

Danny Alexander's infrastructure statement: the reaction

What do the announcements by Danny Alexander mean for transport, housing and broadband sectors?

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The really striking numbers in the detail involve how much money will be taken up by HS2 - the new high speed rail project. Photograph: HS2/PA

Transport

As far as transport goes, this was very much one for the motorists. Danny Alexander might have stressed the massive investment in road and rail but on the latter there was virtually nothing new bar a couple of small electrification projects (although both very welcome in London and the Lake District) - most of the improvements are in Network Rail's current plan. The really striking numbers in the detail is how much of the money will be sucked up by HS2 - spending which will outstrip that of each of Network Rail and the Highways Agency by 2020, and of local authority and London spend combined. With £4bn plus a year being committed 13 years before the route is finished, you wonder whether even yesterday's shocking budget hike will eventually quite do it.

Much of the enhanced road budget - £28bn over six years - has still not been committed, bar perhaps the A14's £1.5bn, a scheme the coalition canned in 2010 to revamp the key arterial route from the ports in the east to central motorways and freight depots.

And the spend is again weighted to the back end, disappointing those who want the economic stimulus now. In fairness, new road projects take time to plan - but road lobbyists groaned to discover Alexander was only promising further feasibility studies on the endlessly discussed A303 and other routes he mentioned. Some - such as the A27 plan - have either been fought back by local protest or rejected as unworkable before.

The pothole fund appears to be a big cash injection, if it is new money, and will please drivers. But the real key will be the promised legislation to make the Highways Agency an independent publicly-owned corporation - a kind of Network Rail for the roads, with long-term goals and funding settlements that won't be chopped by chancellors at will. That would make new roads, for better or worse, definitely happen.

Gwyn Topham

Housing

There are some sighs of relief that the Coalition - at last - appears to be taking affordable housing seriously, and that public investment is needed to tackle the UK's chronic housing shortage.

Treasury secretary Danny Alexander's announcement of £3bn capital investment in 165k new affordable homes over the three years from 2015-16 was greeted by the Chartered Institute of Housing as a sign that housing had been "recognised as a national priority".

Alexander made it clear that housing was a key part of the national infrastructure plan, a vital generator of jobs, growth, and labour market flexibility. There's an implicit admission too, that the Coalition has done little better than Labour in failing to address the problem.

So in addition to the affordable housing £3bn, there's a fresh attempt to sell-off under-used public sector land, to build, in theory, as many as 100,000 homes; loan finance for homes built for private sector rent; and support for home ownership through the Help to Buy policy, which has delivered 4,000 homes in its first two months.

Social rents would be set for the next decade at Consumer Prices Index plus 1%, a stable formula designed to attract and reassure private financiers to invest in social housing.

But will it build enough homes to ease the pressure? The Coalition may have recognised

that the State has a role to play, but it is still instinctively seeking privately financed solutions.

Housing associations note that their subsidies are being cut, and there are no guarantees private investors will step in to fill the funding gap. David Orr, chief executive of the National Housing Federation which represents housing associations, warned that the programme "won't deliver the ambitious house building programme we need."

Local authorities are disappointed that the government refused to listen to their calls to be allowed to borrow money to build homes: councils are building 15,000 homes already; lift centrally-imposed borrowing limits, they argue, and they could leverage £7bn against their assets, enabling them to build an extra 60,000 affordable homes.

Local politics may get in the way too. The coalition has given local communities more of a say over planning. Yet it has handed business a "Right to Contest", which enables developers to force the government to hand over "potentially surplus" land for housebuilding. Expect green field rows, and Nimby revolts, particularly in the Tory south east.

Then there's affordability for tenants. So-called affordable housing is pitched mid way between market rents and social rents. In London and parts of the south east, soaring rent levels mean "affordable" rents set at between 60-80% of market levels, simply won't be affordable in practice, especially for low-to middle income families.

And worth, finally, putting that £3bn in perspective. In 2010, in the chancellor George Osborne's first spending review, the affordable housing grant was cut by 60%, slashed from £8bn to £4.4bn. In the austerity gloom, £3bn may be a good deal; but it shows how far ministerial housing ambitions have shrunk.

Patrick Butler

Broadband

Bad news for broadband. It looks like UK homes in hard to reach rural areas will be stuck in digital limbo for four more years.

There are 5m homes that can't get a basic 2 megabits per second at the moment. That's the minimum needed to watch video, like the taxpayer funded BBC iPlayer. A third of the country can't get superfast broadband (anything over 24 megabits per second).

The plan was to give 90% of premises access to superfast by the next general election in 2015, but Danny Alexander has now scrapped that.

The new plan is for superfast internet to reach 95% of the population by 2017 – 1.4m

more homes than originally intended, but two years later than promised.

That means the rural broadband project, first announced in December 2010, will have taken up to seven years to complete.

For the final 5%, Alexander said government would "work closely with industry to ensure that at least 99% have access to superfast broadband" by 2018, whether through fixed or wireless networks, or 4G mobile phone masts.

It also looks like the final tranche of money for rural broadband - some £300m - promised in 2010 has now been cut by £50m, although officials say the missing money is still in the pot, it just hasn't been allocated.

Juliette Garside

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