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Realising a strategic vision for infrastructure

Infrastructure projects will always achieve a positive economic or social return over time. It is essential that infrastructure investment is well-planned and correctly prioritised. Strategic investment must be well co-ordinated, recognising the interdependency between infrastructure areas, and the impact which they have on each other.

The government has announced the establishment of Infrastructure UK as a new body to identify the long-term, strategic infrastructure needs over a five to 50 year horizon. Infrastructure UK's role will be to consider the interdependencies between different types of infrastructure, and the efficiencies and synergies to be exploited.

Having identified the need for such a body in its January 2008 *Capacity and Skills* report, the Institution of Civil Engineers strongly welcomes the creation of Infrastructure UK. ICE's *Defending Critical Infrastructure* (June 2009) report also noted that "the current approach to infrastructure resilience is disjointed and piecemeal... There is a lack of overview... coordination... [and] issues with funding, regulation and planning"

The government consultation exercise has shown that Infrastructure UK has widespread support, with business and industry looking forward positively to the long-term focus on infrastructure and the clarity on priorities it will help bring.

Bringing together the many government departments, infrastructure investors, contractors and operators will act as a key driver, ensuring that national infrastructure in the United Kingdom is delivered in answer to need – on time, on budget for the benefit of citizens and businesses alike.

Infrastructure UK's immediate priorities will be to:

- Develop a strategy for the UK's infrastructure over the next five to 50 years
- Work closely with infrastructure developers and funders to make recommendations to stimulate increased private sector investment in infrastructure, focusing on unlocking new sources of private capital and developing new funding models, building on the success of PFI/PPP
- Manage the government's investment in the 2020 European Fund for Energy, Climate Change and Infrastructure
- Support HM Treasury in prioritising the government's investment in infrastructure, to ensure value for money;
- Consider how technological innovation can be supported by our future infrastructure
- Work closely with the Office of Government Commerce and other government departments to support the delivery of major infrastructure projects and programmes and to build stronger infrastructure delivery capability across government.

Source: 2009 Pre-Budget Report

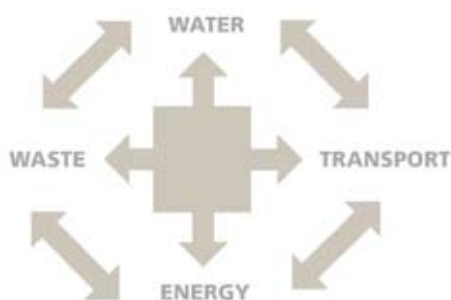


Figure 1: Interdependencies between infrastructure priorities



How Infrastructure UK is being formed

Infrastructure UK will be based as a unit within HM Treasury with James Stewart taking on the role of Chief Executive, on secondment from Partnerships UK. Chairing the new body will be Paul Skinner, former Chair of Rio Tinto plc, and previously a Group Managing Director of Royal Dutch Shell.

Infrastructure UK will bring together the Infrastructure Finance Unit (TIFU), HM Treasury's Public-Private Partnership (PPP) policy team and the capabilities within Partnerships UK which support the delivery of major projects and programmes. Infrastructure UK will have its own identity and brand and will be supported by an Advisory Council.

HM Treasury has commenced discussions with Partnerships UK's Board with a view to achieving the transfer of the major projects and programmes capabilities during 2010. Importantly, Infrastructure UK will start operating immediately, but, for the time being, Partnerships UK and Infrastructure UK activities will operate alongside each other, although they will of course be closely coordinated.



Infrastructure UK's initial work programme will include:

- Supporting HM Treasury and the Department of Energy and Climate Change in their work to report on how to ensure the electricity market framework can most effectively deliver the low carbon investment needed in the long term
- Exploring, among other options, the case for a low carbon investment institution
- Working with the Department for Transport on the government's response to proposals for a new high speed line to the West Midlands and beyond, including on options for how such a new line could be funded and delivered
- Supporting the Department for Business, Innovation and Skills in delivering a Universal Service Commitment in broadband by 2012 and providing further support to achieve private sector roll-out of next generation broadband to 90 per cent of the population by 2017.

Source: 2009 Pre-Budget Report

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