impacts.

Table 1.1: Summary of spatial and investment plans for key infrastructure sectors

Name of plan	Leads	Timeframe	Details
Transport (existing approach)			
Third Road Investment Strategy (RIS)	DfT and National Highways	Publication of RIS3 in 2025-26	England-wide investment plan for the strategic road network
Control Period (CP) and Rail Network Enhancement Pipeline (RNEP)	DfT and Network Rail	CP7 runs until 2029, CP8 in development for period 2029-2034. RNEP updated on rolling basis	Investment plans covering England and Wales for rail operations, maintenance and renewals. Note that plans for Scotland are developed separately.
Water and wastewater (existing approach)			
River Basin Management Plans	Environment Agency and Defra	Next update due 2027	Spatial plans at the river catchment scale to protect and improve water quality and quantity
Water Resource Management Plans	Water companies, regulators and Defra	Plans for period 2025-2050 published in 2024, with next update in 2028-2029	Spatial plans at the water company scale to increase water supply and reduce demand
Drainage and Wastewater Management Plans			Spatial plans at the water company scale for wastewater infrastructure
Flood and coastal erosion risk management (existing approach)			
Flood Risk Management Plans	Environment Agency	Current plans run to 2027	Spatial plans at the river basin district scale to reduce river and coastal flood risk
Shoreline Management Plans		Not updated on fixed timescale	Spatial plans for 20 areas of the English coast to manage coastal flooding and erosion risk
Energy (new approach)			
Strategic Spatial Energy Plan	National Energy System Operator (NESO) and DESNZ	Publication due in 2026	GB-wide spatial plan for electricity generation and storage, and hydrogen assets
Centralised Strategic Network Plan		Publication due in 2027	GB-wide spatial plan for electricity and gas transmission infrastructure and proposed hydrogen transmission network
Regional Energy Strategic Plans		Publication of first full RESPs due late 2027	Provide a regional cross-vector blueprint of energy requirements
Digital (new approach)			
AI Growth Zones	DSIT	To be announced on rolling basis	UK-wide approach to steer AI Infrastructure development

Spatial planning across local authority boundaries

1.43 Local authorities, combined authorities and mayors play a central role in infrastructure planning: identifying needs, regulating development and raising revenue, coordinating delivery across sectors and boundaries. Across England, mayors are already developing ambitious Local Growth Plans which will articulate a ten-year vision for growth. The Planning and Infrastructure Bill builds on this by introducing a system of spatial planning across local authority boundaries, via a duty to prepare a Spatial Development Strategy.

1.44 Spatial Development Strategies will set the overall approach to development at a sub-regional scale, identifying strategic locations for growth and environmental improvement, and distributing housing targets to the most appropriate locations. They will coordinate across other plans and strategies to provide a clear understanding of economic and social infrastructure needs and help to streamline the preparation of Local Plans. The English Devolution White Paper and Bill as well as wider reforms will support by devolving further powers and consolidating and simplifying funding for local government.

1.45 MHCLG will work closely with NISTA and other departments to ensure that Spatial Development Strategies can deliver the ambitions of the 10 Year Infrastructure Strategy, including by supporting coordination between Spatial Development Strategies at a regional scale.

Removing blockers in the planning consent process

1.46 A complex and cumbersome planning system in England has increased delays, costs, and uncertainty for developers. In 2024, it took on average 3.6 years for a project to secure development consent for Nationally Significant Infrastructure Projects (NSIPs), compared to 2.6 years in 2012.[19]

1.47 The government is changing this. It has already taken 20 development consent decisions, collectively spanning airports, solar farms, offshore wind, electricity lines and ports. This comes on top of the pro-growth NPPF reforms, published in December 2024, that eased restrictions on housebuilding.[20] The OBR recognised the impacts of the government's changes to the NPPF at Spring Statement, concluding that these reforms would increase the level of real GDP by 0.2% by 2029-30 and 0.4% by 2034-35, adding £6.8 billion to GDP in 2029-30.[21]

1.48 The Planning and Infrastructure Bill will support delivery of the government's Plan for Change milestones of building 1.5 million homes in England, and making 150 planning decisions on major economic infrastructure projects by the end of this Parliament – more than double the number of decisions made during the previous Parliament.[22,23]

[19] Government analysis based on data from the Planning Inspectorate.
[20] National Planning Policy Framework, Ministry of Housing, Communities and Local Government, 2025.
[21] Economic and Fiscal Outlook March 2025, Office for Budget Responsibility, 2025. Spring Statement 2025, HM Treasury, 2025.
[22] Plan for Change – Milestones for mission-led government, Prime Minister's Office, 10 Downing Street, 2024.
[23] 'Major economic infrastructure projects' are strategically important developments for national economic growth, including: projects determined via the Development Consent Order (DCO) process; projects consented under other processes where they met the thresholds of a DCO on 5 December 2024; projects consented under other processes where they have been directed out of the DCO process, subject to the passage of the Planning and Infrastructure Bill; and certain projects consented by Special Development Order (SDO) where the government deems the development in question is a major infrastructure project. Any projects identified in the last category will be specified individually.

1.49 A significant proportion of the country's infrastructure is delivered by the private sector and government continues to encourage investment in key projects.[24] The Office for Investment, MHCLG and NISTA will work with prospective developers across both the public and private sector to encourage additional projects to come forward to ensure a sustainable flow of projects into the system.

1.50 Operational reforms across the planning system will:

- **Deliver a faster consenting regime for major infrastructure.** The government will remove the statutory requirement to consult as part of the pre-application stage for NSIP applications.
- **Create a more flexible consenting regime.** The government has enabled key commercial infrastructure, including gigafactories, laboratories and data centres – key commercial opportunities in the modern Industrial Strategy's eight growth-driving sectors – to opt into the NSIP regime. The government will also direct projects out of the NSIP regime if appropriate.
- **Provide clarity to developers and decision-makers on government's priorities.** Relevant National Policy Statements (NPSs) for major infrastructure sectors are being updated and the government will keep them up to date to support timely decisions on Development Consent Order (DCO) applications. The government is also introducing a set of national policies for decision-making to provide greater consistency in national policy to inform planning decisions.
- **Support prioritisation of energy projects in the grid connection queue.** This will ensure the system can adapt to current and future demand by prioritising projects based on strategic and system plans, including the Clean Power 2030 Action Plan.
- **Reduce delays from Judicial Reviews of major infrastructure.** The number of Judicial Review attempts against a DCO will be reduced for meritless cases from three to one. The government will work with the judiciary to introduce target timescales to ensure legitimate legal challenges are heard promptly.

1.51 The government is also taking action to ensure that the planning system is equipped with the necessary resources and expertise:

- Introducing full cost recovery for NSIP-related services for the Planning Inspectorate and key statutory bodies.
- Continuing funding between 2026 and 2029 to improve capacity and capability across the planning system, building on the additional £50m allocated at Autumn Budget 2024.
- Empowering Local Planning Authorities to set their own fees at cost recovery level. This will bring a boost of more than £50 million per year into local planning authorities from this year, enabling authorities to provide a quicker, better service.
- Funding improvements in digital infrastructure and skills in Natural England and the Environment Agency to speed up processing planning applications, including for NSIPs.

[24] Design & Funding, National Infrastructure Commission, 2024.

- Empowering Local Planning Authorities to set their own fees, enabling flexibility in response to demand.
- Modernising the way planning committees operate to best deliver for communities and support much needed development.
- Consulting on changes to the statutory consultee system to focus on the most important heritage, safety and environmental issues.

A consistent approach to working with the construction industry including through procurement reform

1.52 Successful infrastructure delivery is dependent on strong partnerships between industry and the government – and that requires a consistent approach across government.

1.53 NISTA will take this forward in England, working with the Cabinet Office and other government departments, by:

- **Following best practice:** reinforcing the requirement that projects in England comply with the Construction Playbook. This sets out the core policies for how government should assess, procure and deliver construction projects. Government will share best practice such as the New Hospital Programme (see box below) to drive improvements across government.
- **Driving consistency**: supporting departments to apply a consistent approach to procurement practices to enable earlier industry involvement in the design and delivery to ensure the best performance from supply chains and to deliver social and economic value.
- **Taking a more collaborative approach:** looking at introducing principles of open book pricing, fixed overheads and profit linked to continuous improvement targets, underpinned with accountability and consistent data to achieve real efficiencies.
- **Supporting decarbonisation of the sector:** as a member of the Construction Leadership Council, NISTA is a supporter of the 5 Client Carbon Commitments, whereby infrastructure clients publicly commit to timebound decarbonisation trajectories for carbon, steel and the reduction of diesel usage. NISTA is also a member of the Construction Zero programme. As a major buyer of steel, cement, and concrete, government will continue to consider how public sector procurement can best support the shift to sustainable and innovative industrialised construction techniques.

1.54 To ensure that infrastructure investment supports businesses and creates jobs in the UK, the government is reforming our approach to public procurement, seeking to make it simpler and more commercial. The new National Procurement Policy Statement, published in February, set out the government's strategic priorities for public procurement, aligned with the Missions and including our modern Industrial Strategy.

1.55 The government will launch a consultation on further reforms to the Procurement Act 2023 to ensure public contracts create high quality jobs and boost skills in the communities that most need them.

1.56 The government is working with the Competition and Markets Authority (CMA) to ensure the government's approach best enables growth, using the CMA's evidence-based, independent expertise, including through its new market study on civil engineering in the rail and road sectors.

New Hospital Programme

There has been a historic lack of investment in healthcare infrastructure in the UK. This meant that when the New Hospital Programme was announced in 2020 to start to address this, there was little appetite or capacity for the market to respond at the level required. Traditional trust-led builds were bespoke designs, with little standardisation, optimisation, or economies of scale, and few levers for government to manage this centrally.

The government's New Hospital Programme is now taking a new approach by committing to a long-term, rolling programme of delivery. This allows industry to bid for contracts with the certainty of a long-term work programme, incentivising investment in capacity and capability to help address skills shortages. The programme is introducing standard designs that support productivity improvements and specialisation and reduce costs – with in-built flexibility to manage design variations at the local level.

The aim is to grow the hospital construction market at all tiers of the supply chain and ensure that the programmes act as catalysts for growth, jobs and skills, and healthcare improvements.

Supporting sustainable supply chains

1.57 The forthcoming modern Industrial Strategy will set out further measures to support UK supply chains, skills and jobs across eight growth-driving sectors. The Industrial Strategy will be a whole-of-government endeavour, tackling barriers to private investment by reforming our approach to non-fiscal policies including trade and regulation, alongside government spending.

1.58 Sector-specific support is already being provided. For example, Great British Energy will provide £300m to invest in supply chains for domestic offshore wind. Coupled with the new Clean Industry Bonus, this will help to ensure that more of the economic benefits of investment in renewables are felt here in the UK than have been in the past.

The Strategy will create good jobs in the UK

The Strategy sets out that the government is funding at least £725 billion of infrastructure over the next decade. This will be an enormous stimulus for British workers and British firms, creating well-paid jobs in every corner of the UK.

By dealing with years of chronic underinvestment, productivity will grow, leading to increasing earnings and living standards. Infrastructure has a critical role to play in delivering resilient growth across all sectors and regions of the UK, supporting the creation of good jobs.

Building on these benefits, the Strategy outlines further measures that provide the confidence and stability for the construction sector and wider UK supply chains to plan for the long-term. In the past, high levels of policy uncertainty led to a reluctance from private sector firms to hire, train and invest, in case government decisions were delayed or reversed. The launch of the transparent, online Infrastructure Pipeline, 10 year commitments to increase spending on maintenance for social infrastructure at least as fast as inflation, and the creation of NISTA will all create a more stable environment, and the certainty required to invest in British firms and British workers. This added stability particularly benefit SMEs, who are less able to manage the financial risks of such uncertainty.

There are still opportunities to go further in supporting supply chains and creating more skilled jobs. The government will launch a consultation on changing procurement rules to better support social value (jobs, skills and opportunities) and support SMEs.

Building a skilled workforce to deliver infrastructure

1.59 Investing in infrastructure creates opportunities for UK supply chains and investment into skills, supporting the creation of good jobs. The UK's infrastructure needs will only be delivered if it has a workforce with the necessary skills. To support industry to meet this challenge, the government is committed to providing reliable investment plans and an infrastructure pipeline. This will give industry the information it needs to invest in the right skills and technologies and to build the necessary capacity. The pipeline will also inform and support the government's own approach to skills and wider supply chain management.

1.60 The government will also build its knowledge of the UK's infrastructure skills requirements – better identifying where it needs to provide support. Skills England will collate a national picture of skills gaps by working closely with mayoral strategic authorities, while bodies such as the Office for Clean Energy Jobs will build a clear picture in individual sectors.

1.61 The government is also:

- Committing £625 million in England between 2025-26 and 2028-29 to boost training in the construction sector.[25] This is expected to deliver up to 60,000 additional skilled construction workers this Parliament.[26] This includes £80 million capital investment to deliver 10 new construction Technical Excellence Colleges in every region of England and an £80 million capital fund to support employers in delivering bespoke training tailored to their needs.[27]
- Supporting young people into growth-driving and priority sectors, including construction, through new foundation apprenticeships and £1.2 billion of additional resource investment in skills per year by 2028-29. This includes funding to support over 1.3 million 16–19-year-olds to access high-quality training, supporting 65,000 additional learners per year by 2028-29.

[25] Spring Statement 2025, HM Treasury, 2025.
[26] Spring Statement 2025, HM Treasury, 2025.
[27] Spring Statement 2025, HM Treasury, 2025. Of the £100 million committed for construction Technical Excellence Colleges, £80 million is capital investment.

- Creating incentives to encourage investment in UK supply chains and workforce. For example, the government is exploring how the Clean Industry Bonus can be used to support high quality, skilled jobs. Further initiatives will be set out in the forthcoming Clean Energy Workforce Strategy.
- The government recently published the Immigration White Paper, which sets out plans to link the immigration system directly to the UK skills strategy, boosting domestic talent and reducing the reliance on overseas recruitment. A new Temporary Shortage List will provide time-limited access to the immigration system for occupations below RQF6 (degree-level) that are crucial to the delivery of the Industrial Strategy or critical infrastructure.

Chapter 2:
Encouraging private investment

2.1 Delivering this Strategy's ambitious programme for transforming the UK's infrastructure will require significant increases in private investment to complement and maximise the value of the extensive public investment underway.[28]

2.2 Despite strong global competition for internationally mobile capital, the UK is already an attractive destination for capital.[29] A stable tax, fiscal and broader policy environment underpins the flow of both domestic and international capital to UK infrastructure. This Strategy, and the longer-term funding and planning horizons that it establishes for UK infrastructure, will bring further confidence to investors.

2.3 Recognising the essential role of private capital and the need to attract investment, the government is now taking action across three areas:

- **Supporting the supply of private capital** into the UK infrastructure market, by working with pension funds and other providers of capital.
- **Matching these varied sources of capital to investment opportunities**, through public financial institutions, appropriate regulation, and end-to-end investor support.
- **Ensuring a supply of projects to create demand** for private capital, by continuing to evolve infrastructure finance models, and delivering a pipeline to identify the opportunities.

2.4 The government will continue to work in partnership with the private sector to unlock capital and build confidence in the UK. The Chancellor has convened the British Infrastructure Taskforce to support increasing private finance for UK infrastructure and will continue to work with all stakeholders to deliver the strategy.[30]

Increasing the supply of private capital

2.5 The government is working in partnership with investors to unlock institutional capital. The Mansion House Accord, signed in May 2025, is a voluntary commitment by 17 of the UK's largest defined contribution pension schemes to invest 10% of their main default funds in private markets, with half of that earmarked for the UK specifically. These commitments could unlock a total of over £25 billion of investment into productive areas of the UK economy, including infrastructure and promising businesses.[31]

[28] Second National Infrastructure Assessment, National Infrastructure Commission, 2023.
[29] Foreign Direct Investment Statistics, House of Commons, 2025.
[30] Government launches British Infrastructure Taskforce, HM Treasury, 2024.
[31] Pension Schemes Back British Growth, HM Treasury, 2025.

2.6 Over £600 billion of assets are managed by the UK's defined contribution multi-employer workplace pensions system.[32] The Pensions Investment Review, also published in May 2025, set out a vision for bigger, better, and less fragmented pension schemes, which will enable more productive investment.[33]

2.7 The Local Government Pension Scheme (LGPS) in England and Wales is similarly moving to fewer, larger asset pools, and the Pensions Investment Review put forward proposals to maintain the strong focus of the LGPS on regional investment – helping to crowd in a wider range of capital to local and regional projects.[34] This will ensure that the LGPS, set to grow to £1 trillion by 2040, acts as an engine for growth across the UK, building on its strong track record.[35]

2.8 Together with the Mansion House Accord, the government estimates these reforms will secure over £50 billion of investment for productive assets, like infrastructure, in the UK.[36]

2.9 Insurers too will continue to play a vital role to support the UK's infrastructure ambitions. The reform of Solvency II – the prudential regulatory regime for insurers – increased insurers' incentives to invest in productive assets.[37] Building on this, the Prudential Regulation Authority (PRA) is now consulting on the Matching Adjustment Investment Accelerator, to speed up the pace at which life insurers can invest.[38] The government welcomes the collaboration between the PRA and the National Wealth Fund to explore how best to crowd in investment from insurers.

Further unlocking capital for growth

2.10 The government will continue to work with the private sector to build on the steps already taken to unlock supply of private capital. Areas of further focus include:

- **Regulation for growth and investment:** The Regulation Action Plan sets out how the government will ensure that the regulatory environment is proportionate and supports growth and investment.[39] The government will set out its next steps in delivering a competitive regulatory environment for financial services in the modern Industrial Strategy's Financial Services Sector Plan, and Financial Services Growth and Competitiveness Strategy in July.
- **Exploring ways to improve the capital efficiency of infrastructure investments**: Some stakeholders have raised the importance of unlocking capital invested in existing assets, and for assets to be held by appropriate investors over their lifecycle. This can free up risk-tolerant capital to be invested in new projects, and allow institutional investors to gain exposure to

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[32] Pension fund investment and the UK economy, Department for Work & Pensions, 2024.
[33] Pensions Investment Review: Final Report and consultation responses, HM Treasury and the Department for Work & Pensions and the Ministry of Housing, Communities and Local Government, 2025.
[34] Pensions Investment Review: Final Report and consultation responses, HM Treasury and the Department for Work & Pensions and the Ministry of Housing, Communities and Local Government, 2025.
[35] Local Government Pension Scheme (England and Wales): Fit for the future, Ministry of Housing, Communities and Local Government, 2025.
[36] Combining the LGPS' potential £27.5 billion of local investment with the Mansion House Accord's success estimated at £26 billion of UK investment, this could secure an estimated £53.5 billion (over £50 billion) of investment in UK infrastructure, new homes and fast-growing businesses by 2030.
[37] Point 3.3 of the impact assessment of Solvency II legislation cites the Association of British Insurers analysis 'that Solvency II reform creates the potential for over £100 billion to be invested by insurers in productive assets over the next 10 years', Solvency II Reform Impact Assessment, HM Treasury, 2023.
[38] CP7/25 – Matching Adjustment Investment Accelerator, Bank of England, 2025.
[39] A new approach to ensure regulators and regulation support growth, HM Treasury, 2025.

infrastructure assets at the right point in the project lifecycle. The government will work with industry to explore if there is a further role for government in supporting capital efficiency in the infrastructure market.

Matching capital with opportunities

Leveraging private capital into infrastructure that supports growth

2.11 The government expects capital availability to increase further over the next decade. To ensure that this capital supply translates to investment, investors need clear sight of the infrastructure pipeline of investible opportunities.

2.12 The private finance market is broad, and different investors have different investment needs. There are a diverse range of risk appetites that change the types of assets that investors are willing to consider, and preferences for financial instruments vary (for example, between debt or equity).

2.13 The government is committed to creating the right conditions for the effective deployment of private capital. Government will do this by utilising institutions to ensure the strategic investment of public money, providing clear direction on the future reform of economic regulation to encourage proactive investment, and signposting towards investible opportunities to help match capital with opportunities.

Utilising institutions

2.14 The changes to the fiscal framework at Autumn Budget 2024 support a step change in public investment. Complementing that, the government is developing a range of Public Financial Institutions that are putting public money to work in a way that 'crowds in' private capital.

Financial transactions (FTs)

The government is fostering an entrepreneurial state, which will support business investment and catalyse growth. FTs allow government to invest alongside the private sector, through equity investments, loans and guarantees.

The government's fiscal rules recognise financial assets held by government, encouraging investments that support growth while generating a return for the Exchequer, delivered largely through expert public financial institutions including the National Wealth Fund and British Business Bank. The new National Housing Bank is backed with £16 billion of new capacity on top of £6 billion of existing finance, through equity, loans and guarantees, which it will utilise in line with the robust guardrails set out at Autumn Budget 2024, including meeting the criteria to achieve formal public financial institution status. This additional capacity to support housing investment, alongside that announced at Spending Review 2025, has allowed the government to increase the capacity of Public Financial Institutions by around 60% this Parliament, to £153 billion.

These investments are supported by a robust control framework that the government published at Autumn Budget 2024, including using expert public financial institutions to deliver large and complex FTs, ensuring investments either generate a financial return or a clear benefit for taxpayers, and publishing an annual report on the performance of government's financial assets.

The government has identified new opportunities to use FTs to drive growth and so has increased its envelope for FTs by £9.6 billion over the Spending Review 2025 period, which will be reflected in Autumn Budget 2025.

The government is providing the devolved governments with a combined £1 billion increase to their FT capacity through the Barnett formula.

The total capacity of a public financial institution is the available funding it has to make and recycle FTs and guarantees. The table below sets out the total capacity for each of the government's growth-focused public financial institutions, as well as the changes to this capacity announced in this Parliament.

Table 2.1: Public Financial Institution Capacity[40]

Public Financial Institution	Total Capacity (£bn)			Additional Capacity Announced this Parliament (£bn)		
	Total	of which Loans and Equity	of which Guarantees	Total	of which Loans and Equity	of which Guarantees
National Wealth Fund	27.8	17.8	10.0	5.8	5.8	0.0
British Business Bank[41]	25.6	17.5	8.0	10.3	7.1	3.2
UK Export Finance[42]	80.0	10.0	70.0	20.0	2.0	18.0
National Housing Bank[43]	16.0	10.5	5.5	16.0	10.5	5.5
Great British Energy[44]	4.0	4.0	0.0	4.0	4.0	0.0
Total	**153.4**	**59.8**	**93.5**	**56.1**	**29.4**	**26.7**

2.15 The **National Wealth Fund (NWF)** supports the government's growth and clean energy missions. It has £27.8 billion to invest in capital-intensive projects, assets and businesses, generally in later stage development. The NWF also supports regional and local government with commercial and financial advice, and is expanding its role to provide early-stage development support to help places develop viable projects and build investment pipelines. In Spring 2025, the Chancellor issued an expanded strategic steer to the NWF and the Fund will publish its Strategic Plan in response to this later in 2025.[45] The NWF collaborates

[40] Spending Review 2025, HM Treasury, 2025.
[41] Loans and equity figure represents additional BBB investment commitments which are partly funded through returns on past investments.
[42] UKEF has fixed limits on its direct lending and overall portfolio capacity. UKEF may deploy fewer direct loans and could underwrite a correspondingly higher level of guarantees.
[43] The National Housing Bank is not a currently designated public financial institution. The government plans to designate it as a public financial institution once it is established in line with the FT Control Framework.
[44] This FT capacity is part of the £8.3 billion of funding for Great British Energy and Great British Energy – Nuclear. Great British Energy is not currently a designated public financial institution. The government plans to designate it as a public financial institution once it is established in line with the FT Control Framework.
[45] Statement of Strategic Priorities to the National Wealth Fund, HM Treasury, 2025.

with other public financial institutions, government departments and bodies, and the Local Government Pension Scheme as well as other investors to address access to finance gaps and support its strategic objectives on growth and clean energy.

2.16 **Homes England** is the government's housing and regeneration agency, responsible for driving the creation of more affordable, quality homes. The government's fiscal framework also allows the government to go further in supporting the housing sector to attract private capital. The government is therefore establishing a new **National Housing Bank** as part of Homes England, capitalised with £16 billion of new FTs and guarantees, alongside £6 billion of existing finance. This incorporates the additional £4.8 billion in financial transactions from 2026-27 to 2029-30 announced at the Spending Review 2025, alongside a further £5.7 billion beyond the Spending Review 2025 period, and £11.5 billion of guarantee capacity. Together this will enable Homes England to offer a broader range of development finance products such as revolving credit facilities to SME housebuilders, and more flexible equity products such as subordinated equity where government takes greater risk and can leverage higher volumes of institutional capital to support more complex development schemes. The Bank will operate as a subsidiary of Homes England and in accordance with the controls set out at Autumn Budget 2024, to ensure the right balance between commercial flexibility and robust controls. MHCLG and HMT will work together with Homes England to support the steps necessary to achieve formal public financial institution status.

Stockport town centre

Institutions like Homes England are helping to crowd private sector capital into areas around the country. The Stockport Mayoral Development Corporation has blended public funding with private investment, using combinations of grants, debt and equity, to strengthen the infrastructure of the town centre. To speed up regeneration, Stockport Council has established a £100 million investment facility designed to support interventions.[46] This has resulted in securing investment to complement public sector grants for the Stockport Interchange scheme including £12m from Homes England, and over £600m from the private sector.[47]

2.17 **Great British Energy (GBE)** will develop, build and operate clean energy projects across the UK: leading the development of clean energy assets and owning these assets for the taxpayer over the long-term; co-developing projects with partners; investing in more developed projects; and providing support for clean energy supply chains. It will work closely with and complement the NWF's financing activities. The government will publish a Statement of Strategic Priorities for GBE later in 2025. Great British Energy and Great British Energy – Nuclear will together invest more than £8.3 billion over the parliament in homegrown clean power, generating a return to the taxpayer.

2.18 The government is investing in the businesses and technologies that will shape the future of our infrastructure and economy. The **British Business Bank (BBB)** supports smaller businesses to get the capital they need to start, scale and

[46] Stockport Town Centre West Mayoral Development Corporation Strategic Business Plan 2021-2026, Stockport Mayoral Development Corporation, 2021.
[47] Greater Manchester sets out plans for Mayoral Development Corporation across Bury and Rochdale, Greater Manchester Combined Authority, 2025.

stay in the UK. It makes investment into partner funds, direct investments into companies and provides debt, guarantees and loans through commercial partners. In this capacity the BBB plays an important role supporting the commercialisation and scale up of emerging technologies that have the potential to support infrastructure development and construction. Through Spending Review 2025, the government has expanded the BBB's total financial capacity to £25.6 billion, supporting a two-thirds increase in support for UK innovative businesses and crowding in tens of billions of pounds more in private capital.

2.19 **UK Export Finance (UKEF)** is the UK's Export Credit Agency – its mandate is to ensure no viable UK export fails for lack of finance, doing so sustainably and at no net cost to the taxpayer. UKEF achieves this through providing loans, guarantees and insurance to UK exporters and overseas buyers to facilitate UK exports, complementing private finance structures. UKEF have a strong track record of support for UK infrastructure companies. In 2023-24, UKEF provided guarantees for infrastructure export deals across rail, road, healthcare and other sectors, and impacts UK infrastructure too – for example, UKEF recently supported investment in UK subsea cable manufacturing for offshore wind.[48]

2.20 To ensure alignment between institutions, including the public financial institutions, the government is establishing a new Strategic Public Investment Forum, bringing together the senior leadership of these institutions and departments to deliver on the government's priorities.

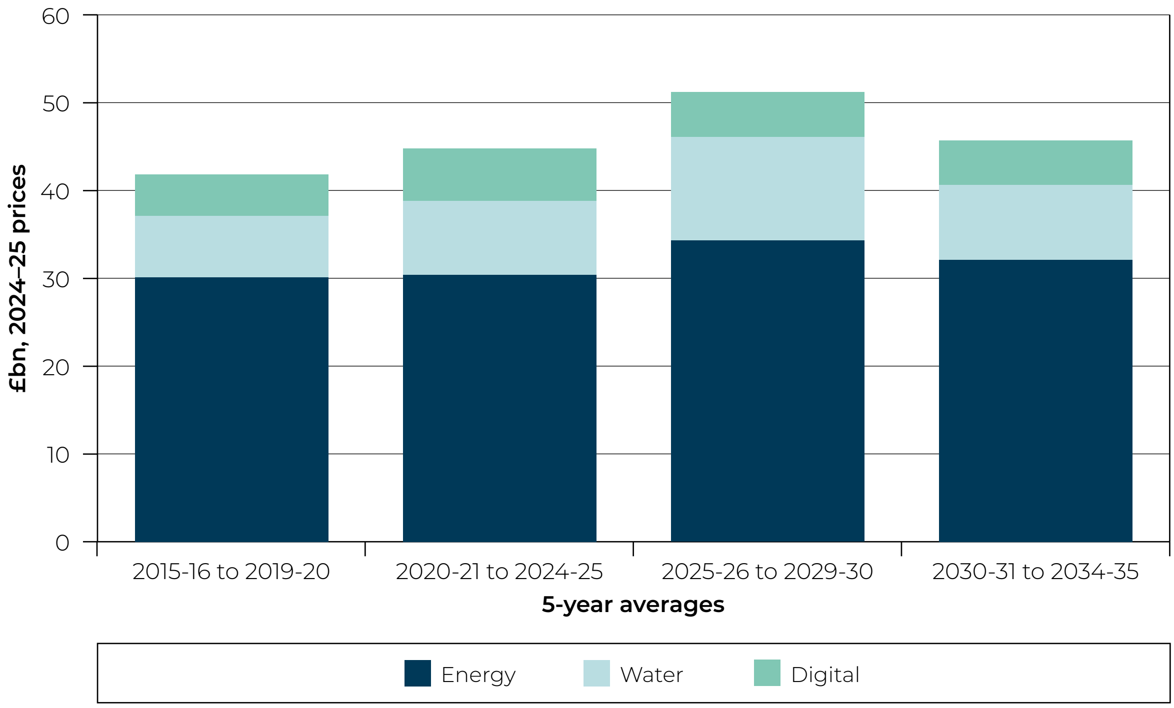
Reforming economic regulation to encourage proactive infrastructure investment

2.21 Much of the private investment in UK infrastructure is concentrated in economically regulated sectors, ranging between around £30 to £40 billion per annum over the last ten years.[49] The UK's system of independent economic regulation is key to this, having delivered major benefits for consumers over past decades.[50]

2.22 However, significant challenges remain. In some areas, consumer outcomes have not been met and investment has lagged behind need. And now, a further step-change in infrastructure investment is needed – at a scale and pace not previously seen – to boost growth, tackle climate change, improve resilience, and deliver better environmental outcomes. The second National Infrastructure Assessment estimated that around £40 to £50 billion per annum of private investment would be required to meet priorities in economically regulated sectors during the 2030s, before investment needs begin to reduce.[51] Given developments since the second National Infrastructure Assessment, this likely now underestimates the amount of investment required.

[48] £30 Million UKEF Support Fuels JDR Cables' Global Expansion in the Renewable Energy Sector, UK Export Finance, 2024.
[49] Second National Infrastructure Assessment, National Infrastructure Commission, 2023.
[50] Economically regulated sectors directly accounted for over 4% GDP in 2024, and have wider foundational importance for the UK economy, facilitating growth of all sectors of the UK economy – this in turn contributes to wider UK prosperity, including for consumers. GDP output approach – low-level aggregates, Office for National Statistics, 2025.
[51] Second National Infrastructure Assessment, National Infrastructure Commission, 2023.

Chart 2.1: Private sector investment on economic infrastructure in regulated sectors



Note: Reproduced using data from NIA2. Data for Water and Digital between 2020-21 and 2024-25 has been updated from NIA2. Historic figures are based on 5-year averages, except for the digital sector, which uses data from a single year (2019–20) due to limited availability for earlier years.

Source: National Infrastructure Commisson NIA2.

A step-change is needed in investment across regulated sectors

Energy – Energy investment requirements will ramp up over time. Delivering Clean Power will require an estimated £40 billion on average per year between 2025-2030 (comprising £30 billion for generation and £10 billion for transmission networks).[52] The vast majority of this will need to come from the private sector. Analysis by the National Infrastructure Commission previously indicated that investment would need to be sustained, with up to £35 billion per year of private sector investment required through to 2050.[53]

Digital – The second National Infrastructure Assessment identified that £5 billion of investment is required per year over the next decade in deploying gigabit capable networks nationwide and deploying 5G mobile across the country.[54]

[52] Clean Power 2030 Action Plan: A new era of clean electricity – main report, Department for Energy Security and Net Zero, 2024.
[53] Second National Infrastructure Assessment, National Infrastructure Commission, 2023. As this assessment was made in 2023, it is likely that this now represents an under-estimate of the level of investment required.
[54] Second National Infrastructure Assessment, National Infrastructure Commission, 2023.

Water – The next five years will see water companies deliver £104 billion of total expenditure through Price Review 24, including investing £44 billion in new infrastructure and resources.[55] This investment plan is the largest that the water sector has ever undertaken in England and Wales. Compared to the 2020-2025 period, water companies will quadruple investment in new infrastructure and resources. This will include investment in 30 major projects, including 9 new reservoirs and 9 large-scale water transfer schemes.[56]

2.23 This step change in investment will provide and sustain improved infrastructure services, but it will come with costs. The economically regulated sectors and government will seek to manage how these costs are distributed over time across current and future consumers.

2.24 The government is clear that economic regulation needs to provide greater transparency, predictability and confidence to investors, with returns that are internationally competitive and reflect the scale and complexity of the infrastructure delivery challenge. However, the government also recognises the constrained finances of many households and the need to build credibility and trust with consumers. Getting this balance right is critical.

2.25 At the same time, economic regulation has become increasingly complex. Significant resource is now expended on the design, consultation and end-decision for price control frameworks concerning infrastructure maintenance and enhancement, in a way that is no longer proportionate to the risks and objectives being managed. Economic regulators also have multiple duties and objectives which require them to navigate a range of challenging trade-offs.

2.26 In March 2025, the government committed to overhauling the regulatory system to ensure it protects consumers and supports growth. The Regulation Action Plan is the first stage in an ongoing programme of reform.[57] The government is committed to continuing this work and will look specifically at the economic regulation of utilities within this.[58] Addressing these issues will require a collective effort from both economic regulators and government.

2.27 Economic regulators should:

- Seek to streamline and simplify price control processes.[59]
- Ensure that outcomes are sufficiently measurable and that they evaluate the effectiveness of their price control tools on an ongoing basis.
- Continue to ensure they create an environment that supports innovation and investment, including allowing rates of return commensurate with the level of risk involved.

[55] Our final determinations for the 2024 price review, Ofwat, 2025.
[56] Our final determinations for the 2024 price review, Ofwat, 2025.
[57] New approach to ensure regulators and regulation support growth, HM Treasury, 2025.
[58] There is no universal definition of what constitutes a utility, but the term is here used as a shorthand for essential services such as energy, water and telecoms.
[59] Government welcomes recent directions-of-travel in this space, including Ofgem's efforts to simplify the price control process in ED3, as set out in their 2025 framework decision, and their Accelerated Strategic Transmission Investment Framework (ASTI). In the context of incentivising infrastructure delivery, regulator consideration of elements of cost-plus/rates-of-return regulation may also be helpful, balanced against efficiency considerations.

- Ensure that price control decisions are timely and predictable, with dialogue with licensees in the design and delivery of price controls.[60]
- Consider how a better-defined role for consumers in price control processes could improve the palatability of infrastructure delivery costs.
- Provide regular updates to government and appropriate transparency to the public on:
  - The progress of infrastructure delivery and companies' progress against outcome metrics;
  - The expected impacts on household bills of delivering the infrastructure set in price controls and the rationale for investment;
  - How they have balanced between objectives and duties as part of their price control determinations.

2.28 There are also critical actions for government to provide strategic direction to help regulators do their job, to take a systems-wide view and set a coherent approach. This means more join-up and coordination where it adds value. Government is already taking action through:

- The Independent Water Commission ("Cunliffe review"), which is exploring many of these issues in the water sector and is intending to publish its final report in Summer 2025.[61]
- The independent review of the Department for Environment, Food, & Rural Affairs' (Defra) regulatory landscape ("Corry Review"), which has now published its final report.[62] The government has already begun work to deliver some of the report's 29 recommendations, including on publishing new strategic policy statements for all regulators and bringing forward further packages of reform to improve the effectiveness of environmental regulation.
- Publishing an updated statement of strategic priorities for telecoms shortly, to set out the government's priorities for Ofcom's regulation of telecoms and spectrum over the Parliament.
- The review of Ofgem currently being led by the Department for Energy Security and Net Zero, which is examining issues including Ofgem's mandate, scope and remit.[63]
- Working with industry to manage the impact of increased investment on supply chains and workforce, including through the modern Industrial Strategy and establishing Skills England and the Office for Clean Energy Jobs.

2.29 Alongside sector specific reviews, the Department for Business and Trade, HM Treasury and NISTA will continue to take a strategic perspective across economic regulation, recognising that stakeholders and investors value coordination across sectors, which cannot operate in siloes. So, alongside sector

[60] The Government note Ofgem's proposals for the implementation of Regional Energy Strategic Plan (RESPs). See Regional Energy Strategic Plan policy framework decision, Ofgem, 2025.
[61] Independent Water Commission Interim Report, Independent Water Commission, 2025.
[62] Delivering economic growth and nature recovery: an independent review of Defra's regulatory landscape, Department for Environment, Food & Rural Affairs, 2025.
[63] Review of Ofgem: call for evidence, Department for Energy Security and Net Zero, 2024.

specific activities, and following the outcomes of the individual sector reviews, the government will set out an updated approach to economic regulation later this year.

2.30 This will address the importance of the relationship between regulators and government, as well as the challenging trade-offs inherent in infrastructure regulation – in particular balancing investability considerations alongside the affordability of consumer bills – and ensure that sufficient strategic direction is provided to regulators.

Signposting towards investible opportunities in the UK infrastructure sector

2.31 The expanded Office for Investment (OfI) is now equipped with an enhanced relationship management function for sovereign and major capital investors and more sophisticated business development teams, who will work closely with stakeholders to shape and develop projects.

2.32 The government is launching a new Strategic Investment Opportunities unit within OfI, with funding provided at Spending Review 2025. The unit will partner with key places (for example, Mayoral Strategic Authorities), government departments, and wider public organisations – including NWF's advisory functions, to identify, shape and deliver on strategic projects and programmes with significant scope for private capital and investor interest.

2.33 The new unit will build on OfI's previous work with regional stakeholders, such as its Investment Opportunity Accelerator schemes with Liverpool City Region and the North East Combined Authority. It will leverage its insight into industry demand to provide hands-on advisory and facilitative support to shape opportunities at an early stage via a pool of private-sector specialists and use the OfI's convening power to unblock delivery issues, ensuring projects are best placed to leverage private capital.

2.34 The team will focus on developing demand-led investment opportunities, ensuring opportunities are effectively aligned to investor demand and matched to relevant institutional investors. For infrastructure projects, it will work closely with NISTA to identify priority projects with investment potential and promote these opportunities to relevant investors.

Creating demand for capital

Deploying private finance to projects

2.35 Matching the right private finance models to projects ensures the projects benefit from efficiencies through competition, effective risk sharing, drawing on extensive private sector expertise in constructing, maintaining, and operating infrastructure, and prompting innovation. In addition to the existing tools and models, the government encourages innovation and continued development of models that can crowd in private investment amid international competition for capital.[64]

[64] Some of these models relate closely to price controls.

2.36 The **Regulated Asset Base (RAB)** model is a funding framework employed primarily in regulated infrastructure sectors to determine the allowed revenues which can be earned by assets that are used to provide regulated services, such as water, energy, and transportation. Under this model, regulated entities are allowed to recover their investment costs, including a reasonable return, through customer charges based on the RAB value. The RAB model is being adopted to deliver a range of new infrastructure – including the Thames Tideway Tunnel, nuclear projects such as Sizewell C, and new areas such as hydrogen transport infrastructure. It is also a model under consideration for the Lower Thames Crossing.

2.37 **Contracts for Difference (CfD)** are contractual agreements designed to encourage investment in renewable energy and low-carbon projects by providing price stability and revenue certainty to developers. Infrastructure projects suited to the CfD model are those which have access to traded market revenues, but where revenues are too uncertain or volatile to support long-term financing. As well as renewable energy sectors such as offshore wind, the dispatchable power agreement for supporting gas generation with carbon capture combines a CfD approach with a fixed rate 'Availability Payment' similar to the capacity market. The proposed business model for hydrogen power generation will be based on the Dispatchable Power Agreement, and is expected to use an availability payment mechanism.

2.38 **Capacity market auctions** offer another model for attracting private capital to infrastructure in regulated sectors. To ensure there is enough electricity to meet peak demand, reliable capacity can bid for contracts to be available at peak times. Auctions are held four years and one year ahead of delivery, and contracts are available for existing and new capacity.

2.39 A **'cap & floor' model**, suitable for monopolistic assets, sees investors paid between a minimum cost (the floor) and a maximum cost (the cap), with excess revenues being paid back to consumers. This model has been implemented previously (for example, for interconnectors and Offshore Transmission Owners (OFTOs)). In April 2025, Ofgem opened the first application window for the new Long Duration Electricity Storage (LDES) projects under the cap and floor scheme.[65]

Public Private Partnerships

2.40 The Public Private Partnership (PPP) model provides a mechanism to bring in private finance to infrastructure projects. The PPP model is a long-term contract between a private party and the public sector where the private sector designs, builds, finances and operates a public asset and related services. The private sector finances the construction of the asset and is recompensed for this, and ongoing maintenance, via annual payments either directly from taxpayers or through consumer charges (for example, tolls or fares).

2.41 The UK was an early pioneer of PPPs, launching first the Private Finance Initiative (PFI), and then Private Finance 2 (PF2), to deliver over 700 new privately-financed infrastructure projects.[66] Criticism of these earlier models often focused on the complexity and inflexibility of the contracts, along with value for money concerns. The UK central government has not deployed PPPs since 2018, but PPP

[65] Long Duration Electricity Storage: cap and floor application window, Ofgem, 2025.
[66] PFI Centre of Excellence, Infrastructure & Projects Authority, 2017.

models continue to be used globally, including by local and devolved governments in the UK. The Welsh government has adopted the Mutual Investment Model (MIM) for schools, roads, and hospital projects.[67] Transport for London used a PPP model for the delivery of the Silvertown Tunnel.[68]

2.42 A well-designed PPP model can bring in private sector discipline to reduce deliverability risk as the private sector is incentivised to deliver to budget and time. In some cases, PPPs can bring these and other benefits to infrastructure projects, but this needs to be balanced with the management of risks and costs. This can be done by the careful, targeted use of PPPs for the projects and sectors where risks can be well managed so that private financing achieves value for money.

2.43 The government will consider the use of PPPs in projects and sectors where there is a revenue stream, appropriate risk-transfer can be achieved, and value for money for taxpayers can be secured.

Using PPPs to finance Euston Station

Euston Station provides an example of the government's intentions to explore the use of PPP models for user-funded economic infrastructure. The government has made a significant public commitment to fund HS2 into Euston Station and believes that the additional investment required to build the new HS2 station is an exciting opportunity for private investors. The government will therefore be exploring both the use of private capital to design, build, finance and maintain the HS2 station, and the most effective way to capture the value created by development and recycle it to repay public investment, including a Tax Increment Financing-style mechanism.

A Euston Delivery Company will be established to oversee these private finance and development proposals for the station. It will work closely with the London Borough of Camden and the GLA to grow a commercial and life sciences core around the station; and deliver affordable housing and regeneration in the surrounding area. This will be furthered by Lendlease's plans to deliver 60 acres of development above and around the station,[69] who have recently announced an intention to form a joint venture with the Crown Estate, and by bolstering the Euston Housing Delivery Group with appointment of leading experts Geraint Rees, John Osborn and Matt Lally.[70]

2.44 The government will also explore the feasibility of using new PPP models for taxpayer-funded projects in very limited circumstances where they could represent value for money. The government will explore the potential to use PPPs:

- In certain types of primary and community health infrastructure; and
- For taxpayer-funded public estate decarbonisation projects such as the installation of solar PV, battery storage and low carbon heating solutions (where PPP may be considered alongside alternative private finance models).

2.45 A decision whether to use PPPs in these very limited circumstances will be taken by Autumn Budget 2025, based on co-development of a model and business case between NISTA and the relevant department.

[67] Mutual investment model for infrastructure investment, Welsh Government, 2017.
[68] Silvertown Tunnel, Transport for London.
[69] About the projects, Discover Euston.
[70] Announcing an industry leading joint venture, Lendlease, 2025.

2.46 The design and development of future PPP models will move on from the failures of PFI and PF2. Any future PPP models will be subject to market-testing and build on lessons learned from past government experience, models currently in use (for example, from the operation since 2017 of the Welsh MIM), and the March 2025 National Audit Office report – 'Lessons Learned: private finance for infrastructure'.[71]

2.47 The government will always consider carefully which private finance model is most appropriate for a project, on a case-by-case basis, to ensure value for money. Any investible opportunities arising as a result of this work will be included in the Infrastructure Pipeline at the appropriate point.

Managing the PFI and PF2 legacy portfolio

Through its PFI Contract Management Programme, NISTA will support the public sector to ensure existing PFI contracts deliver vital public services and provide value for money. The Programme was set up in 2020 to improve the value for money of the legacy PFI portfolio, working with the both the private and public sector to protect asset value and improve service performance. There are currently 665 PFI and PF2 projects with remaining payments to the private sector of £136 billion, of which c.50% are set to expire in the next decade.[72]

The government will not reintroduce PFI or PF2. Significant lessons have been learned from the past and any new PPP model would reflect several improvements and be developed in consultation with industry.

[71] Lessons learned: private finance for infrastructure, National Audit Office, 2025.
[72] PFI and PF2 projects: 2024 Summary Data, Infrastructure & Projects Authority, 2025.

Chapter 3:
Unlocking growth across regions

3.1 Economic growth cannot simply rely on a handful of places forging ahead of the rest. There is excellence right across the UK that has not been properly backed by previous governments: city regions with huge potential but where transport acts as a constraint on growth; industrial clusters of the future, and leading centres of finance, business and culture, which have limited access to skilled labour due to poor connectivity; and future businesses held back by poor digital connectivity.

3.2 The government's approach to regional growth is to invest strategically in places, and to reform the system to best support that investment. Infrastructure has a critical role to play in supporting regional growth and enabling the modern Industrial Strategy.

3.3 The government is:

- Boosting growth through improving transport and digital connectivity to enable productivity and efficiency improvements.
- Providing the right conditions for new housing development to support growth and removing barriers.
- Improving the resilience of infrastructure and the reliability of services.

Boosting growth through transport and digital connectivity

Unlocking city regions and high potential clusters

3.4 Better transport infrastructure boosts growth by reducing travel time for businesses, better matching workers' skills to high quality jobs, increasing the economic density of the country, enabling firms to access a wider selection of potential suppliers and customers, and supporting trade.[73]

3.5 Driving growth across the UK is about making more places as strong and resilient as possible. This means focussing on the basics through long-term investment in road and rail maintenance to address backlogs, fixing potholes and ensuring existing networks are resilient to long-term challenges including climate change.

[73] The Economic Impacts Of Transport Interventions: An evidence review for the Department for Transport, Frontier Economics, 2024.

3.6 The government is investing in urban public transport systems to support agglomeration in England's city regions, and reversing years of underinvestment in the transport infrastructure of the North and Midlands. This includes supporting the modern Industrial Strategy by delivering for key growth constrained regions through the Transport for City Regions (TCR) settlements.

3.7 This funding will support some of England's largest city regions to keep up with demand, for example in Greater Manchester and the West Midlands. It also includes supporting fast growing economic clusters such as the Oxford to Cambridge corridor, as well as investing to better connect the major northern English cities and towns. These investments are outlined below.

3.8 As transport policy is largely devolved in the UK, this section on transport connectivity is largely relevant to England only. It also sets out planned improvements to rail infrastructure in Wales, given this remains largely reserved to the UK government.

Fixing the basics of the transport system

3.9 The UK has a mature transport network, but one with a large and growing backlog of maintenance and renewal needs – according to industry estimates, the local highway maintenance backlog was projected at £15.6 billion in 2023-24.[74]

3.10 A deteriorating system will constrain economic growth, even before the challenges of meeting increased demand and responding to climate change. Road vehicle mileage is forecast to rise by approximately 10% by 2035 and passenger rail journeys nearly doubled in the 20 years before the pandemic. Although rail passenger demand fell during COVID, it has since rebounded and is expected to continue growing over this decade.[75] Climate change and the related increase in frequency and severity of extreme weather events will reduce the reliability of transport services if no action is taken to adapt to these changes.

3.11 The government recognises these challenges and, in line with the recommendation from the second National Infrastructure Assessment to prioritise maintenance, is focusing on maintenance and renewals within the £24 billion of capital funding allocated between 2026-27 and 2029-30 for motorways and local roads across the country. This funding increase will allow National Highways and local authorities to invest in significantly improving the long-term condition of England's road network, delivering faster, safer and more reliable journeys.

Transport investment to improve accessibility in cities

3.12 For nearly all large English city regions, productivity is below the national average.[76] This underperformance of city regions is an important factor in the UK's relatively low productivity and is unusual when compared with similar European city regions. The success of cities is also important for the areas surrounding them as there is a strong relationship between the economic success of towns and their nearest cities.[77]

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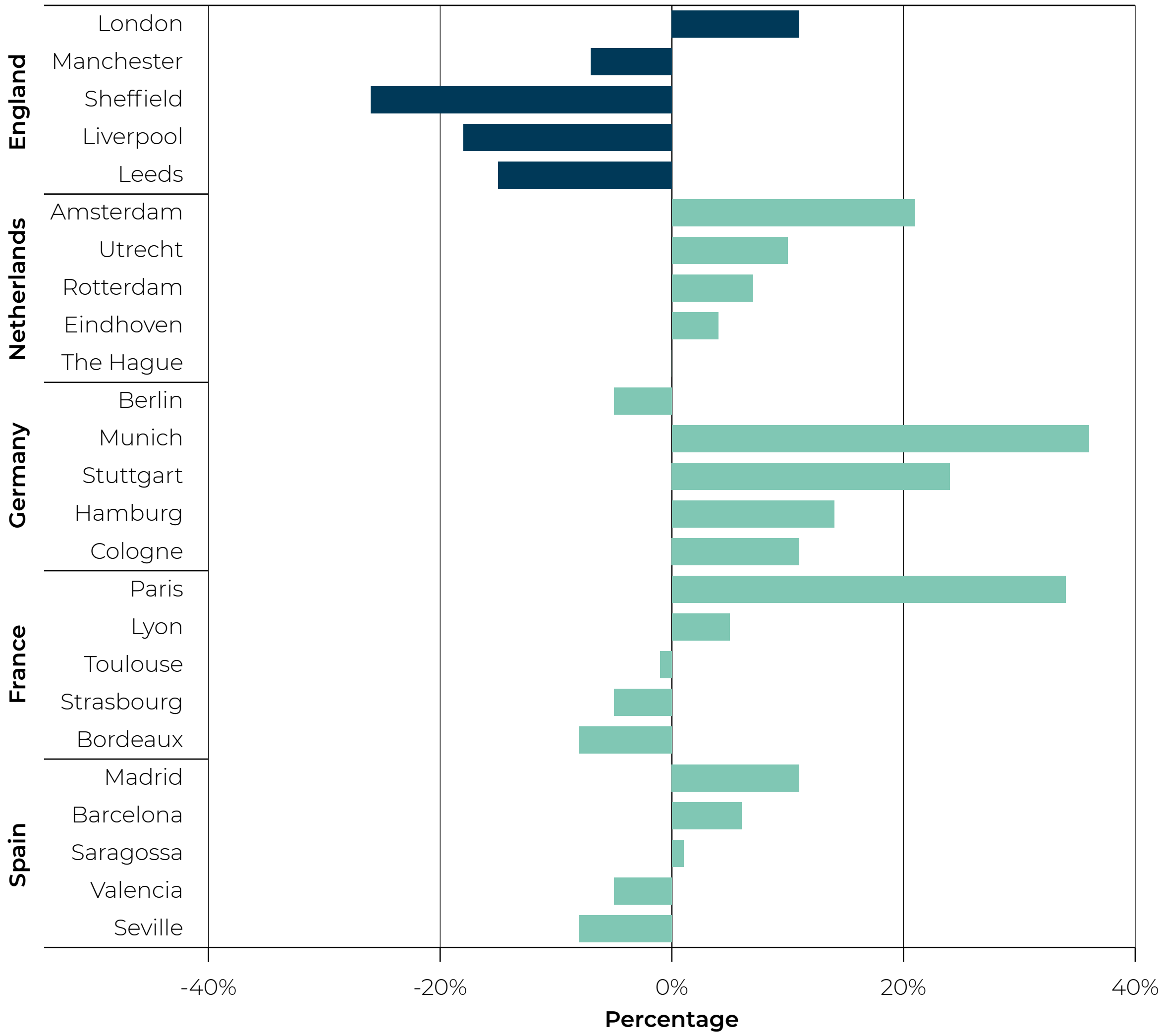
[74] The condition and maintenance of local roads in England, National Audit Office, 2024.
[75] National Road Traffic Projections, Department for Transport, 2022. Rail factsheet: 2024, Department for Transport, 2025.
[76] Subregional Productivity and Annual Regional Labour Productivity, Office for National Statistics, 2024.
[77] Talk of the Town: The economic links between cities and towns, Centre for Cities, Swinney, P., McDonald, R. and Ramuni, L., 2018.

Chart 3.1: GDP per worker, percentage difference compared to national average, in England and comparable countries



Note: Chart shows the average level of GDP per worker and productivity between 2017 and 2019.

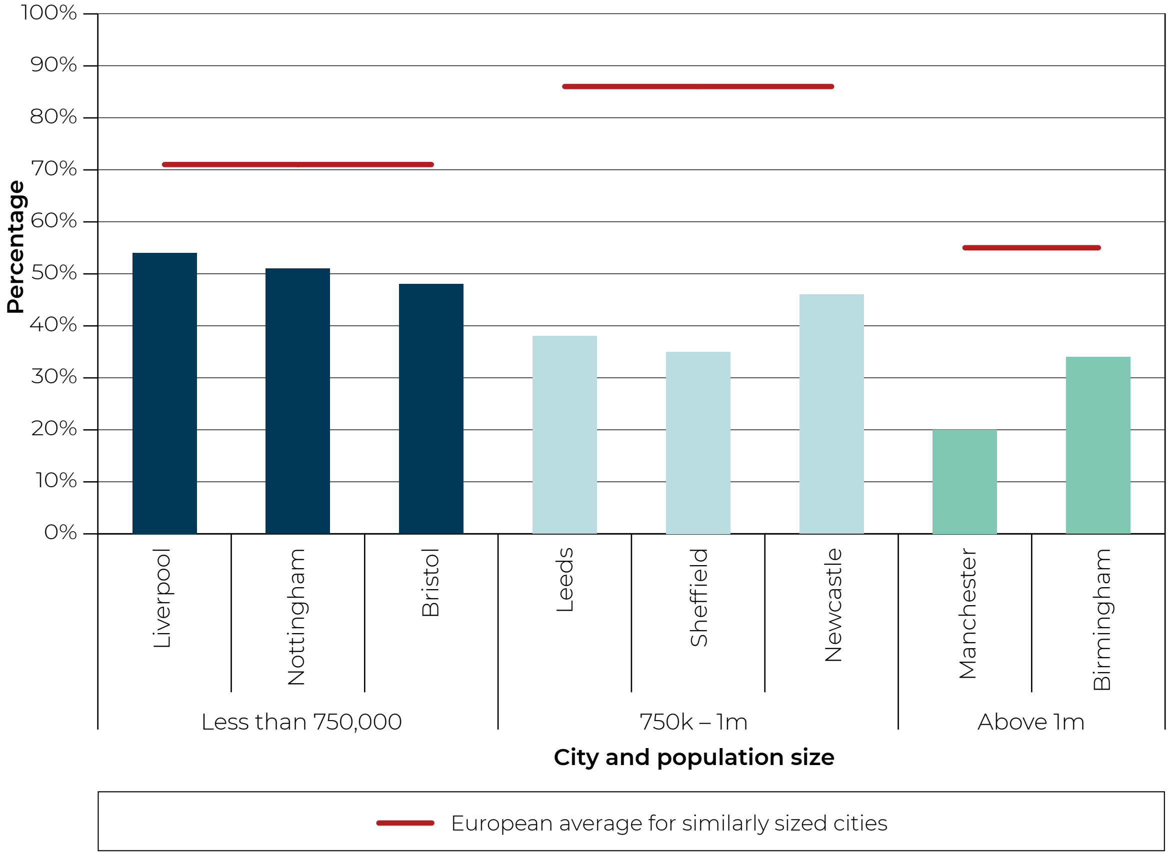
Source: OECD.[78]

3.13 Good urban transport networks connect people to employment opportunities and social activities, and connect businesses to customers and markets. They can help attract highly skilled workers and in turn productive firms.[79] When towns and villages are well connected to more productive cities, this enables residents to access employment in the city and benefit from improved connectivity.[80] Densification, together with more expansive public transport networks, will help improve the accessibility of English city regions.

3.14 Chart 3.2 below illustrates that English cities are less accessible than comparable European cities, substantially so in some cases. This limits their effective size and productivity.

[78] Analysis of Labour productivity, Metropolitan Areas, Organisation for Economic Co-operation and Development, 2024.
[79] Getting Cities Moving, National Infrastructure Commission, 2022.
[80] Housing Targets Increased to get Britain Building again, Ministry of Housing, Communities and Local Government, 2024.

Chart 3.2: Percentage of the city's population that can access the city centre within 30 minutes by public transport, England



Source: Centre for Cities, Rodrigues & Breach.[81]

3.15 Enabling more people to access city centres will increase the effective size of labour markets for businesses in the city centre locations, helping residents to access good jobs and encouraging businesses to cluster there. This competition from proximity to other firms can drive efficiency, increase innovation and drive productivity gains.[82] This will also support the government's modern Industrial Strategy, given many firms in the eight growth-driving sectors are located in these cities and surrounding areas.

3.16 To address this, the government will provide funding to enable new local transport investment in city regions across the country in line with the recommendation from the National Infrastructure Commission in the second National Infrastructure Assessment. The government has confirmed that it will invest £15.6 billion in total by 2031-32 for the elected mayors of some of our largest city regions via the Transport for City Regions settlements. This will support the delivery of projects such as the West Yorkshire Mass Transit system.[83]

[81] Analysis of Measuring Up, Centre for Cities, Rodrigues & Breach, 2021.
[82] Transport works for growth and jobs Why urban transport drives successful economies, Urban Transport Group, 2014.
[83] Exact allocations across the eligible mayoral strategic authorities are listed here: Transport for City Regions funding allocations, Department for Transport, June 2025.

West Yorkshire Mass Transit system

West Yorkshire is home to 2.4 million people, with an economic output of over £60 billion.[84] But transport capacity could limit growth – analysis carried out for the second National Infrastructure Assessment showed that cities in the region such as Leeds are likely to face a shortfall of public transport capacity over the coming decades.[85] It is the largest metropolitan area in Western Europe without a mass transit system.[86]

To address these connectivity challenges and drive growth in the region, government has confirmed that it is supporting the creation of the West Yorkshire Mass Transit System through West Yorkshire's Transport for City Regions fund allocation (£2.1 billion from 2027-28 to 2031-32). This will enable construction to begin in 2028, with the aim of commencing services by the mid-2030s.

3.17 The government also recognises the importance of investment in London to support national growth. London's extensive transport system is crucial to supporting economic activity, particularly getting people to work in the dense centre by high-capacity rail, bus and underground services.[87] For the period 2026-27 to 2029-30, Transport for London will receive £2.2 billion to support its capital renewals programme, its largest long-term funding settlement in over a decade.

Backing local leadership on transport improvements

3.18 To support local transport enhancements, the government is investing £2.3 billion via the Local Transport Grant from 2026-27 to 2029-30 in places outside of those areas that received Transport for City Region settlements. This will form part of the government's wider investment in bus lanes, cycleways and congestion improvement measures in local areas.

3.19 Where local transport funding is routed through the new Integrated Settlements, the mayors will have greater flexibility in how they use government funding in line with local priorities and agreed outcomes.

Timelines for integrated settlements

- **2025-26:** Integrated settlements for Greater Manchester and West Midlands begin
- **2026-27:** New integrated settlements for the North East, West Yorkshire, South Yorkshire and Liverpool City Region; integrated settlement expanded to the Greater London Authority

New integrated settlements for further mayoral strategic authorities will be confirmed at the next Spending Review.

[84] An Economic Strategy for West Yorkshire, West Yorkshire Combined Authority.
[85] The Second National Infrastructure Assessment, National Infrastructure Commission, 2023.
[86] West Yorkshire Mass Transit Vision 2040, West Yorkshire Combined Authority, 2023.
[87] Economic Evidence Base for London 2016, GLA Economics, 2016.

Enhancing intercity road and rail connections

3.20 Good intercity connections are crucial for enhancing productivity. Improved links between city regions and high potential economic clusters help to connect labour markets and makes it easier for firms to buy and sell goods and services in different places, to different people. They foster competition which leads to greater economic specialisation.[88]

3.21 Connections to ports, airports, freeports and investment zones enable firms to import and export goods and services, with these tradable firms being key drivers of national productivity.[89] Matching improved intercity and international transport links with strong local connectivity also enables the efficient movement of freight and services at each stage of the journey.[90]

3.22 That is why projects like the Lower Thames Crossing are vital for improving links between the Midlands, the North and key ports in the South East, and for improving the resilience of the overall road network. The planning application for the Lower Thames Crossing was approved by the Department for Transport in March 2025, and with no legal challenges it can move forward at pace. The government is therefore providing £590 million of capital funding to progress work on the Lower Thames Crossing, in addition to the £250 million which was provided at Phase 1 of the Spending Review. As the Chancellor of the Exchequer set out in January, the government is looking to bring private sector finance and expertise into this project, and further work will now be undertaken with the private sector to design a long-term funding model which delivers value for money for the taxpayer. After this, the government will confirm the funding profile for the project's later years.

3.23 To improve performance on the road network, the government will also invest in enhancing key routes for trade between major city regions, ports, airports, and logistics centres on the Strategic Road Network. A full list of projects will be set out as part of the development of the third Road Investment Strategy.

3.24 There are also connectivity and capacity constraints on the rail network. Across all rail enhancements, government is investing £35.5 billion over the period from 2026-27 to 2029-30. This includes £2.5 billion to continue delivery of East West Rail in full. Alongside the delivery of other economic and social infrastructure, this will enable the growth of the Oxford to Cambridge corridor and support the world-class life sciences, digital and technology sectors.

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[88] Exploring The Economic Benefits Of Strategic Roads: Report for the Department for Transport, Frontier Economics, 2017.
[89] UK trade in goods and productivity: new findings, Office for National Statistics, 2018. Ending Stagnation: A New Economic Strategy for Britain, Resolution Foundation & Centre for Economic Performance, LSE, 2023.
[90] Future of Freight, Department for Transport, 2022.

The Oxford to Cambridge Growth Corridor

The Oxford to Cambridge region is home to a number of research and development hubs across a variety of highly skilled and highly productive sectors that lead the way in innovative technologies and give rise to the new businesses that are critical to the government's modern Industrial Strategy.

But the corridor's growth has been constrained by pressures on infrastructure and there is a critical shortage of housing. Cambridge is one of the most expensive cities in the UK to buy a home, second only to London relative to local pay. A lack of new homes, coupled with high rents, means that firms cannot hire the workers they need.[91]

The corridor also suffers from water scarcity, limiting the speed of new housing delivery.[92] Road congestion is severe. And businesses are seeking 2.2 million square feet of lab space between Oxford, Cambridge and London.[93]

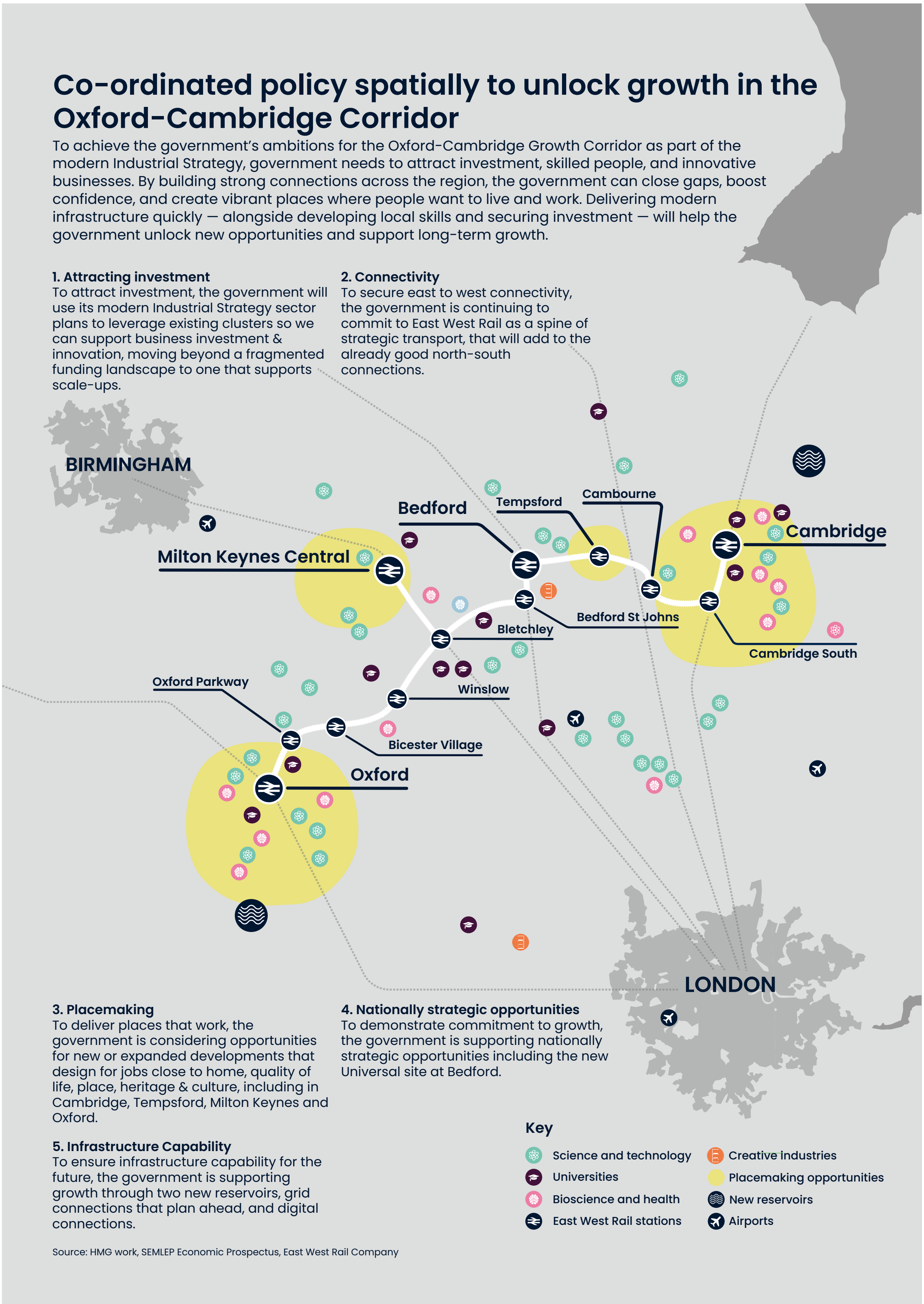
The government is addressing this by investing in the necessary infrastructure to provide the foundations for inclusive and secure growth. The Spending Review 2025 confirmed £2.5 billion to deliver East West Rail, ensuring better transport connections between Oxford and Cambridge and the settlements in between to help unlock new homes. Two new reservoirs will serve the region by 2040. New schools, health facilities, and other necessary social infrastructure will be built. The government's work in the corridor will utilise wider tools, such as the new national infrastructure spatial tool, to ensure that growth is infrastructure led.

Coordinating infrastructure with key industries is vital to bridge opportunities across government and the private sector, ensuring the corridor attracts and retains world-class talent and leading businesses. Lord Vallance, as Ministerial Champion for the corridor, is working with local partners, NISTA and across government to harness opportunities to cement the corridor as an engine for growth, and the expanded Office for Investment will play a role in joining infrastructure opportunities with the private capital needed to deliver on this vision. The government has already secured a multi-billion pound investment in a major new Universal theme park and resort in Bedford, right in the middle of the growth corridor, which will benefit from the new enabling infrastructure. The theme park will bring an estimated £50 billion boost for the economy, create thousands of jobs and attract millions of visitors when it opens in 2031.[94] This demonstrates the value of the government's role in securing and driving infrastructure investment and the types of opportunities that can be unlocked in the UK through partnerships with businesses, which is a central pillar of the government's mission to kickstart economic growth.

These interventions will enhance quality of life and boost the Oxford to Cambridge economy, with East West Rail alone set to add £6.7 billion a year by 2050.[95]

[91] The Case for Cambridge, Ministry of Housing, Communities and Local Government, 2024.
[92] Addressing water scarcity in Greater Cambridge, Ministry of Housing, Communities and Local Government and Department for Environment, Food and Rural Affairs, 2024.
[93] The Case for Cambridge, Ministry of Housing, Communities and Local Government, 2024.
[94] Multi-billion-pound investment secured as Universal them park and resort set to be built in Bedford bringing thousands of jobs, HM Government, 2025.
[95] East West Rail to boost Oxford-Cambridge region by billions, Department for Transport, 2024.

Figure 3.1: Map of the Oxford to Cambridge Corridor



Source: HMG work, SEMLEP Economic Prospectus, Oxford-Cambridge Arc, (2020); Project overview, East West Railway Company Limited.

3.25 Other major rail projects – such as HS2 and Transpennine Route Upgrade – that are already in delivery will be completed. The government is committing £25.3 billion and £3.5 billion respectively between 2026-27 and 2029-30 to enable this. Alongside this, government is investing in the Leeds Area Improvement Plan and the Manchester North West Transformation Programme, which will enable and support the delivery of benefits from the Transpennine Route Upgrade. The Spending Review 2025 also provided £240 million to enhance Leeds station and funding to progress the next stage of Midlands Rail Hub.[96]

3.26 For too long, Wales's long-term infrastructure needs have not been recognised. This government is taking a different approach, delivering at least £445 million of rail enhancements funding for Wales. Plans for future rail investment in Wales will be made in close consultation with the Welsh Government. The Wales Rail Board includes representation from the Department for Transport, Network Rail, the Welsh Government and Transport for Wales, and has been established to provide joint strategic direction for schemes in Wales. It will be consulted ahead of the next Spending Review so that Wales's long-term infrastructure needs continue to be recognised.

Transpennine Route Upgrade

The Transpennine route has reached capacity, leading to unreliable and crowded services. From 2010-11 to 2019-20, the average time delay doubled and the frequency of cancellations and significant delays increased.[97] By autumn 2019, only 38% of trains were on time, with overcrowding on trains and platforms during peak hours.[98]

To address this, the government is investing an additional £3.5 billion of funding over the Spending Review 2025 period, for the Transpennine Route Upgrade. The programme will increase the number of services from six to eight an hour and will reduce the journey time from Manchester to Leeds to just over 40 minutes.[99] It will help make possible major housing developments, including the planned construction of 4,000 homes at Dewsbury Riverside in Ravensthorpe.[100]

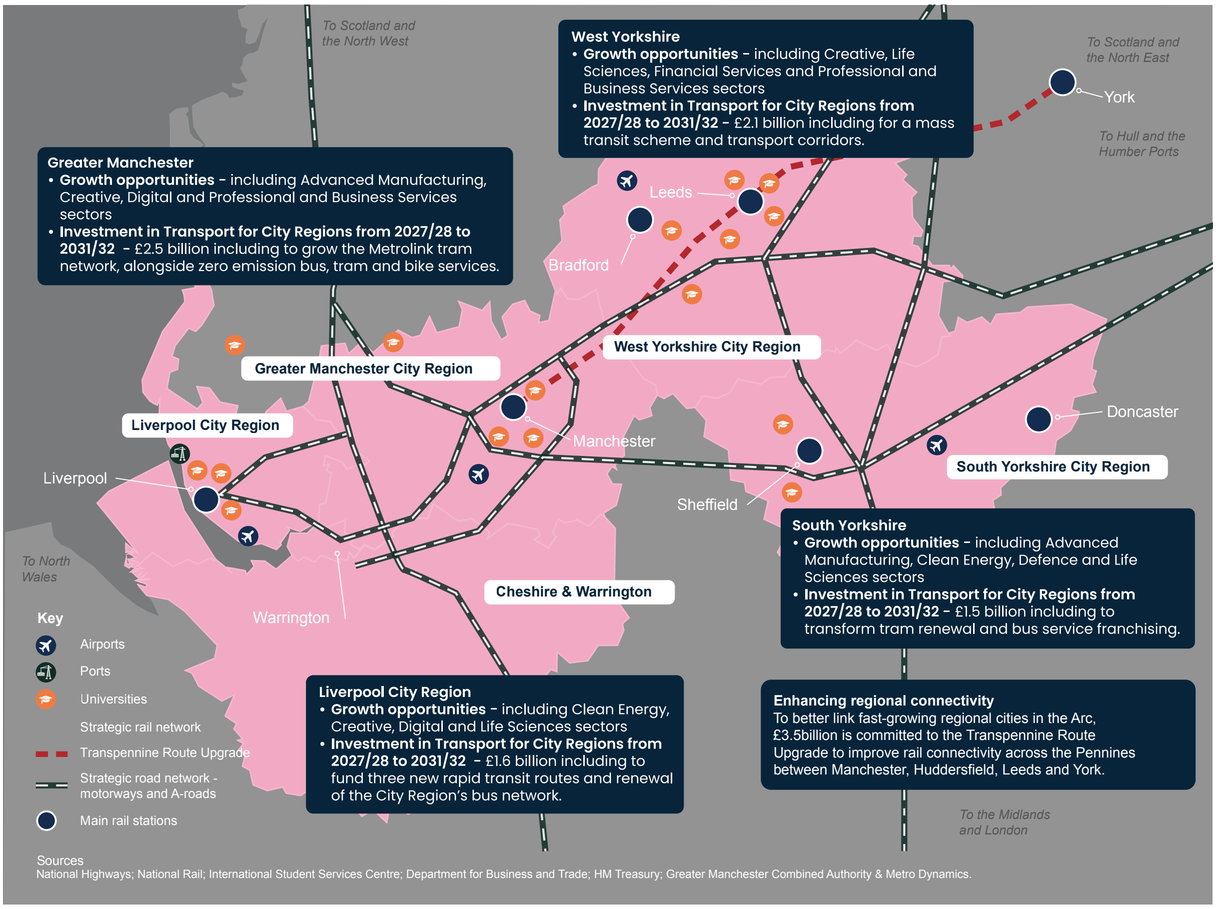
Backing improved connections between major northern cities and towns

3.27 Decades of underinvestment have led to a network in the North which has substantial capacity, connectivity and reliability issues. Rail journeys on key corridors across the North are often slow and services can be unreliable, which restricts the size of the labour market accessible to businesses. Connectivity is important to facilitate efficient labour markets and make it easier for firms to buy and sell goods and services. These issues were highlighted in the second National Infrastructure Assessment, and act as a drag on economic growth in the region.[101]

[96] Spending Review 2025, HM Treasury (2025).
[97] The Transpennine Route Upgrade Programme, National Audit Office, 2022.
[98] The Transpennine Route Upgrade Programme, National Audit Office, 2022.
[99] Explore the benefits, Transpennine Route Upgrade, 2025.
[100] Ravensthorpe Station Closure Consultation, Department for Transport, 2024.
[101] The Second National Infrastructure Assessment, National Infrastructure Commission, 2023.

3.28 While completing the Transpennine Route Upgrade is a key step in addressing these issues, this is only one step. As noted in the Chancellor of the Exchequer's speech for the Spending Review 2025, the government will set out plans to take forward its further ambitions on Northern Powerhouse Rail in the coming weeks.

Figure 3.2: Infrastructure supporting growth opportunities



Source: Greater Manchester Combined Authority & Metro Dynamics,[102] National Highways,[103] National Rail,[104] International Student Services Centre,[105] Ministry of Housing, Communities and Local Government,[106] Department for Business and Trade,[107] and HM Treasury.[108]

Diversifying transport funding

3.29 Public investment accounted for around 80% of total investment in transport infrastructure in 2023-24, with the remaining 20% a mix of public and private funding.[109] The vast majority of public funding for transport is financed from central government grants.

[102] The Northern Arc Working Paper, Greater Manchester Combined Authority & Metro Dynamics, 2025.
[103] Strategic Road Network, National Highways.
[104] National Rail Network Map, National Rail, 2024.
[105] UK University Interactive Map, International Student Services Centre.
[106] Indicative Local Housing Need (Regional Totals), Ministry of Housing, Communities and Local Government, 2025.
[107] Invest 2035: the UK's modern industrial strategy, Department for Business and Trade, 2024.
[108] Biggest ever investment in city region local transport as Chancellor vows the 'Renewal of Britain', HM Treasury, 2025.
[109] Analysis of the National Infrastructure and Construction Pipeline 2023, Infrastructure and Projects Authority and HM Treasury, 2024.

3.30 NISTA, with support from the Department for Transport, will take forward a study by early 2026 to explore the ways in which revenue streams can be diversified to reduce the reliance on central government grants and enable more transport projects to be brought forward in future – looking at international precedents and UK best practice including mechanisms such as land value capture.

Supporting growth through the ports sector

3.31 Ports play a critical role in the UK's economy, handling around 95% of all import and export tonnage, and acting as hubs for regional growth and employment.[110] The UK's ports sector is largely privately owned and operated, with the government's role primarily to ensure that the policy and regulatory environment supports efficient operation and investment, and to provide targeted support for connectivity and decarbonisation where there are clear public benefits.[111]

3.32 Efficient road and rail connections to ports are essential to ensure that ports can act as effective gateways for trade and handle increasing volumes of freight.[112] Ports are also increasingly important enablers for industries such as offshore wind. In March 2025, the government announced over £55 million to support the expansion of Port of Cromarty Firth in Scotland to become the UK's first port able to make floating offshore wind turbines at scale, with this initial investment from the UK government paving the way for the port to secure match funding from other investors. The port is expected to become operational by the start of 2028.[113] The Humber estuary box in Chapter 4 also provides a good example of this enabling role.

Addressing constraints in the aviation sector

3.33 Capacity constraints in aviation increase the risk of delays, limit competition, keep fares higher, and potentially reduce domestic connectivity. Airports located in the South East of England, in particular, face a capacity challenge.

3.34 Heathrow, the largest airport in Europe by passenger traffic and one of the busiest globally, is operating at near full capacity.[114] This threatens the airport's status as an economic hub and its competitiveness against international rivals. The government has therefore announced its support for proposals for a third runway at Heathrow.[115]

3.35 Elsewhere, London Stansted has announced an additional £1.1 billion investment to expand its terminal, which is expected to double its annual economic contribution to the UK.[116] The government has approved London City Airport's plans to expand to accommodate 9 million passengers annually by 2031.[117]

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[110] UK Port Freight Statistics: 2020, Department for Transport, 2021.
[111] State of the Maritime Nation, Maritime UK, 2022. Maritime decarbonisation strategy and calls for evidence, Department for Transport and Mike Kane MP, 2025.
[112] Transport connectivity to ports: review of the current status and future infrastructure recommendations, Department for Transport, 2018.
[113] Government unlocks floating offshore wind with major investment for Scottish port, Department for Energy Security and Net Zero, 2025.
[114] Heathrow: The UK's Hub Airport, Heathrow Our Company. Airports Commission, Heathrow Our Company
[115] Government backs Heathrow expansion to kickstart economic growth, HM Treasury, 2025.
[116] £1.1 billion investment to expand Stansted Airport welcomed by ministers, Department for Transport & HM Treasury, 2024.
[117] Government update on airport expansion, Department for Transport, 2025.

The government has also approved the London Luton Airport Expansion, which will allow an increase in capacity from 18 million to 32 million passengers per year and issued a 'minded to approve' letter for the proposed expansion of Gatwick Airport.[118]

3.36 The government will engage the Climate Change Committee on how aviation expansion can be made consistent with our net zero framework.

Digital infrastructure for growth and innovation

3.37 Digital infrastructure supports productivity growth through lowering costs for firms, underpinning technological change, widening access to labour markets across the country and enabling new and innovative services to be provided.[119]

3.38 Digital infrastructure also increasingly underpins the provision of services critical for the functioning of society, business, and government – including the operation of other infrastructure sectors. In particular, demand for data centre services is projected to surge over the next decade including for AI development and deployment.[120] The government is committed to facilitating the development and expansion of cutting-edge, secure, and sustainable digital infrastructure that meets the needs of both the private and public sectors.

Building sovereign compute capacity to support growth

3.39 Ensuring the UK has greater 'sovereign' compute capacity is critical for resilient growth and to improve public services. Access to cutting-edge sovereign compute will ensure British researchers and SMEs remain internationally competitive, and investing in AI will help the UK stay at the forefront of innovation, close critical skills gaps and create high-value jobs.

3.40 The government has allocated £2 billion to fully deliver on the AI Opportunities Action Plan published in January 2025. This includes funding for the AI Research Resource, targeting an expansion of the compute resource available to academics and researchers by at least 20 times by 2030. Alongside this, UKRI plan to expand High-Performance Computing capability in the UK, alongside investment in the enabling ecosystem of tools, software, services and skills, enabling more researchers to adopt innovative approaches to economic, social, environmental and health-related challenges.

3.41 To meet the growing need for commercial compute, as part of the modern Industrial Strategy the government is supporting the development of AI Growth Zones – new clusters of AI-focused data centres with enhanced access to energy and planning support. These zones bring together industry, academia and all levels of government – local, regional, devolved and central – to attract private investment, strengthen the UK's position in the global AI ecosystem, and anchor high-value growth in regions with the capacity to support data centres and wider AI activity. The first AI Growth Zone will be in delivered in Culham in the Oxford to Cambridge corridor with proposals invited from other areas.[121] The government will confirm future locations in due course.

[118] London Luton Airport Expansion development consent decision announced, Planning Inspectorate, 2025. Transport planning: Gatwick Airport, Department for Transport and Heidi Alexander MP, 2025.
[119] Second National Infrastructure Assessment, National Infrastructure Commission, 2023.
[120] Foundations For The Future: How Data Centres Can Supercharge UK Economic Growth, techUK, 2024.
[121] Government fires starting gun on AI Growth Zones to turbocharge Plan for Change, Department for Science, Innovation & Technology, 2025. AI Growth Zones: expression of interest, Department for Science, Innovation & Technology, 2025.

3.42 Data centres are heavy users of energy and water, but also present opportunities such as generating heat. The wider infrastructure requirements of AI Growth Zones and data centres will be considered as part of the government's new approach to spatial planning, as set out in Chapter 1.

Upgrading telecoms networks and closing the digital divide

3.43 The UK is currently undergoing a transformation of its digital infrastructure. 5G is being rolled out across the country and old copper broadband networks are being replaced with new gigabit capable connections.

3.44 Gigabit broadband coverage now covers more than 87% of UK premises, of which more than 77% is full fibre coverage (this is up from gigabit broadband coverage of 37% of premises by the end of 2020, of which 19% were full fibre connections).[122] The government provided £1.9 billion in the Spending Review 2025 for Building Digital UK, which includes funding to connect more homes and business to gigabit broadband. Through Project Gigabit the government is committed to reaching 99% coverage of UK premises, which is now expected by 2032.

3.45 The government will continue to support commercial deployment of gigabit networks. Supported by pro-competition measures and other interventions put in place by government, industry has made plans to invest over £40 billion in full fibre by 2030.

3.46 The government is committed to removing barriers to the deployment of fixed infrastructure so that the commercial market can deliver as far and as fast as possible. This includes:

- Implementing the remaining provisions of the Product Security and Telecommunications Infrastructure Act 2022 as soon as possible.
- Bringing forward a more flexible permitting system for street works across England, if the ongoing trials are successful.
- Easing the process for gigabit deployment for leaseholders in multi-dwelling units, such as blocks of flats, and consulting on proposals as soon as possible.

3.47 For the very hard to reach areas, the government will ensure that the regulatory regime promotes innovation and the growth of alternative technologies, such as satellite and fixed wireless access.

3.48 As new networks are rolled out, legacy networks are being withdrawn, including the Public Switched Telephone Network, copper broadband services and 2G and 3G networks. For most consumers, these changes will be straightforward, as they will already have migrated on to new technologies. However, others may need to take action to upgrade services ahead of withdrawal. The government will work with industry and Ofcom to clearly communicate future network changes. This will ensure that consumers are protected during the transition to improved services and all sectors of the economy are protected and prepared for these transitions.

3.49 Businesses and critical national infrastructure also use digital infrastructure connectivity to provide products and services. To enable businesses and infrastructure providers to know when they need to upgrade, the government will work with industry to set out a forward-looking connectivity timeline. This will allow

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[122] thinkbroadband coverage statistics for June 2025, thinkbroadband, 2025.

better planning of upgrades as part of regular research and development and/or lifecycle replacement, improving economic efficiency, saving public and private money and reducing the risk to life and critical services from upgrades.

Improving mobile networks

3.50 High quality mobile coverage is now a necessity. Yet in many places coverage remains patchy and unreliable. The government has therefore asked Ofcom to provide accurate, public reporting on mobile coverage and performance. Ofcom have committed to launching their improved online coverage checker in June 2025.

3.51 Through the Shared Rural Network programme the government has worked with Mobile Network Operators to improve 4G coverage in more rural areas. The programme has already met its target of delivering 95% 4G coverage from at least one Mobile Network Operator and will now continue to deliver into the most remote areas.[123] The government is working with the Mobile Network Operators on interventions in areas which will bring the highest benefits per site, with a focus on coverage to premises and infrastructure.

3.52 The government's ambition is for all populated areas to have standalone 5G by 2030, delivered through commercial investment. It will enable a range of new industrial applications across the economy, including in manufacturing, broadcasting, public services, transport and logistics. An Analysys Mason study found that 5G adoption in key sectors could realise up to £37 billion additional Gross Value Added in the period from 2022 to 2035.[124]

3.53 The government will also use its purchasing power, through public sector procurement, to show leadership on the take up of new services, including innovative 5G use cases in the public sector, where appropriate. To support further deployment of wireless infrastructure, government will remove barriers to digital infrastructure deployment, including by publishing a call for evidence on changes to planning laws that could enable faster rollout of fixed and mobile coverage.

3.54 The mobile market is evolving. Following the Competition and Markets Authority's approval of the Vodafone and Three merger, Ofcom and the CMA will oversee their commitments to deliver £11 billion investment in standalone 5G networks and 99% population coverage by 2034.[125] BT-EE and Virgin Media O2 also have ambitious plans.[126] To understand the impact of the evolution of the market on the digital sector, the government is carrying out a review of the mobile market. Initial conclusions and next steps will be published by the end of 2025.

Taking a 'digital first' approach to infrastructure

3.55 The future digital needs of the owners and users of infrastructure should be considered from the earliest stages of infrastructure planning. Failure to do so results in costly retrofits and lost benefits. The government will therefore ensure that digital infrastructure needs are considered during spatial planning for infrastructure, and from the start of project development.

[123] Mobile coverage obligations, Ofcom, 2024.
[124] Realising the benefits of 5G, Analysys Mason and Cambridge Econometrics report for the Department of Digital, Culture, Media and Sport, 2021.
[125] Vodafone/CK Hutchison JV merger inquiry, Competition and Markets Authority, 2025. Completion of Vodafone and Three merger in the UK, Vodafone, 2025.
[126] EE aims for 5G coverage everywhere in UK by 2028, BBC News, 2021. Virgin Media O2 to supercharge network reliability with £700m Mobile Transformation Plan, Virgin Media O2, 2025.

3.56 Digital infrastructure will be a core part of emerging Spatial Development Strategies, so that telecoms providers will have opportunities to better understand future demand and to deliver in advance of growth, in ways that reduce costs and disruption.

3.57 As the National Infrastructure Commission recommended, telecommunications needs must also be considered for individual infrastructure sectors – across the energy, water and transport sectors.[127] The government will work with Ofcom and other relevant regulators to set out the government's assessment of the telecommunications needs for these sectors by the end of 2026, ahead of the next update to this Strategy. In the longer term, NISTA and DSIT will continue to lead government's work on identifying and planning for digital infrastructure needs and challenges, across telecoms and non-telecoms digital infrastructure, for the coming decades.

3.58 To support passenger connectivity on the rail network and deliver against the government's ambition to ensure that all infrastructure has adequate digital infrastructure, £41 million is being provided to introduce low-earth-orbit satellite connectivity on all mainline trains, significantly improving both the availability and internet data connection speeds for Wi-Fi connected passengers.

National Digital Twin Programme

One example of how digital technology, underpinned by advanced digital infrastructure, can improve efficiencies in other sectors is through digital twins – virtual models of systems which mimic, in real time, their physical counterparts. They can be used to assess functionality, degradation and impacts in real world networks. As an example, the Thames Tideway Tunnel Project used a digital representation of the sewer system to inform design decisions and understand interdependencies with other systems.[128]

The government's National Digital Twin Programme is developing standards, frameworks, guidelines, methodologies, and tools that will provide the foundation of a functioning market in digital twins.

Infrastructure for research and development

3.59 The government is also providing substantial support for research and development (R&D). Government funding for R&D will increase to £22.6 billion per year by 2029-30, which will contribute to the success of the growth-driving sectors and the places in which they cluster, as will be set out in the modern Industrial Strategy. This increase will include at least £1 billion over the Spending Review 2025 period to scale up the Advanced Research and Invention Agency (ARIA) and up to £750 million for a new supercomputer at Edinburgh University, which will be the largest supercomputer in the UK helping scientists involved in a range of fields such as climate and weather prediction and fusion power research.

[127] Second National Infrastructure Assessment, National Infrastructure Commission, 2023.
[128] Analysing Systems Interdependencies Using A Digital Twin, Centre for Digital Built Britain, 2019

Providing the right conditions for new housing development

Delivering more homes across the country

3.60 Building homes where people want to live and work is central to economic growth. Affordable housing, located in the right places, allows people to find good jobs, access health services and education opportunities, and gives people the security and stability they need to fulfil their potential. Through planning reform and investment, the government is already taking significant steps to increase housing supply, quality and affordability, and establish thriving communities across the country. More detail will be set out in the government's Long-Term Housing Strategy later in 2025.

3.61 Recent planning reforms will help deliver these homes where they can best support growth. Last year's updates to the NPPF established a new method for assessing housing need, this has set ambitious expectations across the country while directing housing to where it is most needed and supporting universal coverage of Local Plans.[129] And new reforms to prioritise brownfield development and permit development on low quality grey belt land will help unlock new land supply.

3.62 The Office for Budget Responsibility has estimated that the government's reforms to the NPPF alone will boost GDP by 0.2% by 2029-30, adding £6.8 billion to the UK's economy.[130]

3.63 The Spending Review 2025 set out the government's plans for the delivery of its commitment to build 1.5 million homes in England. This includes a 10-year, £39 billion commitment to the Affordable Homes Programme, matched by a 10-year social rent settlement from 2026 at CPI + 1%, alongside £2.5 billion of low-interest loans and access to over £1 billion of government support to accelerate the remediation of social housing.

3.64 To catalyse additional private investment to further boost housebuilding, the government has established a new National Housing Bank, backed with £16 billion of new capacity on top of £6 billion existing finance, as set out in Chapter 2.

3.65 The government has also established a New Towns Taskforce which will provide recommendations on the location and delivery of New Towns later in 2025. The government intends for the New Towns Programme to serve as a model of best practice for how new, largescale development can unlock growth and meet housing demand across the country, using close cross-government working and strengthened delivery vehicles to ensure sustainable placemaking.

Delivering more timely utilities and transport infrastructure

3.66 Each new home requires connections to water, wastewater, energy, transport and digital networks. Without this infrastructure, the homes that the country needs will not be delivered.

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[129] National Planning Policy Framework, HM Government, 2025.
[130] OBR concludes planning reforms will bring housebuilding to its highest level in 40 years, HM Treasury, 2025.

3.67 The Spatial Development Strategies which are being introduced by the Planning and Infrastructure Bill will maximise the benefits of new housing, including through better linking housing development to the opportunities created by substantial transport infrastructure investments, such as East West Rail and the Transpennine Route Upgrade.

Delivering housing and regeneration priorities in cities

3.68 Delivering nationwide growth means unlocking the productivity potential of city regions across the country, supporting agglomeration through better alignment of new transport infrastructure with housing and commercial development.

3.69 The National Housing Bank will work with Mayors and local leaders to provide financial support to deliver their housing and regeneration priorities, alongside wider land and grant funding. As part of this, MHCLG and Homes England will work with the Greater London Authority, and established Mayoral Strategic Authorities, to agree how to support them to deliver on regional housing priorities. The government will also work with the Mayor of London to establish a City Hall Developer Investment Fund, support housing regeneration around London Euston. And for Greater Manchester, the Housing Investment Loan Fund will be extended to deliver over the next 10 years.

3.70 In addition to record investment in urban transport infrastructure, government has established a new local growth fund, including a 10 year capital settlement from 2026-27 to 2035-36, for specific mayoral city regions in the North and Midlands. This will support mayors to invest in complementary local growth and regeneration projects.

3.71 The government is also providing £500 million of financial investments to capitalise a new recyclable mayoral growth fund for mayors in the North and Midlands. This builds on models that have operated successfully in Greater Manchester.

Victoria North, Manchester

Victoria North is the biggest regeneration project in the North of England. A joint venture between Manchester City Council and Far East Consortium, it is set to create 15,000 low carbon homes across seven neighbourhoods over the next 20 years that will benefit from new and improved transport links, community facilities and a network of green spaces. Its delivery will catalyse 390 acres of brownfield and underused land in some of the most deprived areas of Manchester, close to the urban centre.[131]

[131] Victoria North Regeneration, Manchester City Council.

Bristol Temple Quarter

In the West of England, government has invested in the Bristol Temple Quarter regeneration programme to unlock growth across the South West of England. Investing government owned land and equity for the long-term in the Bristol Temple Quarter joint venture – a partnership between Homes England, Network Rail, West of England Combined Authority and Bristol City Council – will unlock more than 10,000 new homes and 22,000 jobs, adding £1.6 billion annually to the local economy.[132]

3.72 Investment in major infrastructure projects can boost private investment and support new housing development, catalysing the regeneration of places around them. For example, research suggests that HS2 is creating an opportunity for up to £20 billion of economic uplift driven by private investment around the new stations at Euston, Old Oak Common, Interchange Station (Solihull) and Curzon Street.[133] This will create jobs and housing and support the development of thriving communities. The government is working with investment partners to support and enable development associated with HS2 both before and after it will come into service.

Delivering the social infrastructure to create thriving communities

3.73 New developments need access to essential local services, such as schools, colleges and GP surgeries. This requires planning, but fewer than one in three local authorities have up-to-date local plans setting out the required enabling infrastructure based on the needs of new housing developments.

3.74 The revised NPPF helps to overcome these challenges by increasing the weight given to new, expanded, and upgraded public service infrastructure in decision-making, and strengthening the requirement for plans to take a consistent approach to delivering major infrastructure and strategic health, education and other social infrastructure.

3.75 The government now expects local authorities to take no more than 30 months to prepare and adopt their local plans (compared to an average time of seven years).[134] This will ensure that clear and up-to-date policies are in place on the contributions expected from new development through the Community Infrastructure Levy (CIL) and Section 106 agreements.

Access to reliable energy networks

3.76 Access to reliable energy supplies is one of the key building blocks of all economic activity. Timely connections for energy demand allow businesses, particularly in the modern Industrial Strategy growth-driving sectors, to set up and expand where they want to, including new types of economic activity such as data centres and advanced manufacturing, which need significant and reliable electricity supplies.

[132] Bristol Temple Quarter, A vision for the future, Bristol Temple Quarter, 2022.
[133] HS2's Chief Executive calls on investors and developers to get behind the project, HS2, 2025.
[134] Planning overhaul to speed up and simplify local plans – GOV.UK, Ministry of Housing, Communities and Local Government and Matthew Pennycook MP, 2025.

3.77 However, the challenges that growing electricity demand and changing generation have placed on the high voltage transmission network are already visible. Constraint costs – where electricity generators are paid to turn down output – were £1.4 billion in 2023.[135] And the size of the connections queue has grown to 753 GW (at the end of 2024), which has resulted in connection delays of up to 15 years.[136]

3.78 There are also already parts of the local distribution network where capacity has become more challenging. In West London, the allocation of network capacity to data centres has caused connection delays for housing developments and other commercial customers.[137]

3.79 Network operators and stakeholders across the system have worked hard to deliver local solutions, but holistic action is also needed, as set out in detail in Chapter 4:

- The electricity connections process is being reformed – moving from 'first come, first served' to 'first ready, first connected', with prioritisation based on system need to enable clean power and unlock capacity for growth and development.
- Transmission network investment is being accelerated by Ofgem and through the actions in the Clean Power Action Plan.
- Government will work with Ofgem to ensure funding mechanisms support investment in distribution networks, to ensure that capacity is available to support growth and development, as well as the decarbonisation of the economy.

Meeting demand for water and wastewater and waste management services

3.80 The provision of water is essential for housing growth. The UK could run out of clean drinking water by the middle of the next decade without a major infrastructure overhaul: by 2050, an additional five billion litres of water a day will be needed in England to ensure public water supply can meet demand.[138]

3.81 Sufficient supply of water is also required for new industries and the production of clean energy. Most power stations are dependent on natural water supplies for cooling, and data centres also use water intensively.

3.82 Major investment in water infrastructure is required. No new reservoirs have been completed in England for more than 30 years. Over the next five years, water companies will invest £5 billion in new supply schemes. Of this, £2 billion will kickstart development of 30 major projects, including 9 new reservoirs and 9 large-scale water transfer schemes. This includes the Fens Reservoir and Grafham Transfer scheme which will unlock the long-term growth potential in Cambridge.[139] The Fens Reservoir and the Lincolnshire Reservoir have now been

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[135] Toxic constraint coverage could damage Clean Power Plan, Regen, 2024.
[136] Electricity distribution networks: Creating capacity for the future, National Infrastructure Commission, 2025.
[137] West London electricity capacity constraints, Greater London Authority, 2024.
[138] A summary of England's revised draft regional and water resources management plans, Environment Agency, 2024.
[139] Our final determinations for the 2024 price review, Ofwat, 2025.

awarded 'nationally significant' status to accelerate the planning process, and the government will legislate so that this 'nationally significant' designation is automatic for such projects.[140]

3.83 The UK also needs to be more efficient in how it uses its water supplies. The Environment Act 2021 sets a target in law to reduce the use of public water supply per head by 20% by 2038.[141] To tackle water scarcity, the government will invest in the maintenance of critical water infrastructure, as well as water efficiency and demand management measures.

3.84 Where water is not provided from the public water supply, it is directly abstracted from the environment under licence from the Environment Agency. To ensure that there remains enough water for the environment and other abstractors, the Environment Agency is consulting on how to best reserve water for key projects that have greater public benefits, such as energy production and data centres.

Improving the resilience of infrastructure and the reliability of services

3.85 Reliable provision of infrastructure services faces more frequent extreme threats – from security risks such as cyber attacks, and from the acute impacts of long-term risks such as climate change. Hazards are continuously emerging and evolving, and providing resilience requires a concerted effort to understand what the risks and potential threats are.

Improving resilience through resilience standards

3.86 Infrastructure services are delivered by complex networks of assets and their underlying resilience is often hard to fully understand. Infrastructure networks often have long-life assets – 85% of existing rail assets and 88% of existing water mains could still be in place by 2055. Asset management and maintenance are therefore key in ensuring that vital services remain resilient.[142]

3.87 Resilience often requires spare capacity in networks – this can cost money in the short term but avoid costly impacts over the longer term. A good example is the case of drought resilience. Emergency measures to cope with a drought of 0.2% probability would have cost twice as much as proactive measures such as building new water resource infrastructure.[143] In 2020, industry was asked to plan proactively for a 0.2% drought scenario, resulting in the new major reservoirs that are now planned.

3.88 The requirement to plan for a 0.2% drought scenario is an example of a resilience standard. Resilience standards specify outcomes that operators must be able to deliver, providing a means to effectively target investment to improve resilience. Examples of resilience standards include:

- **Customer outcome standards:** for example, average length of service outages in a year.

[140] Government steps in to build first major reservoirs in 30 years, Department for Environment, Food & Rural Affairs, 2025.
[141] Plan for Water: our integrated plan for delivering clean and plentiful water, Department for Environment, Food & Rural Affairs, 2023.
[142] The Second National Infrastructure Assessment, National Infrastructure Commission, 2023.
[143] The Second National Infrastructure Assessment, National Infrastructure Commission, 2023.

- **System performance standards**: for example, where a system or a network is expected to deliver a service even after the failure of the biggest asset within that system.
- **System recovery standards**: for example, an expected service recovery time after a service outage.

3.89 The first step in providing a full set of resilience standards is to fully assess the efficacy of the current landscape. With the support and involvement of lead government departments, the Cabinet Office will lead work to map existing resilience standards across all 14 critical infrastructure sectors, ensuring that they are being applied effectively, and testing them as to whether they meet the levels of risks that these sectors are facing and will face in the future. These sectors include digital and telecoms, energy, transport and water. This mapping exercise will be completed for all sectors by the end of 2026.

3.90 Once this mapping exercise has been completed, the second step will be for the government to assess the case for how resilience standards may need to change. This will only be where existing resilience standards do not provide the certainty or coverage necessary to ensure resilience and underpin growth. Any additional resilience standards will need to be evidence based, with an assessment of the effectiveness and coverage of existing measures where applicable, and the economic impact of additional intervention.

3.91 The third step is then for lead government departments to work with infrastructure operators to gather the data needed to project the cost of maintaining these resilience standards in the future, especially given climate change impacts. As a result of this work, any new or strengthened resilience standards should then be in place for the digital and telecoms, energy, transport and water sectors by 2030 to meet the government's existing commitment. These resilience standards will be collated and published by the Cabinet Office.

3.92 Standards for water, transport, energy and digital and telecoms will also help bolster the resilience of other important infrastructure assets such as data centres, schools, and hospitals.

3.93 This focus on standards is one element in a suite of activities being undertaken to improve the resilience of the UK, including its critical national infrastructure. Further detail on this wider programme of work will be set out in the forthcoming National Security Strategy and Resilience Strategy. The Resilience Strategy will set out the government's approach to the broad range of risks that the UK faces, following a comprehensive internal review and external engagement. And later this year, the government will also publish a new National Cyber Strategy.

Developing resilience standards to address climate threats

3.94 Where resilience standards relate to climate change threats, these should be developed in line with agreed climate scenarios. Standards should address the risks identified in current and future Climate Change Risk Assessments (CCRA). CCRA3 was based on a minimum of 2°C warming, while assessing for 4°C.

3.95 Ahead of the publication of the fourth National Adaptation Programme in 2028, the government is exploring how stronger adaptation objectives can be set to improve preparedness for the impacts of climate change. This would cover all infrastructure sectors, including social infrastructure such as schools and prisons. Resilience standards may be incorporated in the setting and delivery of these objectives, building on the Cabinet Office mapping exercise.

Flood resilience and coastal erosion

3.96 The Environment Agency estimates that 6.3 million homes and businesses in England are at risk from flooding, and the total number of properties at risk from flooding could increase to 8 million by the middle of the century – or around one in four properties.[144] Around a third of all roads (38%) and railways (37%) are in areas at risk from one or more sources of flooding, rising to around half (46% and 54%, respectively) by the middle of the century if climate projections are applied.[145]

3.97 To meet this challenge of increasing risks, the government is investing £4.2 billion over the next three years (2026-27 to 2028-29) to build and maintain flood defences.

3.98 Recognising the need to invest for the long-term, the government is providing certainty over the budget for flood defences by committing £7.9 billion of capital (2026-27 to 2035-36) for a new 10-year floods investment programme, benefitting around 840,000 properties by 2035-36. This programme will launch in April 2026 and will be based on improved evidence from the new national assessment of flood and coastal erosion risk.[146] It will integrate routine maintenance for flood defence assets and the delivery of new projects into one single investment framework.

3.99 Investing in flood risk management delivers immediate economic resilience, protecting businesses from costly disruptions and enabling faster recovery after extreme weather events. For every £1 invested in flood defences, there are around £8 of damages prevented.[147]

3.100 To support a long-term vision for flood resilience, the government will also explore setting a long-term multi-decade target for flood risk management in line with prior recommendations made by the National Audit Office and National Infrastructure Commission.[148]

3.101 The government is also consulting on a new, simpler approach to investing in flood defences, including how regional mayors can support flood resilience and also considering alternative sources of funding.[149]

Investment in defence to support resilient growth

3.102 No country can have resilient growth without a strong defence infrastructure. The Ministry of Defence (MOD) manages one of the most expansive infrastructure portfolios in government, investing over £5 billion into its estate each year.[150] MOD is one of the largest procurers of infrastructure services in the UK, whilst the department has one of the biggest construction pipelines in government.

[144] National assessment of flood and coastal erosion risk in England 2024, Environment Agency, 2025.
[145] National assessment of flood and coastal erosion risk in England 2024, Environment Agency, 2025.
[146] National assessment of flood and coastal erosion risk in England 2024, Environment Agency, 2025.
[147] Reforming our approach to floods funding, Department for Environment, Food & Rural Affairs 2025.
[148] Resilience to flooding, National Audit Office, 2023.; Second National Infrastructure Assessment, National Infrastructure Commission, 2023.
[149] Reforming our approach to floods funding, Department for Environment, Food & Rural Affairs 2025.
[150] Annual Report and Accounts 2023-24, Ministry of Defence, 2024.

3.103 The Strategic Defence Review, published on 2nd June, calls for greater focus across government on protecting the UK's critical national infrastructure – including undersea cables and pipelines – from attack amid increasing threat from adversaries.[151] In addition to the key role that MOD have in providing the underpinning security to allow for economic activity, it also outlines how future investment in Defence infrastructure can be best targeted to contribute to the wider resilience and security of the UK.

3.104 Further details on how the benefits of defence spending will maximise growth in the UK will be published in the Defence Investment Plan, expected in Autumn 2025. This will consider infrastructure alongside capability.

3.105 Government is prioritising investment in R&D and innovation. The Defence R&D Budget will be over £2 billion in 2026-27 and will rise each year. This includes a £100 million Defence AI investment fund and the establishment of UK Defence Innovation, with an initial budget of £400 million per year from 2025-26, to fast-track innovative technology. In addition, the government has announced that it is investing £15 billion for a sovereign warhead programme, £6 billion for munitions (including £1.5 billion for an "always on" pipeline and to build at least six new energetics and munitions factories in the UK) and over £4 billion for autonomous military systems within this Parliament, which will boost long-run economic growth and create thousands of jobs across the UK.

3.106 Current government investment in the defence estate is spread across the whole of the UK, driving long-term employment opportunities and stimulating economic growth – including in Barrow (see box below). In 2023-24 the MOD awarded over £100 million directly to infrastructure SMEs for construction-related projects and services.[152]

3.107 MOD has long term infrastructure contracts in place with leading construction sector companies where it is beneficial to establish a pipeline of activity. This reduces risk for industry and gives them confidence to invest, whilst also expediating delivery for defence. For example, the Defence Single Living Accommodation Programmatic Approach has recently established an Alliance of suppliers to deliver 16,000 new bedspaces for Service Personal across a six-year period. This contract allows for modern methods of construction with new modular blocks built in sections off site, intended to improve the speed of delivery for defence.[153]

3.108 The MOD also supports the government's housing ambition by using surplus land for the delivery of new homes. A new taskforce between the MOD, MHCLG and HMT, announced at Spring Statement 2025, will remove blockers to building thousands of homes on surplus defence land.[154] A cross-government effort will also build on the work of the taskforce and the new 'trailblazer' approach for Defence land with a package of regulatory and planning reforms, as well as a new partnership with Homes England, to enable accelerated development and release of land for housing and growth.

[151] The Strategic Defence Review 2025 – Making Britain Safer: secure at home, strong abroad, Ministry of Defence, 2025.
[152] Filtered data from Contracts Finder portal, UK Government.
[153] MOD's new approach to Single Living Accommodation pipeline, Defence Infrastructure Organisation and Ministry of Defence, 2024.
[154] Public land unlocked for the next generation of home owners – GOV.UK, HM Treasury, Ministry of Defence, The Rt Hon Rachel Reeves MP and The Rt Hon Angela Rayner MP, 2025.

3.109 Defence already has a substantial land disposal and reprovision pipeline in progress under the Defence Estates Optimisation Portfolio (DEO). This will invest £5.1 billion into modern and sustainable buildings, which range from new military homes and accommodation to specialist technical infrastructure.[155] DEO has completed or has construction underway on 20 projects and is on target to release enough surplus defence land to build 32,000 homes across the country, whilst it is forecast to deliver almost 30,000 construction sector job opportunities and skills across the UK.[156]

Barrow regeneration – collaboration in action

The Plan for Barrow recognises the critical importance of Barrow-in-Furness for maintaining the UK's nuclear deterrent and the UK's national security. 'Team Barrow' – a partnership between the government (led by the Ministry of Defence and Ministry of Housing, Communities and Local Government), Westmorland and Furness Council, and BAE Systems – will address historical underinvestment and high levels of deprivation, with more than £200 million of government investment over the next 10 years.[157]

This includes improving transport connectivity, supporting development of additional homes and new public spaces, revised education offers, support to local businesses, and plans to meet skills requirements. The Plan for Barrow will help to regenerate and revitalise the town to the benefit of national security, the local community and the local economy.

[155] Defence Estate Optimisation (DEO) portfolio, Ministry of Defence, 2024.
[156] Defence Estates Optimisation Internal Project Data, Ministry of Defence. 32,000 homes is based on the Housing Unit Potential at the sites that have been or are being sold. 30,000 jobs is based on standard industry assumption that for every £171,000 we spend on construction a job will be created.
[157] Our plan for Barrow: A future for everyone, Barrow Rising, 2025.

Chapter 4:
Becoming a clean energy superpower

4.1 The government has set itself the mission of making the UK a clean energy superpower, delivering a clean power system by 2030 and then accelerating to net zero. This will:

- Support good jobs across the UK through investment in the green economy.
- Improve energy security and protect consumers from future price volatility.
- Improve air quality, creating wider health and social benefits.
- Protecting the natural environment from the consequences of further climate change and degradation.

4.2 It is also an opportunity to boost the UK's competitiveness, exports and innovation and support UK manufacturing, with clean energy one of the priority modern Industrial Strategy sectors. The UK is already reaping the economic benefits of the drive to net zero, and £43.7 billion of private investment has been announced in clean energy industries since July 2024.[158]

4.3 Electrification will be the primary route to decarbonisation, with electricity demand expected to at least double by 2050.[159] This will only happen with massive infrastructure investment – in energy generation and building out electricity networks. And with continuing innovation to bring, for example, new long duration storage into the electricity system and investing in new generation assets like small modular reactors (SMRs).

4.4 But electrification will not be the only answer. Investment in carbon capture and hydrogen technologies is also being made, to decarbonise the power sector and industry, as is investment in wider infrastructure required to decarbonise the economy – from installing electric vehicle charge points to low carbon heating systems. New and reformed institutions, along with more strategic and spatial planning of the energy system, are being implemented to deliver this effectively.

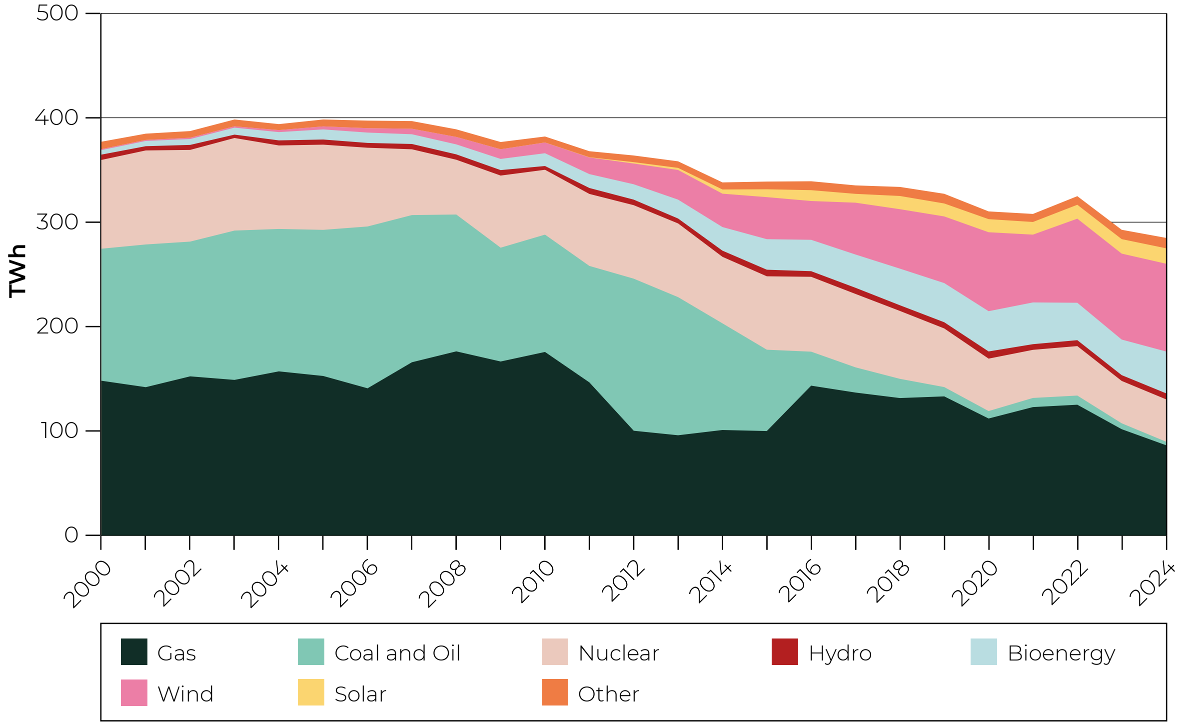
[158] Clean energy projects priorities for grid connections, Department for Energy Security and Net Zero, Ofgem, National Energy System Operator, 2025.
[159] Second National Infrastructure Assessment, National Infrastructure Commission, 2023.

Delivering energy security and Clean Power 2030

Deploying renewable electricity

4.5 Emissions in the power sector have already fallen by 78% since 1990, driven by reductions in the use of coal and growth in deployment of renewables – as shown in chart 4.1.[160]

Chart 4.1: Electricity generation mix (TWh) from 2000 to 2024, UK



Note 1: Figures for 2024 are provisional.

Note 2: The 'Other' category combines: other fuels (a residual grouping of fuel sources that do not fall under the major categories), pumped storage, and battery storage.

Source: Department for Energy Security and Net Zero.

4.6 The Clean Power Action Plan, published in December 2024, sets out how the government's ambitious target of achieving clean power in 2030 will be delivered, based on advice from the National Energy System Operator (NESO). It set ambitions to reach 43-50 GW of offshore wind, 27-29 GW of onshore wind and 45-47 GW of solar projects by 2030.[161]

4.7 The successful Contracts for Difference scheme continues to be the key financial mechanism to deliver this. The government is consulting on a series of reforms to the scheme to ensure it will continue to deliver.

4.8 Great British Energy will provide further support to accelerate clean power deployment – developing, investing in, building and operating clean energy projects. For example, it will provide £300 million to invest in supply chains for domestic offshore wind. The government also increased the budget for the Clean Industry Bonus for Allocation Round 7 to £544 million.[162]

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[160] Final UK greenhouse gas emissions statistics: 1990 to 2023, Department for Energy Security and Net Zero, 2025.
[161] Clean Power 2030 Action Plan: A new era of clean electricity, Department for Energy Security and Net Zero, 2024.
[162] Prime Minister launches major boost for UK clean energy industry, Department for Energy Security and Net Zero, 2025. Funding boost for Clean Industry Bonus as bids smash expectations, Department for Energy Security and Net Zero, 2025.

4.9 The forthcoming modern Industrial Strategy will also build on the UK's strengths where there is the greatest potential for the UK to be a global leader in clean energy industries. There are already positive examples of where coordinated action is helping to deliver economic opportunities in clean energy, such as in the Humber.

The Humber estuary

The Humber has long been a centre for energy production, storage and handling. It is the largest emitter of CO2 of all the UK's industrial clusters, but is at the forefront of the green economy.

The Humber Freeport is a key focus for these efforts, strategically located within the UK's busiest ports complex. The region handles 17% of the country's trade with over 40,000 annual ships, acting as a global gateway for international trade and investment.[163] Alongside facilitating international trade, the freeport is also supporting economic growth by attracting investment in clean energy.

Siemens' Gamesa Factory – the largest offshore wind manufacturing facility in the UK – expanded its wind blade factory in Hull in 2023, more than doubling manufacturing capacity, strengthening UK supply chains and injecting £186 million into the local area.[164]

At the Saltend Chemicals Park, Pensana is building the world's first renewables powered rare earth metal processing facility, which will supply inputs needed for manufacturing electric vehicles and offshore wind technology, creating local jobs and a UK based supply chain for low carbon technologies, as well as supporting the move to a more circular economy.[165]

Strengthening electricity networks

4.10 Electricity networks will also need to be expanded to transport clean power to where it is needed. Around twice as much new transmission infrastructure will be needed by 2030 as has been built in the past decade.[166] The government and Ofgem will continue to work together on the Transmission Acceleration Action Plan along with the further actions identified in the Clean Power Action Plan. Key to this will be the Accelerated Strategic Transmission Investment (ASTI) programme, which will enable £19.8 billion of new transmission investment.[167]

4.11 To speed up the time it takes for projects to connect and to avoid overbuilding the network, the government, Ofgem and NESO are working together to reform the connections process. This will ensure that the right projects can connect to the grid when they are needed, with priority given to projects that align with the Clean Power 2030 target. This will significantly reduce the long connection times that projects have faced recently. That will enable new renewable generation to connect sooner but also ensure there is capacity for wider growth and development – to support new housing and industry.

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[163] Humber Freeport, Humber Freeport, 2025.
[164] Box: Siemens Gamesa, Humber Freeport, 2025.
[165] Box: Pensana, Humber Freeport, 2025.
[166] Clean Power 2030, National Energy System Operator, 2024.
[167] Decision on accelerated onshore electricity transmission investment, Ofgem, 2022.

4.12 As around a third of generation connects to the electricity distribution network, investment in distribution networks will also be required.[168] This will become more important as demand grows in the 2030s.

Ensuring security of supply

4.13 Great Britain will need to continue investing in generation and network infrastructure to support the electrification of other sectors.

4.14 Reducing the use of gas will make the power system less exposed to volatile prices which will benefit households and businesses. If similar natural gas price spikes to the one which followed Russia's illegal invasion of Ukraine occurred every decade, they could cost around 2 to 3% of GDP annually.[169]

4.15 However, there remains an important role for gas and the government has committed to support for hydrogen and CCUS to provide decarbonisation options for gas and gas users.

Short duration flexibility: batteries and consumer-led flexibility

4.16 Short term fluctuations in supply and demand happen often but can be managed by well-understood technologies that can shift supply or demand to ensure the system balances.[170]

4.17 The Clean Power Action Plan set an ambition for 23-27 GW of battery storage in 2030 (compared to 4.5 GW of installed capacity in 2024). It also set out actions to develop a pipeline of mature battery projects, including connection reform and future planning reforms.[171]

4.18 Consumer-led flexibility will also help manage short term fluctuations, through voluntary actions by consumers to shift some of their electricity use. This can already produce significant savings to participating consumers and has the potential to reduce system costs by £6-10 billion a year.[172]

4.19 The Clean Flexibility Roadmap will be published in 2025 by the government, Ofgem and the National Energy System Operator. The Roadmap will be a plan to deliver the increase in Great Britain's flexibility capacity needed for clean power by 2030 and the acceleration to net zero. It will contain actions across short and long duration flexibility as well as broader enabling policies such as digitalisation and markets.

Low carbon dispatchable power and long duration storage

4.20 Different technologies are needed to maintain low carbon power in periods when renewable supplies are lower than demand, providing dispatchable generation across days, weeks and seasons.

[168] Electricity distribution networks: Creating capacity for the future, National Infrastructure Commission, 2025.
[169] Fiscal risks and sustainability, Office for Budget Responsibility, 2023.
[170] How do we balance the grid?, National System Energy Operator, 2025.
[171] Clean Power 2030 Action Plan: A new era of clean electricity, Department for Energy Security and Net Zero, 2024.
[172] Appendix I: Electricity System Flexibility Modelling, Department for Business, Energy and Industrial Strategy, 2021.

4.21 The Clean Power Action Plan set out a need for up to 7 GW of low carbon dispatchable power and 4-6 GW of long duration energy storage in 2030.[173] The National Infrastructure Commission's second National Infrastructure Assessment set out a need for 30 TWh of long duration flexible generation by 2035.[174]

4.22 The government is already supporting routes to market for each of the key technology areas. The Dispatchable Power Agreement (DPA) model has been designed to support CCUS in the power sector and a business model to support hydrogen to power is being developed on a similar basis.[175] For long duration electricity storage, government has developed a cap and floor scheme, which Ofgem is delivering, with the first round of projects due to be approved in 2026.[176]

4.23 Within funding for CCUS Track 1, the government entered a contract for Net Zero Teesside, the world's first commercial-scale gas CCUS power plant, providing 742 MW of low-carbon dispatchable power.[177] And 2025 Spending Review provided support for hydrogen and CCUS transport and storage infrastructure, which will be critical enablers of low carbon dispatchable power. Further details on this are set out below.

4.24 Alongside scaling low carbon dispatchable power, the government will also ensure that new gas capacity is investible, for when it is needed. The government recently published revised decarbonisation readiness requirements, which will come into force in February 2026.[178] Investment in hydrogen and CCUS transport and storage infrastructure will provide these decarbonisation routes.

Building new nuclear generation

4.25 Nuclear will continue to play an important role in the UK's future energy system by providing predictable low-carbon power. The UK's current fleet of nuclear plants is reaching the end of its life – four of the UK's five nuclear plants could come offline by 2030.[179]

4.26 New nuclear is expected to more than replace the generation capacity that could come offline. EDF expect that Hinkley Point C will begin generating between 2029 and 2031, supplying an additional 3.2 GW of generation – the first nuclear plant completed in the UK since 1995.[180]

4.27 The government is providing £14.2 billion of support over the Spending Review 2025 period to support the development of Sizewell C. This is also expected to provide an additional 3.2 GW of generation. The government intends to take a final investment decision this summer, subject to value for money and relevant approvals.[181] The plant could deliver enough power for 6 million homes for an estimated 60 years. It has a stable, secure fuel route, and will help protect the

[173] Clean Power 2030 Action Plan: A new era of clean electricity, Department for Energy Security and Net Zero, 2024.
[174] The Second National Infrastructure Assessment, National Infrastructure Commission, 2023.
[175] Carbon Capture, Usage and Storage Dispatchable Power Agreement business model summary, Department for Energy Security and Net Zero, 2022. Hydrogen to Power Government response to consultation on the need, and design, for a Hydrogen to Power market intervention, Department for Energy Security and Net Zero, 2024.
[176] Long Duration Electricity Storage: technical details of the scheme and its operation, Department for Energy Security and Net Zero, Ofgem, 2025.
[177] Contracts signed for UK's first carbon capture projects in Teesside, Department for Energy Security and Net Zero, 2024. Greenlight for Net Zero Teesside Power, Net Zero Teesside, 2024.
[178] Decarbonisation readiness: proposed guidance, Environment Agency, 2025.
[179] Clean Power 2030 Action Plan: A new era of clean electricity, Department for Energy Security and Net Zero, 2024.
[180] Clean Power 2030 Action Plan: A new era of clean electricity, Department for Energy Security and Net Zero, 2024. Hinkley Point C Update, EDF, 2024.
[181] Autumn Budget, HM Treasury, 2024.

country's energy supply from future system shocks. The construction of Sizewell C will provide significant economic benefits, creating 10,000 direct jobs and 1,500 apprenticeships.[182]

4.28 In the longer term, Small Modular Reactors (SMRs) will also play a role. Rolls Royce SMR has been selected as the preferred bidder to partner with Great British Energy – Nuclear subject to all relevant approvals. The government is providing over £2.5 billion over the Spending Review 2025 period to enable one of Europe's first SMR programmes. As there is significant global interest in scaling up SMRs, this offers significant industrial, export and strategic relationship potential.[183]

4.29 The government is also investing over £2.5 billion in nuclear fusion including progressing with the STEP programme (Spherical Tokamak for Energy Production), the world-leading fusion plant in Nottinghamshire, creating thousands of new jobs and with the potential to unlock limitless clean power.

4.30 There are significant opportunities to be unlocked in nuclear decommissioning and radioactive waste management with the required programme spanning over 100 years of work. Led by the Nuclear Decommissioning Authority (NDA), these activities make a substantial contribution to the UK economy.

4.31 The government has also taken action to allow nuclear reactors to be built faster and at lower cost. In February 2025, government launched the Nuclear Regulation Taskforce and issued a draft National Policy Statement for new nuclear plants.[184]

Setting up the energy system to support the clean energy superpower mission

4.32 Meeting the ambitious goals of clean power and net zero requires different ways of planning and managing the energy system. To help deliver this, the Department for Energy Security and Net Zero has created the Clean Power 2030 Unit and established the new independent National Energy System Operator (NESO).

Strategic and spatial planning for energy

4.33 NESO will manage the transition to a more strategically and spatially planned energy system, coordinating energy generation and network infrastructure. It will provide clarity to investors and the public on what infrastructure is needed and where it will be located.

4.34 The UK, Scottish and Welsh Governments jointly commissioned NESO to produce the Strategic Spatial Energy Plan.[185] To be published in 2026, this plan will set out the locations and quantities of generation and storage infrastructure necessary to meet the needs of the system from 2030 to 2050.

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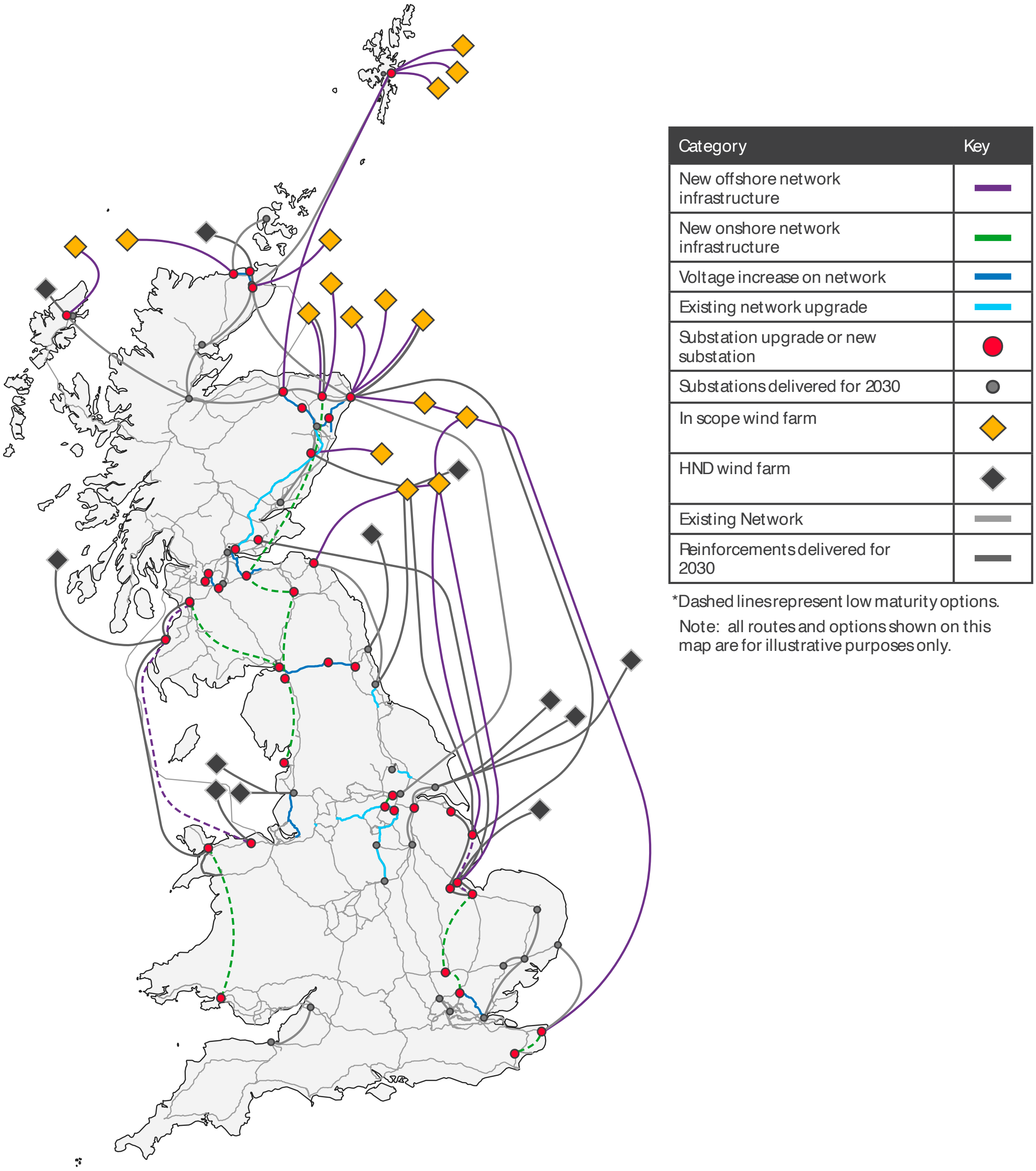
[182] Further steps to prepare Sizewell C for construction, Department for Energy Security and Net Zero, 2024. Sizewell C starts private investment process, Department for Energy Security and Net Zero, 2023.
[183] Small modular reactor global installed capacity by scenario and case, 2025-2050, International Energy Agency, 2025.
[184] Nuclear Taskforce lead appointed to speed up nuclear renaissance, Department for Energy Security and Net Zero, 2025. National Policy Statement for Nuclear Energy Generation EN-7, Department for Energy Security and Net Zero, 2025.
[185] Strategic Spatial Energy Plan Commission to the National Energy System Operator, Department for Energy Security and Net Zero, 2024.

4.35 NESO will then publish a Centralised Strategic Network Plan. This will set out the network infrastructure needed to connect generation, storage and demand to the grid.[186] NESO is also responsible for delivery of Regional Energy Strategic Plans.[187] These will set out the energy requirements for each region and identify strategic investment need, setting the direction for distribution level planning undertaken by the Distribution Network Operators (DNOs).

4.36 As set out in Chapter 1, NISTA will work with DESNZ, NESO and other actors across the system to ensure that these spatial plans for energy are joined up with other sectoral and local plans and are reflected in future updates to wider planning policy and guidance.

Figure 4.1: Potential electricity network infrastructure requirements



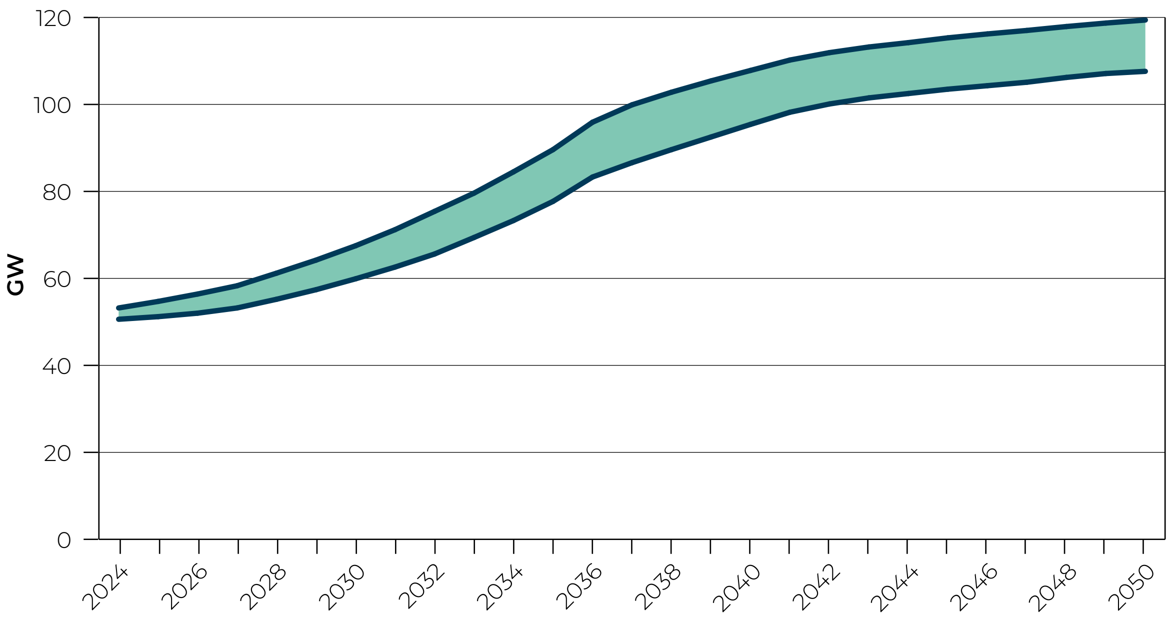
Source: National Energy System Operator

[186] Centralised Strategic Network Plan (CSNP), National Energy System Operator, 2025.
[187] Regional Energy Strategic Planning (RESP), National Energy System Operator, 2025.

Growing the grid – investing in electricity distribution networks

4.37 Additional investment will also be needed to grow the distribution network. As chart 4.2 shows, electricity demand is expected to roughly double by 2050, with significant increases in demand in the 2030s as the take up of heat pumps and electric vehicles accelerates. Based on analysis from the National Infrastructure Commission, responding to growing demand as the economy electrifies could require £37-50 billion of additional investment between now and 2050, in addition to business as usual funding to maintain and renew the existing network.[188]

Chart 4.2: Peak electricity demand from 2024 to 2050



Note: Chart is based on a range of core modelling scenarios used in the National Infrastructure Commissions Distribution Study (2025).

Source: Regen and EA Technology's analysis for the National Infrastructure Commission.

4.38 In order to do this, in its 2025 Electricity Distribution Study report, the National Infrastructure Commission recommended that the approach to network investment should become more proactive.[189] This will ensure capacity is available when it is needed to support economic growth and decarbonisation, as well as maximising the benefits of flexibility. The government largely agrees with the Commission's recommendations and will publish a formal response to the study. The government is encouraged to see a positive response to the Commission's study from Ofgem in their latest publication on the next electricity distribution price control.[190]

Review of electricity market arrangements

4.39 The current electricity market was designed for the fossil fuel based power system. The Review of Electricity Market Arrangements (REMA) is considering how market arrangements may need to change to ensure that generation resources

[188] Electricity distribution networks: Creating capacity for the future, National Infrastructure Commission, 2025.
[189] Electricity distribution networks: Creating capacity for the future, National Infrastructure Commission, 2025.
[190] ED3 Framework Decision, Ofgem, 2025.

can be used most efficiently in the future. The key issue is whether to move forward with a zonal pricing model, where electricity prices vary by region, or a reformed national pricing model.[191]

4.40 The government has committed to conclude the policy development phase of REMA by mid-2025. In order to provide investors with sufficient confidence, the government has also confirmed that projects allocated to the next auction round will be given the same legacy or transitional arrangements as existing Contract for Difference agreements, if the government decides to implement zonal pricing.[192]

Industrial decarbonisation

4.41 The industrial sector is the third largest contributor of greenhouse gas emissions, accounting for 14% of the UK's total emissions in 2023.[193] Accelerating the decarbonisation of industry can increase energy security, supporting sovereign capabilities such as strategic manufacturing for the defence sector, and construction of critical infrastructure.

4.42 But this needs to be done in a way that truly reduces emissions and avoids offshoring industry. The Emissions Trading Scheme (ETS) and forthcoming Carbon Border Adjustment Mechanism (CBAM) will help manage this risk and provide the necessary signals for industry to invest in decarbonisation, in the knowledge that these efforts will not be undermined.[194]

4.43 For most sectors, electrification will be the key route to decarbonising.[195] But for some hard-to-decarbonise sectors, technologies other than electrification will be needed. Certain critically important sectors, such as cement, require other solutions in the form of Carbon Capture, Usage and Storage (CCUS), hydrogen or biomethane.[196]

4.44 There is also potential for the UK to become a global leader in these new technologies, exporting expertise and making use of the UK's geological resources to store both hydrogen and carbon. It is an opportunity to further private investment and manufacturing jobs here in the UK and both sectors will also be in scope of potential support from Great British Energy.

Carbon Capture Usage and Storage

4.45 The key first steps have already been taken on CCUS. In October 2024 government announced a major investment in the UK's first CCUS clusters in the North East (East Coast) and North West (HyNet), with contracts signed in December 2024 and April 2025 respectively.[197]

4.46 The government is providing increased backing to UK CCUS by allocating £9.4 billion in capital budgets over the 2025 Spending Review period. This will maximise deployment to fill the storage capacity of the East Coast Cluster and HyNet Cluster. The government is announcing its support for the Acorn and Viking

[191] Review of electricity market arrangements (REMA), Department for Energy Security and Net Zero, 2025.
[192] Further reforms to the Contracts for Difference scheme for Allocation Round 7: consultation document, Department for Energy Security and Net Zero, 2025.
[193] 2023 UK Greenhouse Gas Emissions, Final Figures, Department for Energy Security and Net Zero, 2025.
[194] Guidance Participating in the UK ETS, Department for Energy Security and Net Zero, 2025; Factsheet: UK Carbon Border Adjustment Mechanism, HM Treasury, 2025.
[195] The Seventh Carbon Budget, Climate Change Committee, 2025.
[196] Deep-Decarbonisation Pathways for UK Industry, Element Energy, 2020.
[197] Government reignites industrial heartlands 10 days out from the International Investment Summit, Department for Energy Security and Net Zero, 2024; Contracts signed for UK's first carbon capture projects in Teesside, Department for Energy Security and Net Zero, 2024.

clusters and providing the development funding to advance their delivery. A final investment decision will be taken later this Parliament, subject to project readiness and affordability.

4.47 The National Wealth Fund is actively engaged on supporting investment across the full CCUS value chain, including development financing. It is working closely with projects, showing how public and private sector financing can work together to support the decarbonisation of hard-to-abate industries, ensuring security of vital industry and jobs as the UK accelerates to net zero.

Low carbon hydrogen

4.48 Good progress has already been made to support the growth of low carbon hydrogen production. Funding has been allocated to the first round of green hydrogen projects and a shortlist of projects already confirmed for the second round.[198] And, at Spring Statement 2025, the government committed to removing Climate Change Levy costs from electricity used in electrolysis to produce hydrogen.[199]

4.49 Government has also been progressing the commercial business models for hydrogen transport and storage.[200] Now, through this Strategy, the government is confirming over £500m for hydrogen infrastructure. This will enable the development of the first regional hydrogen transport and storage network, which will connect producers with vital end users – such as power and industry – for the first time. This will unlock hydrogen's role in clean power and shows much needed progression for hydrogen in the UK, building on the initial small-scale projects that have helped kick-start the industry, and paving the way for the large-scale hydrogen infrastructure needed for future decades. Spending Review 2025 will also bring in the investment needed to continue driving deployment through the allocation rounds and supports hydrogen production projects across the country.

Decarbonising heat and buildings

4.50 Heating buildings is a key contributor to UK emissions, accounting for approximately 22% of emissions in 2023, primarily driven by the use of natural gas to heat homes.[201] The transition to low carbon heat – in tandem with energy efficiency and wider system changes – can also support reducing energy bills over time. Improving the energy efficiency of the building stock will also help lower system costs and help address fuel poverty.

Delivering the Warm Homes Plan

4.51 The Warm Homes Plan will upgrade homes across England through energy efficiency measures, solar, batteries and clean heat technology. This will deliver bill savings and provide warmer, healthier homes, while also strengthening the UK's energy security in the transition away from volatile fossil fuels.

[198] Hydrogen Production Business Model/Net Zero Hydrogen Fund: HAR1 successful projects, Department for Energy Security and Net Zero, 2023; Hydrogen Allocation Round 2 (HAR2): projects, Department for Energy Security and Net Zero, 2025.
[199] Spring Statement 2025, HM Treasury, 2025.
[200] Energy Security Bill factsheet: Hydrogen transport and storage business models, Department for Energy Security and Net Zero, 2023.
[201] Calculated from 2023 UK Greenhouse Gas Emissions, Final Figures, Department for Energy Security and Net Zero, 2025; Energy consumption in the UK 2024, Department for Energy Security and Net Zero, 2024

4.52 The government is funding the Warm Homes Plan with a total of £13.2 billion across the Parliament, including £5 billion of financial transactions, and Barnett consequentials. This investment will be allocated across schemes that support the roll out of heat pumps, alongside energy efficiency measures and other low-carbon technologies, such as solar and batteries. The government will work with the UK's expert public finance institutions, including the National Wealth Fund, to support the delivery of the Warm Homes Plan. Further details will be confirmed by October 2025.

4.53 Progress is already being made ahead of the publication of the Warm Homes Plan. The government has removed outdated planning restrictions to make it easier to install heat pumps, consulted on new minimum energy efficiency standards in the private rented sector and on expanding the range of technologies eligible for grant support. The government is also promoting the uptake of heat networks through Heat Network Zoning.

4.54 The Boiler Upgrade Scheme (BUS) has been successful in providing support for low carbon heat and helping to scale the market through a £7,500 grant for homes, small businesses and other non-domestic properties to offset additional upfront costs. Since 2022, 51,000 vouchers have been paid out and there was an 84% increase in the number of grants towards heat pump installations in 2024-25 compared to the previous year.[202]

4.55 £1.8 billion in government support has also been made available to fund energy efficiency upgrades for the poorest households, delivered by local authorities and social housing providers through the Warm Homes: Local Grant and the Warm Homes: Social Housing schemes. These schemes are providing savings for the most vulnerable – reducing bills by up to £400 a year on average for those affected as well as improving comfort and reducing sicknesses caused by cold damp homes.[203]

4.56 The role of hydrogen for home heating has been an area of extensive debate. The government recognises that it needs to provide strategic clarity on decarbonising home heating as soon as possible and will consult on the role of hydrogen in home heating later this year.

4.57 The government is also supporting the development of the UK's domestic manufacturing capacity for low carbon heat through the Heat Pump Investment Accelerator Competition.[204] And, alongside other schemes, the Clean Heat Market Mechanism provides the UK's heating industry with the confidence and incentive to invest in aligning their businesses to the transition to clean technologies and the opportunity that this represents. Manufacturers will need to meet targets for the installation of heat pumps in proportion to their sales of fossil fuel boilers, with the obligation increasing over time to support the growing need for low carbon heating systems. The government is currently consulting on the design of the second year of the scheme.[205]

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[202] Boiler Upgrade Scheme Statistics: April 2025, Department for Energy Security and Net Zero, 2025; Boiler Upgrade Scheme Annual Report Scheme year 2, Ofgem, 2024.
[203] Up to 170,000 homes to get energy saving upgrades, Department for Energy Security and Net Zero, 2025. £1.8 billion awarded to boost energy efficiency and cut emissions of homes and public building across England, Department for Energy Security and Net Zero, 2023.
[204] Heat Pump Investment Accelerator Competition: successful projects, Department for Energy Security and Net Zero, 2024.
[205] Clean Heat Market Mechanism: revisions ahead of Scheme Year 2 (2026/2027), Department for Energy Security and Net Zero, 2025.

4.58 The government is also setting standards to ensure that new buildings are low carbon by design through the Future Homes Standard, which aims to reduce carbon emissions from new homes in England by 75-80%. It will ensure that new homes are built with low carbon heating and high levels of energy efficiency, as well as solar panels being installed in the vast majority of new build homes. Installing rooftop solar can save the average household £530 a year on energy bills.[206]

4.59 To help reduce bills in other areas of housing, the government has recently consulted and is reviewing responses on improving Minimum Energy Efficiency Standards in the domestic private rented sector. These measures aim to reduce fuel poverty towards our 2030 target by ensuring high-quality, warm homes for households most in need. The government intends to consult on similar standards in the Social Rented Sector in due course.

Decarbonising the public estate

4.60 Much of the public estate is not energy efficient, often relying on inefficient fossil fuel heating systems. Inefficient buildings and a dependency on fossil fuels have come at a cost – for example, energy costs for the Ministry of Justice almost doubled between 2021-22 and 2023-24.[207]

4.61 The Ministry of Justice, Department for Education, and the NHS all have sectoral decarbonisation strategies and ambitious net zero targets.[208,209,210] These strategies set out the opportunities to reduce emissions and lower costs in energy use. In addition to sectoral strategies, the Office for Government Property (OGP) published the Government Property Sustainability Strategy in 2022 which provides a roadmap for greening the estate up until 2030.[211]

Building sustainable schools

Deyes High School in Merseyside is a good example of what can be achieved by taking a whole-life approach to leave a positive, sustainable impact on the local environment. The school has a sustainable drainage system, solar panels, heat pumps, enhanced wall, floor and roof thermal performance and natural ventilation. In addition to the sustainable by design approach, during construction the project used electric vehicles, low carbon cabins, a green transport plan, recycled and closed loop materials and a number of offsite and standardised construction methods to reduce environmental impact. Together, this design will not only minimise the school's carbon footprint but also limit running costs.[212]

4.62 Other parts of the public sector estate are taking a similar approach. The newest prisons built under the prison expansion programme will deliver environmentally sustainable all-electric prisons.[213] The NHS will also continue to work towards net zero objectives, including through the replacement of old

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206 Rooftop solar for new builds to save people money, Department for Energy Security and Net Zero, 2025.
207 Ministry of Justice – Annual Report and Accounts 2023-24, Ministry of Justice, 2024.
208 Net zero carbon strategy: MOJ, Ministry of Justice, 2024.
209 Sustainability and climate change: a strategy for the education and children's services systems, Department for Education, 2023.
210 Delivering a 'Net Zero' National Health Service, NHS England, 2022.
211 Government Property Sustainability Strategy 2022-2030, Government Property Function, 2022.
212 Deyes High School, Construction Excellence, 2024.
213 Net zero carbon strategy: MOJ, Ministry of Justice, 2024.

hospitals as part of the New Hospital Programme, and through operational capital investments, which have previously funded low-emission vehicles and key energy efficiency measures to support decarbonisation aims.[214]

4.63 The size of the public sector estate also means it can be a key anchor for scaling up local renewable energy generation, to support low carbon heat – particularly heat networks – and energy efficiency supply chains and workforce development. The education estate alone has over 55 million square metres of roof area, and DfE is already working with Great British Energy to harness these opportunities by installing rooftop solar panels on around 200 schools, alongside working with DHSC to increase NHS solar generation by 300%.[215]

4.64 Across the wider public estate, including the NHS, the government will explore where PPPs, amongst other different private finance models, can be used for public sector estates decarbonisation projects. In addition to the installation of renewable energy generation and battery storage, investment to reduce emissions could include upgrades to insulation, lighting and heating and cooling systems, as well as building management systems, metering and controls. Private investment could also support the replacement of fossil fuel heating systems with low carbon alternatives or connections to local heat networks. Private finance models can bring together private sector energy management expertise with investor and lender appetite for projects that support decarbonisation targets.

Decarbonising transport

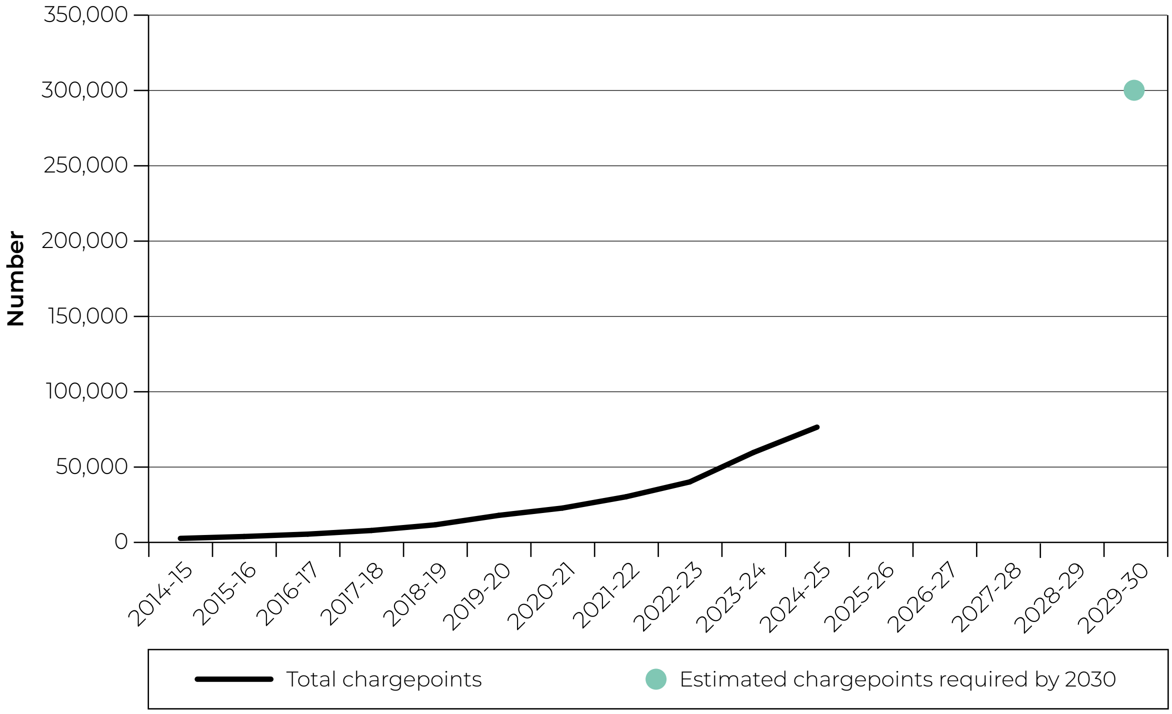
4.65 Transport remains the UK's largest emitter of greenhouse gases and it is essential that enabling infrastructure is in place to deliver the government's ambitious plans to roll out cleaner technologies across the sector. Domestic transport represents 29% of the UK's territorial greenhouse gas emissions, and 36% of emissions with international aviation and maritime included. Road vehicles are the largest source of transport emissions (approximately 26% of total emissions).[216] To address this challenge, the government is committing £2.6 billion to support the decarbonisation of transport, alongside additional funding for research and development to unlock innovation and unlock technologies of the future.

4.66 Domestic transport emissions have begun to reduce (10% lower in 2023 compared to 2019 levels).[217] By 2035, all new cars and vans sold in the UK will need to be zero-emission (the zero emission vehicle (ZEV) mandate). The government has committed to maintaining the headline ZEV trajectories for new cars and vans, whilst introducing further flexibilities to the ZEV mandate to support manufacturers. This is better both for the environment and for jobs. It enables the UK to retain a strong and high-performing domestic automotive manufacturing sector, while supporting the development of the UK's battery production industry.[218]

[214] New Hospital Programme: plan for implementation, Department for Health and Social Care, 2025; Delivering a 'Net Zero' National Health Service, NHS England, 2022.
[215] Great British Energy to cut bills for hospitals and schools, Department for Energy Security and Net Zero, 2025; £100 million funding from Great British Energy for NHS trusts to install solar panels and battery storage systems, NHS England, 2023.
[216] 2023 UK Greenhouse Gas Emissions, Final Figures, Department for Energy Security and Net Zero, 2025.
[217] Greenhouse gas emissions from transport in 2023, Department for Transport, 2025.
[218] Batteries for electric vehicle manufacturing, House of Commons Business and Trade Committee, 2023.

4.67 Public chargepoint provision is increasing at pace, with just over 79,000 public charging devices available as of 1 May 2025, a 30% growth rate since the same time in 2024.[219] A recent report by the National Audit Office concluded the UK is on track to deliver the 300,000 charge points required by 2030.[220] The Climate Change Committee estimated that UK will need around 550,000 by 2040.[221] The government is supporting the continued rapid expansion of national charging infrastructure and will allocate £1.4 billion to the Office for Zero Emission Vehicles (OZEV) to fund projects supporting the transition to zero emission vehicles and £400 million to support further rollout of charging infrastructure.

Chart 4.3: Publicly available electric vehicle chargepoint rollout, 2015 to 2030, UK



Note: Annual chargepoint total is based on data from April of each year.

Source: Department for Transport.

4.68 On England's strategic road network, unique challenges such as remote locations and grid upgrade costs are being addressed in partnership with industry. Rapid and ultra-rapid chargepoints at motorway service areas have increased by around 40% since 2024 and 165% between 2023 and 2025.[222]

4.69 For HGVs, the government is providing up to £200 million by March 2026, as part of the Zero Emission HGV and Infrastructure (ZEHID) programme. Over five years, the programme will build evidence to guide future investment in zero emission HGV technologies, with 54 initial infrastructure sites announced.[223]

[219] Monthly total number of electric vehicle public charging devices available in the UK, 1 May 2025, Department for Transport, 2025.
[220] Public chargepoints for electric vehicles, National Audit Office, 2024.
[221] The Seventh Carbon Budget, Climate Change Committee, 2025.
[222] Self-reported data from Motorway Service Areas, Department for Transport, 2025.
[223] New infrastructure for zero emission HGVs unveiled at haulage industry summit, Innovate UK, 2025.

4.70 Active travel, such as walking and cycling, plays a vital role in reducing transport-related carbon emissions, improving air quality, reducing congestion and promoting healthier communities. To achieve these benefits, the government will invest £616 million for Active Travel across the period from 2026-27 to 2029-30 to support greater use of these modes.

4.71 Aviation and shipping sectors will be harder to decarbonise, with technological solutions at earlier stages of development. The government is committed to tackling these emissions and will extend the Advanced Fuels Fund throughout the Spending Review 2025 period to enable the delivery of sustainable aviation fuels (SAF) and to promote the development of its advanced production in the UK. Government is also backing innovation in the UK Maritime sector with funding for UK SHORE 2.0 to support R&D focused on maritime decarbonisation. This funding will support SMEs across the country who specialise in R&D technologies.

Decarbonising the waste sector

4.72 The waste sector is responsible for around 6% of UK emissions – the largest share of this comes from landfill, followed by energy from waste and then wastewater.[224] The sector will be decarbonised by increasing recycling rates, diverting more waste away from landfill and incineration, and by tackling emissions from waste plants.

4.73 Progress has been slower than ideal as household recycling rates in England have stalled at around 45% since 2015.[225] The government's Collection and Packaging Reforms set out measures to address this.[226] Achieving a more circular economy also has significant benefits for the environment and resource efficiency. See Chapter 6 for further details on these reforms, as well as the government's plans for a circular economy strategy.

4.74 The government has also introduced strict conditions on new energy from waste plants to ensure emissions are reduced.[227] The UK Emissions Trading Scheme will also be expanded to energy from waste from 2028.[228] Alongside this, landfill tax will continue to reduce emissions from landfill.

[224] The Seventh Carbon Budget, Committee on Climate Change, 2025.
[225] UK statistics on waste, Department for Environment, Food and Rural Affairs, 2024.
[226] Simpler Recycling in England: policy update, Department for Environment, Food and Rural Affairs 2024.
[227] Government to crack down on waste incinerators with stricter standards for new builds, Department for Environment, Food and Rural Affairs, 2024.
[228] Proposals to expand the UK Emissions Trading Scheme, Department for Energy Security and Net Zero, 2024.

Chapter 5:

Delivering high quality social infrastructure

5.1 Maintaining a healthy, educated and safe population is at the heart of the government's missions. That requires high quality public services provided in buildings and structures that are fit for purpose.

5.2 Achieving this requires a strategic approach to the renewal and repair of public buildings. This does not currently exist, and that must change. The government and industry need to work together to improve productivity and efficiency to gain maximum benefit from capital investments in social infrastructure.

5.3 This is the first time government has included social infrastructure within national infrastructure strategies. It has done so to maximise opportunities for collaboration, productivity and efficiency gains, and the wider benefits of strategic and spatial planning across the whole infrastructure system.

5.4 The government will support the delivery of an effective and efficient public estate by:

- **Maintaining and renewing the social infrastructure estate:** taking a strategic, long-term approach to asset management to achieve better outcomes.
- **Targeting new investment:** prioritising new social infrastructure where it is needed the most.
- **Adapting the estate to align with modern, agile and reformed public services:** providing the right assets to support modern and agile service delivery over time.
- **Planning for social infrastructure:** making social infrastructure provision integral to the development process for housing and commercial development.

5.5 To implement this approach, the government will consider all social infrastructure assets as part of a system. This will be underpinned by:

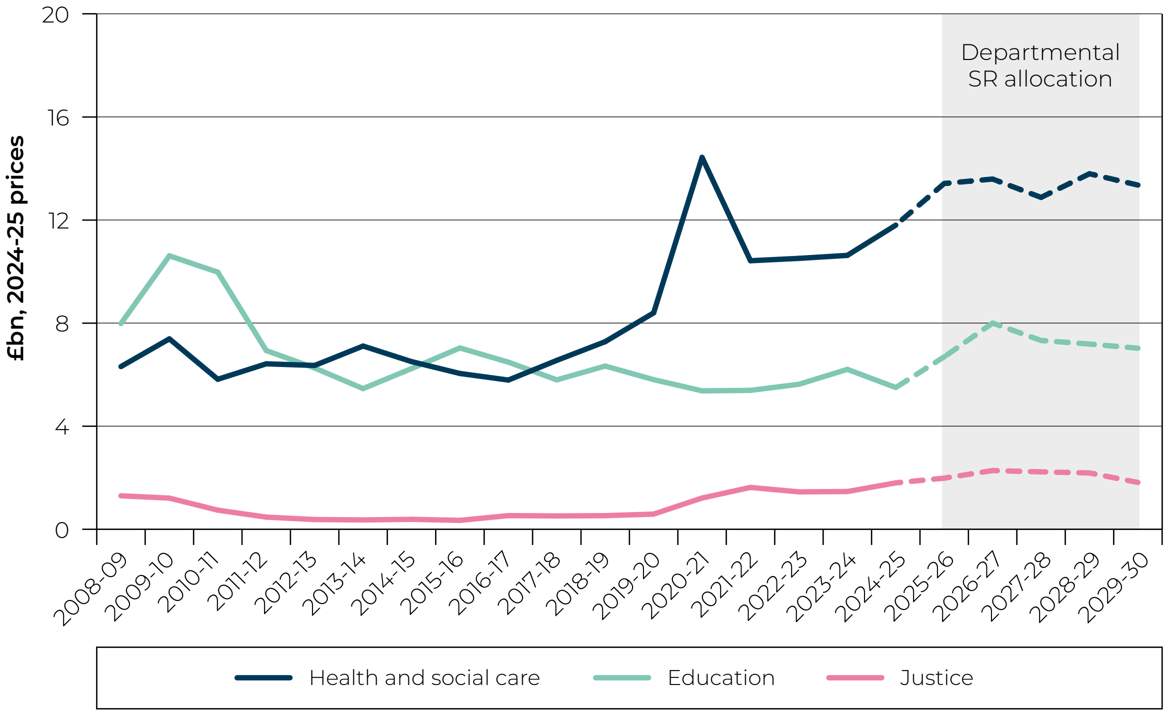
- **A roadmap to deliver a more efficient and unified approach to social infrastructure:** This is the first time government has taken a co-ordinated approach to social infrastructure, and NISTA will work with other parts of government and industry to improve the way in which social infrastructure is planned, delivered and maintained across the system.
- **Long-term funding:** 10 year funding for specific programmes with details set out in the Infrastructure Pipeline. This will help departments, local areas and industry plan ahead with confidence and invest in the skills and technology needed to improve efficiency.

5.6 Sector priorities will be:

- **Health:** delivering the future vision for the NHS, focusing on addressing the government's three major shifts – from sickness to prevention, analogue to digital and hospital to community. Further details will be set out in the government's 10 Year Health Plan later in 2025.
- **Education:** breaking down barriers to opportunity and ensuring there are safe and high-quality environments for children and young people in schools and colleges across England. The government will increase and prioritise investment where it is needed the most, through maintenance, renewal and rebuilding programmes.
- **Justice:** ensuring there is always space for dangerous offenders by increasing prison capacity in England and Wales, delivering sentencing reform based on the recommendations of the Independent Sentencing Review, and modernising and future-proofing the justice system.

5.7 As set out in Chart 5.1, this Strategy is backed with £119 billion of social infrastructure investment: £38 billion for education, £70 billion for health and £11 billion for justice over the next 5 years.

Chart 5.1: Historic CDEL expenditure on social infrastructure and Spending Review 2025 allocations to 2029-30



Source: Public Expenditure Statistical Analyses 2008 to 2024.

Maintaining and renewing the social infrastructure estate

5.8 Historical underinvestment and a lack of strategic planning has contributed to a rising maintenance backlog across the government's health, education and justice estates.[229] To help address this the government is, for the first time, providing long-term maintenance budgets for the health, education and justice estates, as recommended by the NAO.[230] This will deliver at least £10 billion per year by 2034-35 to maintain and repair health, education and justice infrastructure, rising from £9 billion in 2025-26. Table 5.1 sets out the minimum maintenance spend over the next 10 years.

5.9 The government is prioritising investment in improving the condition of social infrastructure to ensure buildings are safe, compliant and sustainable:

- **Health:** investing over £6 billion per year from 2025-26 to 2034-35 for maintenance and repair of the NHS estate with investment targeted to reduce the level of critical infrastructure risk and eradicate RAAC entirely, starting to reverse the underinvestment of the previous 15 years.
- **Education:** investing almost £3 billion per year by 2034-35 to improve the condition of the school and college estate, rising from £2.4 billion in 2025-26.
- **Justice:** investing at least £600 million each year on average from 2026-27 to 2034-35 to maintain the justice estate, up from £500 million investment in 2025-26. This will improve prison conditions to hold offenders safely and securely, including delivering critical fire safety maintenance. The government is also increasing investment significantly in courts maintenance.

Table 5.1: 10 year maintenance budgets for the public estate

£billion	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35
Health: Maintenance	6.2	6.2	6.3	6.3	6.3	6.5	6.6	6.7	6.9	7.0
School and College Maintenance	2.4	2.4	2.5	2.5	2.6	2.6	2.7	2.7	2.8	2.9
Justice: Maintenance	0.5	0.6*	0.6*	0.6*	0.6*	0.6	0.6	0.6	0.7	0.7

** This is the expected minimum spend on average for MoJ maintenance (across prison, probation and courts) per year – final maintenance budgets to be confirmed by MoJ and are subject to change.*

5.10 Alongside this the government will take a strategic approach to asset management. Departments will work with the Office of Government Property (OGP) and NISTA to improve estate resilience and maintenance through strategic planning based on rigorous asset and operational performance data as part of the implementation of the social infrastructure roadmap. Government will provide updates on progress, with the ambition to have robust unified 10 year strategic maintenance plans in operation from 2027.

[229] Maintaining public service facilities, National Audit Office, 2025.
[230] Maintaining public service facilities, National Audit Office, 2025.

Targeting new investment

5.11 Alongside maintaining existing infrastructure, the government is committed to rebuilding assets and delivering additional capacity to meet growing pressures and demands on services, or where changing demographics mean services need to shift to meet demand.

5.12 **Health:** over the next 10 years the government has committed to invest up to £24 billion in the New Hospital Programme, transforming the way healthcare infrastructure is delivered. The government is also investing over £5 billion from 2026-27 to 2029-30 to create additional NHS capacity for diagnostics and procedures, and in emergency departments, which will help meet the target of 92% of patients waiting no longer than 18 weeks from referral to treatment as set out in the Plan for Change.[231]

5.13 The government will also be investing in the UK's long-term prevention and health security by renewing the UK Health Security Agency's high-containment laboratory infrastructure to help prepare the UK for future health incidents, handling biosecurity threats and contributing to the government's national security objectives. Further details on the approach will be set out in due course.

5.14 **Education:** the government is investing almost £20 billion in the School Rebuilding Programme from 2025-26 to 2034-35, delivering rebuilding projects at over 500 schools across England within the existing School Rebuilding Programme and enabling a further 250 schools to be selected within the next two years.

School Rebuilding Programme

The School Rebuilding Programme (SRP) was announced in 2020 to carry out major rebuilding and refurbishment projects at school and sixth-form college buildings across England. Despite the previous government's announcement of this programme, the stop-start nature of funding for capital programmes over time lowered the market's confidence and did not provide long-term certainty to maximise investment in the technology, training and skills needed to support delivery of projects.

The government committed to continuing the SRP at the earliest opportunity, recognising the urgent condition need it inherited in the school estate fifteen years after the cancellation of the Building Schools for the Future programme. The SRP provides a stable pipeline of standardised projects delivering buildings which are Net Carbon Zero in Operation, increasing resilience to climate change and reducing carbon emissions, energy use and operating costs.

The Department for Education is currently procuring its next construction frameworks which will require contractors to deliver an even higher quality, better value and increased social value through requirements such as hiring apprentices to support the sector moving forward. Schools will be delivered to an updated output specification, building on what worked well. The programme delivers projects across England, providing learning environments which improve life chances for pupils and their communities, and supporting local workforces and SME.

[231] Plan for Change – Milestones for mission-led government, HM Government, 2024.

5.15 The government is also investing almost £370 million across the next four years to support the government's commitment to deliver school-based nurseries across England.

5.16 The government is providing significant capital investment over the next four years to fund provision of school places needed to effectively respond to future demographic needs. This includes making available £2.6 billion from 2026-27 to 2029-30 to fund provision of mainstream school places.

5.17 Justice: The government is providing £6.3 billion between 2025-26 and 2030-31 to deliver the commitment to build 14,000 new prison places by 2031 and ensure there is always space in prison for dangerous offenders. This will include the construction of three new prisons which will bring 6,500 new places online.[232,233]

Adapting the estate to align with modern, agile and reformed public services

5.18 Reforming the delivery of public services is crucial to ensure they are efficient, resilient and responsive to the evolving needs of communities. To achieve this, the government will embrace a range of complementary strategies including, user-centric design, digitalisation, data-driven decisions, cross-sector collaboration, continuous improvement, and innovation, supported by an appropriately experienced and skilled workforce. These will be developed by working across government in multi-disciplinary teams led by the Department for Science Innovation and Technology, Cabinet Office and NISTA.

5.19 To achieve this, the government will:

- **Be digital first:** government is making better use of technology across social infrastructure. For example, by investing:
    - Up to £10 billion in NHS technology and transformation by 2028-29 to deliver 2% year on year productivity, an almost 50% increase in spend since 2025-26.
    - In new digital and data services for prisons and probation, alongside AI and automation pilots to enhance productivity and to replace outdated prison and court digital infrastructure.
    - In continuing to improve digital infrastructure in schools over the next four years, building on the existing success of the Connect the Classroom programme to improve connectivity, to narrow the digital divide, and enable schools to harness the opportunities of technology, including AI.[234]
- **Reform how government delivers healthcare:** government will begin to shift from hospitals to communities across the health portfolio. Delivery of elective care will continue to move out of acute settings to be closer and more accessible to patients through new hubs for diagnostics and elective surgeries, as described in the example below. Government will also rapidly explore the potential to use Public Private Partnerships to deliver certain types of primary and community health infrastructure, taking a decision by Autumn Budget 2025.

[232] Ministry of Justice – 10-Year Prison Capacity Strategy, Ministry of Justice, 2024.
[233] Prison expanded to create UK's largest public sector jail and make streets safer, Ministry of Justice, 2025.
[234] Connect the classroom, Department for Education, 2025.

- **Reform the justice system:** the government will make greater use of punishment outside of prison and encourage offenders to turn their backs on a life of crime. The probation service will receive up to £700 million additional funding per year by 2028-29, compared to 2025-26, based on the transformative reforms to sentencing based on the recommendations of the Independent Sentencing Review. This investment will fund new probation officers and additional electronic tags to significantly increase the number of offenders monitored electronically. Investment in digital programmes will reduce administrative burdens on probation officers, so they can spend less time on paperwork and more time on reducing reoffending.
- **Reform the children's social care system:** the government will support the country's most vulnerable children and young people by investing £560 million from the Spending Review 2025 settlement, which will support the refurbishment and expansion of the children's homes estate.

Community Diagnostic Centres

Community Diagnostic Centres (CDCs) deliver additional, digitally connected, diagnostic capacity in England, providing all patients with a co-ordinated set of diagnostic tests in the community and in as few visits as possible, enabling an accurate and fast diagnosis on a range of clinical pathways.

They provide a broad range of elective diagnostics away from acute facilities, reducing pressure on hospitals and giving patients quicker and more convenient access to tests. Around 160 of the 170 CDCs are located within a 30-minute accessible journey from the most deprived 20% of the population. This includes the Wood Green CDC.[235]

Wood Green CDC has introduced an innovative clinical model that is aimed at improving access for North Central London integrated care boards' most deprived and diverse communities. This model involved the development of a GP referral dashboard that monitors levels of referrals from individual GP services in Haringey and a targeted communication to increase referrals from GPs located in the most deprived areas. Referrals from the most deprived Index of Multiple Deprivation (IMD) areas now make up a greater proportion of the CDC's overall referrals. The CDC now reaches a greater proportion of patients from more deprived communities.

Oldham CDC have introduced lung cancer pathways which are delivering significant performance gains against the 75% Faster Diagnosis Standard (FDS). Referral to diagnosis for lung cancer has been reduced from 42 days to 18.8 days, enabling the pathway to meet the FDS for the first time and reduce DNAs (missed appointments) by 17%.[236]

Planning for social infrastructure

5.20 Government is taking steps to ensure all new housing developments have access to essential local services, such as schools and GP surgeries. Spatial Development Strategies will improve how local government identifies and

[235] Based on internal department analysis, Department of Health and Social Care.
[236] Oldham CDC entered into the HSJ awards, Alliance Medical and NHS Northern Healthcare Alliance.

co-ordinates the delivery of social infrastructure needs, as demand for education and healthcare services responds to patterns of growth and demographic change at a larger than local scale.

5.21 Social infrastructure is not, however, limited to health, education and justice, and the government recognises the importance of wider infrastructure – from cultural assets, such as museums, libraries and theatres that create long-lasting impacts on living standards by shaping our communities, to defence infrastructure and asylum accommodation which is crucial for national security. NISTA and MHCLG will work across government to maximise opportunities for collaboration and the wider benefits of strategic and spatial planning.

5.22 The OVfM has also conducted a study into public sector procurement of short-term residential accommodation, in partnership with relevant government departments.[237]

Office for Value for Money (OVfM): procuring short-term residential accommodation

The OVfM has conducted a study into the planning and procurement of short-term residential accommodation by the public sector, working in partnership with relevant departments and engaging with local government bodies, charities, investment experts and housing associations.

The study concludes that short termism and competition between different parts of the public sector has pushed up prices, and the lack of coordination and integration has worsened outcomes and has led to inefficient use of existing capacity. The number of people in short-term residential accommodation has risen significantly over recent years, and costs have risen even more.

The OVfM has developed principles for a future approach to procuring short-term residential accommodation: moving towards greater local delivery to support integration and outcomes, with national planning and coordination to support a longer-term approach, underpinned by new procurement models and measures to support required capacity.

Moving to this future approach would be complex and take time. Central government is working with local government to test new locally-led models. Relevant government departments will work together to build the evidence-base and support implementation through:

- Working in partnership with local government to determine how to move towards greater involvement by local areas in the provision of accommodation and wraparound services.
- Using the evaluation from pilots that are testing greater involvement by local areas in providing accommodation.
- Exploring new financing models to support the supply of accommodation.

[237] Terms of reference: Value for Money (VfM) studies, HM Treasury, 2025.

A roadmap to deliver better social infrastructure

5.23 The absence of a co-ordinated strategy across public service sectors has contributed to inefficiencies and reduced industry confidence.[238] To address this, the government is committed to a roadmap, encouraging a more consistent, cross sector approach between government and its supply chains. The goal is to allow more assets to be delivered for the same investment. NISTA will share good practice, such as the Department for Education's approach to data collection and standardising design and the New Hospital Programme's centralised construction management approaches, to drive improvements across government.

5.24 The roadmap is set out in Table 5.2. The government will report on progress in line with wider strategy updates.

5.25 The roadmap is centred on the following key principles:

- **Tackling inconsistent asset data** – all government departments and agencies should move to a consistent method for data collection and sharing. This will better enable costs comparisons and prioritisation.
- **Assessing the national need for social infrastructure assets** – over time, the government will develop a unified way to assess needs, helping to prioritise projects and programmes effectively.
- **Strategic management of supply chains** – collaborating across sectors and geographies to prevent internal competition that drives up costs, and to ensure there are enough resources and skills available to meet demand.
- **A more consistent approach to contracting** – adopting procurement practices and commercial terms that enable early collaboration with industry, promote effective risk transfer, drive the use of new technology and encourage reduction in unit costs. This will help in making informed investment decisions and encourage and enable the development of industrialised approaches.
- **Reducing reactive management of the estate** – developing and implementing asset management plans to enable a consistent approach to asset condition assessment, maintenance, renewal, and replacement strategies.
- **Convening stakeholders across government** – encouraging collaboration across government departments to maximise investment impacts. This includes considering spatial planning, reducing carbon emissions in the estate, and looking at the broader built environment.

[238] Supporting the UK's priority industry sectors, National Audit Office, 2025.

Table 5.2: Social infrastructure roadmap to 2035

Problem	Commitment	2027	2030	2035
Inconsistent data collection and classification across social infrastructure departments.	NISTA, OGP and departmental joint commitment to building and maintaining a current and accurate dataset of asset condition.	NISTA, OGP and departments have developed a standard approach to asset condition assessment, in accordance with the Government Functional Standard for Property and definitions consistent with the Government Property Data Standard.[239,240]	Departments are reporting on asset data in a consistent way.	Live dataset of the public estate that underpins future strategic planning and prioritisation of assets.
Lack of a long-term needs assessment for social infrastructure.	NISTA to commission and coordinate an assessment of social infrastructure need alongside economic infrastructure and housing.	NISTA making recommendations to departments.	NISTA working with departments to implement recommendations.	Clear prioritisation of infrastructure investment is established on the infrastructure that is required to deliver long-term public service needs.
Departments taking an ad hoc approach to maintenance, enhancements and replacement of social infrastructure assets.	Departments to work with OGP and NISTA to improve estate resilience and maintenance through strategic planning based on rigorous asset and operational performance data.	Departments have robust unified 10 year strategic maintenance plans in operation from 2027.	Departments implementing long-term asset management plans with support of NISTA and OGP.	Long-term pipeline of spending that balances maintenance, improvements and replacement of assets.
Departments taking an inconsistent approach to procurement and contracting.	NISTA set out to address shortcomings with business case approval, investment decisions and timing of procurement.	NISTA assessing whether departmental contracting strategies are optimal in terms of being long-term and strategic, and encouraging and enabling industrialised approaches.	NISTA and Government Commercial working with departments to develop optimal contracting strategies.	Departments adopting new procurement practices that encourage early industry engagement, enable industrialised approaches, and secure productivity improvements.
Departments taking an inconsistent approach to managing the supply chain.	Departments to apply best practice and take a joined-up approach to managing the supply chain.	Common practices in place across departments and with industry to ensure that departments implement policy consistently (for example the Construction Playbook) and to ensure that they are not competing for contractors. NISTA and Government Commercial will support departments across this.[241]		

[239] Government Functional Standard – GovS 004: Property, Office of Government Property, 2021.
[240] Government Function: Property – FMS 001: Management and Services, Office of Government Property, 2023.
[241] The Construction Playbook – September 2022, HM Government, 2022.

Chapter 6:

Improving the environment

6.1 The natural environment is a vital national asset – providing clean air and water, protecting us from the effects of climate change, safeguarding food security, and improving health and wellbeing from nature-based recreation. The Office for National Statistics values the UK's natural capital assets at £1.64 trillion.[242] But, nature degradation could reduce GDP by up to 6% in the next decade.[243]

6.2 The Environment Act 2021 sets targets in law for government to halt the decline in species population by 2030 and increase populations by at least 10% to exceed current levels by 2042, improve the marine environment, and to increase trees and woodland cover to 16.5% of total land area in England by 2050. The Environmental Improvement Plan (EIP) sets out interim targets and plans to meet these longer term targets.[244] A revised EIP is due to be published later this year. The EIP also reflects the need for a joined up effort on biodiversity across the UK and internationally, such as through the Joint Nature Conservation Committee and the UK national biodiversity strategy.[245]

6.3 In combination with government work in other areas, driven by the EIP, this Strategy will support improvements in the environment through investments in net zero, water resources, and the circular economy. It will build on the government's investment of more than £2.7 billion a year in sustainable farming and nature recovery from 2026-27 until 2028-29, which will boost productivity and protect the natural ecosystems underpinning food production and broader economic activity.

Delivering critical infrastructure while protecting the natural environment

6.4 The government is committed to encouraging economic growth through new development, while also supporting nature recovery. Biodiversity Net Gain (BNG) requires developers to go further than just offsetting their impacts, mandating a 10% net gain in biodiversity when developing a site. Since early 2024, BNG has been required for infrastructure projects consented under the Town and Country Planning Act 1990, such as schools and some road schemes. From May 2026, it will also be required for Nationally Significant Infrastructure Projects. It does not apply

[242] £1.64 trillion excludes fossil fuels. UK Natural Capital Accounts: 2024, Office for National Statistics, 2024.
[243] Assessing the Materiality of Nature-Related Financial Risks for the UK, Green Finance Institute, 2024.
[244] New legally binding environment targets set out, Department for Environment, Food & Rural Affairs, 2022.
[245] Blueprint for Halting and Reversing Biodiversity Loss: the UK's National Biodiversity Strategy and Action Plan for 2030, Department of Agriculture, Environment and Rural Affairs (DAERA), Scottish Government, Welsh Government and UK Government, 2025.

for development affecting irreplaceable habitats.[246] The government has launched a consultation on improving the implementation of BNG for minor, medium and brownfield development, to ensure the framework is simple and proportionate for SME developers whilst delivering on its potential for nature.

6.5 The government's Nature Restoration Fund (NRF) in the Planning and Infrastructure Bill will enable infrastructure developers to meet some of their environmental obligations faster and at greater scale, by pooling contributions from developers to fund larger nature projects.[247] The NRF will be in addition to BNG and will run concurrently. Government will ensure a user-friendly experience for developers using both schemes and that BNG credits and NRF are deployed in a joined-up manner to maximise environmental outcomes.

6.6 The government is also introducing the Marine Recovery Fund (MRF) from late 2025, which will deliver industry-funded, strategic measures to compensate for the adverse effects of offshore wind developments on marine protected areas.[248]

6.7 Environmental Outcome Reports will be introduced to replace the current systems of environmental assessment with a more effective and outcome-focused tool.

6.8 These changes are underpinned by operational improvements to Natural England, the Environment Agency and the Marine Management Organisation. The government is also introducing a single lead environmental regulator for major projects to create a single 'front door'.[249] The Planning and Infrastructure Bill will create a power for a surcharge to be added to planning fees to ensure sustainable funding for statutory consultees.

6.9 As part of this Strategy, the government is providing £500 million over three years to deliver an environmental planning reform package. This funding will speed up infrastructure and housing development by making it simpler for developers to meet their environmental obligations, without compromising on environmental improvement, through the NRF and MRF. It will also accelerate how Natural England and the Environment Agency process planning applications.

Improving environmental regulation

6.10 The Corry Review recommends how environmental regulation can be improved by setting clearer outcomes for regulators and letting them deliver against these, using more flexibility and discretion, within the law.[250]

6.11 The government will bring forward packages of reform, including legislation if necessary and when Parliamentary time allows, in response to the Corry Review. This will be considered as part of the wider regulatory reform agenda – building on the Regulation Action Plan – and the approach to economic regulation set out in Chapter 2.

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[246] Biodiversity Net Gain, Department for Environment, Food & Rural Affairs, 2024. Irreplaceable habitat, Department for Environment, Food & Rural Affairs, 2024.
[247] Factsheet: Nature Restoration Fund, Ministry of Housing, Communities & Local Government, 2025.
[248] Consultation for the establishment of the Marine Recovery Fund (MRF), Department for Environment, Food & Rural Affairs, 2025.
[249] New approach to ensure regulators and regulation support growth, HM Treasury, 2025.
[250] An independent review of Defra's regulatory landscape: foreword and executive summary, Department for Environment, Food & Rural Affairs, 2025.

6.12 The government is consulting on reforms that will enable regulators to decide on which low-risk activities should be exempt from environmental permits. In summer 2025, it will also consult on a package of reforms to modernise environmental permitting for industry and energy sectors, including enabling proportionate and risk-based regulation of new technologies.

Expanding the use of spatial planning

6.13 As with infrastructure, planning for nature recovery requires a coordinated approach across administrative boundaries and partnerships working across a wide range of stakeholders. Alongside the measures set out in Chapter 1, the government is therefore also expanding the use of strategic and spatial planning for the environment.

6.14 The government is introducing Local Nature Recovery Strategies (LNRS). The first of these county scale, locally-led strategies have already been published, with the remainder expected by the end of 2025, covering the whole of England.

6.15 Spatial Development Strategies will also help to deliver sustainable growth. They will identify areas where protection or restoration of the natural environment is required, and integrate across other plans and strategies prepared by Strategic Planning Authorities, including LNRS.[251]

6.16 The government is due to publish its new Land Use Framework later in 2025. This will set out data, principles and policies to support spatial planning and better manage competing demands on land in England.[252] NISTA will work closely with Defra to address tensions and synergies between infrastructure and the environment.

6.17 These interventions will support infrastructure planning and investment by providing better data and mapping on environmental capacity, constraints and needs. They will also support project design, including helping developers deliver BNG.

The role of infrastructure in improving the environment

6.18 Decarbonising the economy will deliver a range of environmental benefits. For example, the decarbonisation of transport has reduced nitrogen oxide emissions, improving the UK's air quality.[253] Mitigating the impacts of climate change will also help protect the natural environment from further degradation, providing more headroom for nature to thrive and for development.

6.19 Water sector investment will improve the supply of water and clean up England's waterways. This will reduce abstraction from sensitive habitats, as well as support growing communities and industries. Ofwat's 2024 Price Review will see the delivery of nearly 3,000 storm overflow projects, reducing spills by 45% on 2021 levels; it will also upgrade over 1,700 wastewater treatment works; and will improve or protect over 15,000 km of rivers in England and Wales.[254]

[251] Factsheet: Strategic planning, Ministry of Housing, Communities & Local Government, 2025.
[252] Land Use Consultation, HM Government, 2025.
[253] Emissions of air pollutants in the UK – Nitrogen oxides (NOx), Department for Environment, Food & Rural Affairs, 2025.
[254] Our final determinations for the 2024 price review, Ofwat 2025.

6.20 The shift towards a more circular economy represents an opportunity to make industry and society more resource efficient and economically resilient. The government will publish proposals for a Circular Economy Strategy for England in Autumn 2025. Development of the strategy will be supported by a Circular Economy Taskforce which has already identified six sectors key to driving circularity – agrifood, textiles, transport, built environment, chemicals and plastics, and electricals – alongside a wide range of cross-cutting drivers such as skills and access to finance.

6.21 The government's Collection and Packaging Reforms will increase recycling rates. These reforms are estimated to help stimulate £10 billion of investment in recycling infrastructure.[255] The package of measures includes:

- **Simpler Recycling reforms** ensures households and workplaces collect the same materials**,** producing a constant feedstock of recyclables. By 2027, mandatory collection of flexible plastics will also be in place.
- **Packaging and Extended Producer Responsibility** obliges producers of packaging to pay the costs of managing and disposing of packaging.
- **Deposit Return Scheme** for drinks containers will launch in October 2027.

6.22 In addition, the Plastic Packaging Tax will provide an economic incentive for businesses to manufacture using recycled plastic. Businesses will be permitted to use a mass balance approach to evidence the amount of recycled plastic for the purposes of the Tax. The government intends to implement this change from April 2027.

6.23 The Timber in Construction Roadmap was launched in February 2025 with increased ambition including encouraging the use of sustainable, low carbon building materials, supporting government's commitment to 1.5 million homes.[256]

Environmental management in project delivery

Private sector delivery partners play a key role in reducing environmental impacts and improving resource and delivery efficiency. NISTA will work with industry to adopt tools and standards such as PAS 2080 to further this.

NISTA will also ensure that the programmes it oversees meets UK government requirements and expectations on environmental management, in order to reduce the footprint of programmes and maximise their positive outcomes. For the first time ever, NISTA now requires programmes in the Government Major Projects Portfolio to provide high level reporting on topics such as resource usage and biodiversity.

The role of nature-based solutions and green infrastructure

6.24 Infrastructure design should be guided by a hierarchy. First, maintain and optimise existing assets. Then, consider green and nature-based solutions where they are effective. New "grey" solutions should only be deployed if other solutions are not viable, with impacts mitigated in a strategic way.

[255] Supporting a Net Zero Recycling & Waste Sector, Environmental Services Association 2023.
[256] Timber in construction roadmap 2025, Department for Environment, Food & Rural Affairs, 2025.

6.25 Maintenance and refurbishment are being prioritised by the Environment Agency in its flood management programme and National Highways, as part of the third Road Investment Strategy, will also integrate nature restoration and sustainable drainage systems into its maintenance programmes.

6.26 Ofwat's 2024 Price Review shows how nature-based solutions can be deployed, including the use of natural drainage systems such as rain gardens to tackle storm overflows. For the first time, Ofwat are also introducing commitments for all water companies to enhance biodiversity.[257]

6.27 The Cunliffe Review is also examining the role of nature-based solutions as a sustainable and cost-effective approach to water management. And, to encourage a wider range of flood resilience schemes, the government has this month launched a consultation to review the existing flood funding formula, including proposals to support the use of nature-based solutions.

6.28 Green environments also support healthy and active communities. For example, the National Education Nature Park programme supports children and young people to benefit from the over 7.5 million square metres of habitat mapped on school, nursery and college sites in England.[258] The NPPF sets out the government's expectations that local planning authorities plan for developments to incorporate green infrastructure.

Investing in green infrastructure

Green infrastructure refers to the network of multi-functional green and blue spaces and other natural features, urban and rural, which is capable of delivering a wide range of environmental, economic, health and wellbeing benefits for nature, climate, local and wider communities, and prosperity.

In the National Forest, in the Midlands, where an innovative approach to housing and business planning and development has led to 9.8 million trees being planted, the visitor economy has increased by almost 30% over the last 20 years.[259]

Maximising the benefits of this approach to woodland creation and development, government has committed to launch three new national forests. The first of these, the Western Forest, will see 20 million trees set to be planted across the West of England in the coming decades, creating at least 2,500 hectares of new woodland and other tree habitats by 2030.[260]

[257] Our final determinations for the 2024 price review, Ofwat, 2025.
[258] National Education Nature Park, National Education Nature Park, 2025.
[259] Thriving together: 30 years of positive change in the National Forest, National Forest, 2025.
[260] Government to plant first National Forest in 30 years, Department for Environment, Food & Rural Affairs, 2025.

Annex:

NISTA Infrastructure Pipeline

Driving growth through the Infrastructure Pipeline

1. The Infrastructure Pipeline is a dynamic list of infrastructure and construction projects and programmes being progressed and planned over a ten-year period, giving information about each investment with details of its schedule, status and anticipated spend. It is a key component of the 10 Year Infrastructure Strategy, underpinning the delivery of the Strategy as part of the government's Growth Mission.

2. The core purpose of the Pipeline is to enable the construction supply chain to plan ahead with greater confidence, strengthening capacity and capability and speeding up infrastructure delivery. The Pipeline will include significant project granularity, clarity around funding status and will provide a more regularly updated digital output. As it further develops and evolves, the Pipeline will also demonstrate opportunities for private investment in UK infrastructure and improve visibility around routes to market.

3. The Pipeline data also offers insights to government, providing a single source of data on the major infrastructure market, and giving a basis for analysis of different infrastructure sectors. It will help to track progress made against the Strategy, enable strategic management of the delivery and sequencing of government projects and support the government's Missions. It can also provide valuable insight into future demand for skills and labour, enabling investment in the right sectors to enhance productivity. Visibility of upcoming projects will also facilitate spatial planning supporting early identification of risks and interdependencies.

A critical tool for the supply chain and investors

4. The Pipeline is designed to meet the needs of industry, including suppliers and investors. The July 2025 iteration is the first stage in the Pipeline's development, and has been designed based on supply chain views. Its focus is on building a credible 10 year outlook for the largest and most strategic projects, to focus industry's investment into the right labour, skills and innovative technology to drive productivity.

5. Over time, the Pipeline will be expanded and developed to better meet the needs of investors and will include opportunities for private investment to help attract and target private finance towards the UK's strategic infrastructure needs.

Interactive digital dashboard

6. The Pipeline will be launched as a digital online product, with an interactive dashboard which has been developed in discussion with industry stakeholders. It will provide details of capital and maintenance costs for infrastructure and construction projects with a total cost of £25 million or more for economic infrastructure (including Transport, Utilities and Energy) and £15 million or more for social infrastructure (such as Education and Health). Where projects do not meet the threshold, they may be represented as part of a programme of smaller projects.

7. The Infrastructure Pipeline will focus on projects and programmes funded by government, as well as further detail in the regulated energy and water sectors, coverage from Mayoral Strategic Authorities and key private sector infrastructure providers.

8. Following publication, NISTA will engage with key industry stakeholders to continually improve the Pipeline design and ensure that it drives improvements in the delivery of UK infrastructure.

HM Treasury contacts

This document can be downloaded from www.gov.uk

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