

Making NISTA a world leading success story.

What?

Strengthen UK government capabilities for infrastructure development.

Why?

Infrastructure underpins economic and social activity and increases productivity.

How?

Ensure accountability and increase focus on infrastructure delivery.

The new government is rightly committed to more, and better managed, infrastructure spending. To that end, it will merge the National Infrastructure Commission (NIC) and the Infrastructure and Projects Authority (IPA) into the National Infrastructure and Service Transformation Authority (NISTA). We set out here the optimal scope for NISTA.

The UK faces three basic infrastructure challenges:

1. We **invest too little** – the UK performs poorly in international comparisons.
2. Infrastructure projects are often **late and over budget**.
3. Our **costs are much higher** than other countries.

The NIC is currently responsible for the first challenge. It produces a five-yearly infrastructure needs assessment over 5, 10, and 20-year horizons. This long-term perspective is particularly important for long term challenges such as climate change and net zero. HM Government responds via a public Infrastructure Strategy that lays out its plans. Importantly, the NIC then “holds government to account” for delivering the agreed investment programmes.

The IPA is different: it tackles the second challenge, via project governance. It ensures projects progress according to agreed budgets and schedules. The IPA has grown in authority over time, such that its 2021 mandate from ministers states that it “sits at the

heart of government”.

Merging the strategic elements of the NIC and the IPA makes absolute sense, but there is a tension in the NIC’s accountability role. Holding government to account depends on being at arm’s length from government. That is why accountability bodies such as the National Audit Office, Office for Budget Responsibility, and the Climate Change Committee do not sit at the heart of government. A sensible approach would be to remove the NIC’s accountability role from NISTA, and place it instead within the scope of the proposed Industrial Strategy Advisory Board.

Responsibility for the third challenge – costs – is diffused across government, largely

resting at departmental level. We have a major productivity problem, and for the last 30 years this has been inadequately addressed by exhorting the private sector to do better. As an example, the 2018 Department for Transport Transforming Infrastructure Performance initiative was more energetic than earlier initiatives, but with few levers to pull it shows limited promise of meaningful change.

NISTA should, therefore, include much stronger project delivery capabilities to complement its strategic and governance capabilities. There is now considerable evidence, notably from the oil and gas sector, that strong owner project capabilities are essential for effective project delivery. These need to be in-house - and NISTA, at the heart of government, is the right place for this. NISTA would then undertake the following eight points.

1. Support early phase shaping of major projects to ensure that project delivery

considerations are taken into account from the very start, that is prior to the depositing of a Hybrid Bill or application for Development Consent.

2. Support the start-up of stand-alone arms-lengths project owner bodies such as HS2 Ltd to enable more rapid mobilisation and maturation of project owner capabilities. For instance, capability failures within both HS2 Ltd and Department for Transport played an important role in the budget escalation between 2015 and 2018.
3. Carry out the Project Representative role on behalf of sponsoring government departments, which is presently outsourced to consultancies.
4. Act as a “knowledge-base” of best and advanced practice for the required technical, project, and commercial capabilities for major projects, ensuring knowledge

is not lost either over time, or between projects.

5. Provide a consistent, experienced commercial counterpart for delivery partners such as Crossrail Ltd, which are typically mobilised as major projects move from the shaping to the delivery phases.
6. Collect, hold and analyse project outturn data to ensure early phase estimations for major projects are based on rigorous benchmarking and are therefore more accurate.
7. Hold a centralised data base on supplier delivery performance, rewarding high-performers, and penalising the useless.
8. Capture the learning from productivity improvement demonstrators for diffusion rapidly through the individual sector, and across different sectors as appropriate.

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