



HM Treasury



## THE INFRASTRUCTURE CLIENT GROUP: IMPROVING INFRASTRUCTURE DELIVERY

Highlights from a seminar held at the Institution of Civil Engineers on 1st October 2014

A key success of IUK's Cost Review programme has been the continued role of the Infrastructure Client Group in developing and sharing best practice amongst clients from different sectors. Established in 2010, it brought together for the first time senior representatives of the UK's major infrastructure clients to support the Government's Infrastructure Cost programme.

The National Infrastructure Plan (NIP) 2013 reinforced the need to continue this important work and to ensure that we are delivering infrastructure investment ever more efficiently and effectively, so that taxpayers and consumers get more for less. *The Infrastructure Cost Review: Measuring and Improving Delivery* report sets out progress to date and the priorities going forward. This event was an opportunity to publish a more detailed work programme and to engage with senior client stakeholders and representatives across the industry on priority areas for 2014/15.

### SUMMARY

- The second phase of the Infrastructure Cost programme should build on the Government's commitment to infrastructure and long-term funding settlements to deliver a step change in innovation and efficiency.
- Government and Industry should continue to work together through the Infrastructure Client Group and produce an annual progress report.
- Industry has to step up to the challenge set by Government.

### VIEW FROM GOVERNMENT

- Government has delivered a more visible and certain pipeline.
- Progress has been made on improving delivery.
- The early phases of key projects are being 'unblocked'.

The following improvements could be attributed to government interventions: project discipline; meeting deadlines; and working within budget.

Lord Deighton declared a 'victory for delivery'. He went on, 'to build confidence a **superb** project must be delivered **every** time.'

### THE INFRASTRUCTURE CLIENT GROUP

The response to the infrastructure challenge over the coming years requires Government, clients, consultants, contractors and academia to work together even more effectively and efficiently in order to deliver the required outcomes. This includes the continued emphasis and effort to convert the 'pipeline' from spreadsheet to reality, in order to gain the industry confidence necessary to invest in skills and innovation.

*'The ICG provides an opportunity for clients to share, learn, innovate and improve together. The Group is effective – it's productive, it's delivering and it's keen to unlock/tackle some historically difficult subjects, such as supplier performance measurement.'*  
Adam Green, Carillion

Since 2010 there has been a short-term strategy to drive jobs and growth and long-term strategy that positions infrastructure as the backbone of the economy, but there still needs to be a clear demonstration of how the NIP is delivering a coherent infrastructure strategy. To continue to build confidence there has to be demonstration of:

- Projects being delivered and programmes being executed successfully.
- Climate change resilience being built into projects.
- Delivery performance taken to the next level.
- Delivery of the Cost Review legacy.

### PRIORITIES FOR IMPROVED PROJECT INITIATION AND DELIVERY

The priority areas set out in the Infrastructure Client Group work programme were outlined and discussed; there are 12 projects under 4 main themes:

- Improved pipeline visibility and certainty
- Improving project initiation and procurement
- Whole-life planning and cost control
- Supply chain skills and construction delivery

The thematic areas were acknowledged as being a useful means of driving change.

A threat to these improvements comes from challenges associated with an increase in UK infrastructure output at the same time as the whole construction market is growing, which will lead to increased competition for skills, plant and materials and may threaten the affordability of key infrastructure projects. The new Infrastructure Supply Chain Capacity and Skills Group brings together key clients and the supply chain to oversee the development of demand models in these key areas. There was some discussion as to the extent to which technological advances can act as a catalyst to drive the industry forward.

*'Construction is the only major sector that has not experienced a technological revolution. There is little room for innovation in the procurement process due to its needs to be rigid.'*

Terry Hill, Arup

*'New technologies can change industry if we choose to embrace them.'*

Simon Kirby, HS2

#### THE OUTPUTS FROM THE INFRASTRUCTURE SUPPLY CHAIN CAPACITY AND SKILLS GROUP WILL BE TWO-FOLD:

1. It will inform Government what measures may mitigate or minimise potential inflationary impacts, how to identify the key resources required to deliver world-class infrastructure and what will incentivise investment in sustainable jobs and growth.
2. For industry it will allow us to understand the skills needs and, working with training providers and funding agencies, target investment in key skill areas. For plant and materials it will allow industry to have more certainty on the timeframes for delivery of these projects and so allow planning to meet the needs of these critical projects.

An annual event will be held to demonstrate that these projects are making a difference. In addition it was agreed that the constraints on the adoption of technology need to be removed.

#### BEST PRACTICE IN ALLIANCING

The *Alliancing Best Practice* report launched at this event consolidates the key themes and important learning points from a collective experience and makes this available to all organisations. There is now a successful track record for alliancing and collaboration in delivering UK infrastructure. The benefits achieved provide a clear business case for collaboration.

#### LESSONS FROM ANOTHER SECTOR

A speaker from Rolls-Royce set out the reasons for change: the cyclical nature of the aviation business was impacting on their ability to make long-term investments, particularly in innovative products.

The Total Care service model smoothed out the peaks and troughs by providing a longer term cost profile. This, in turn, drove positive behaviours within the industry.

The following key points were noted:

- Building a services business takes time and a long-term vision – there must be a very clear value proposition/customer need.
- The investments are likely to be considerable requiring an extended investment horizon – returns will take time.
- A successful services business must be underpinned by a business model that aligns both the supplier and customer – this requires an openness and willingness to change.
- Driving long-term efficiencies requires a deep understanding of life cycle costs – this drives the right behaviours and solutions.

*'Data is the Holy Grail ... predict, plan, act, enhance.'*

James Barry, Rolls-Royce

#### WHERE TO FIND OUT MORE?



HM Treasury

[www.gov.uk/government/collections/infrastructure-cost-review](http://www.gov.uk/government/collections/infrastructure-cost-review)



Institution of Civil Engineers

[www.ice.org.uk/topics/Industry-initiatives/About](http://www.ice.org.uk/topics/Industry-initiatives/About)



MAJOR PROJECTS ASSOCIATION

[www.majorprojects.org](http://www.majorprojects.org)

With grateful thanks to the Institution of Civil Engineers for hosting and arranging this event and to Nick Baveystock, Director General, for chairing the day.