National Infrastructure Delivery Plan

Following on from the 2016 Budget, the National Infrastructure Delivery Plan 2016-2021 (‘NIDP’) and the Government Construction Strategy 2016-2020 (“GCS”), both published on 23 March 2016, outline the government’s intentions to invest in infrastructure over the next four-to-five years. The NIDP sets out where the investment will be made and the GCS identifies the government’s requirements and aims for public sector projects.

These are positive announcements for the industry. The NIDP outlines a number of large-scale projects as well as a focus on regeneration as the government seeks to support and improve local economies and communities and a continued commitment to establishing a ‘Northern Powerhouse’ by connecting the towns and cities of the North. Alongside this, the GCS confirms the government’s intention to build on its BIM mandate, both by consolidating on Level 2 and helping the industry move towards Level 3, whilst also encouraging the use of Project Bank Accounts (‘PBAs’) to ease the payment process.

National Infrastructure Delivery Plan 2016-2021:

The NIDP follows the creation of the National Infrastructure Commission (‘NIC’) in October. The NIC, which works alongside HM Treasury and is overseen by the Chancellor of the Exchequer, was established to make strategic decisions in relation to infrastructure in the UK.

Alongside the expected private sector investment, the government envisages that its outlay of over £100bn in large-scale housing, local schools, hospitals and other public services over the next five years should deliver important projects and boost the economy. In seeking to identify and support the ‘right’ projects, investments will now be prioritised subject to the likely national
benefit in terms of driving economic growth, promoting significant private investment and contributing to the government’s strategic objectives.

The NIDP also incorporates the most recent version of the National Infrastructure Pipeline (‘NIP’). The NIP outlines over £425bn worth of planned investment in over 600 major projects across the UK. The government has also pledged £15bn to Highways England as it seeks to transform the Strategic Roads Network over the next five years. Over 100 major schemes should be completed or in construction by 2020-21.

Furthermore, the government has pledged to report annually on its progress, commencing in 2017. In addition, the NIC will produce a National Infrastructure Assessment every five years, which will detail the progress made by the government since the previous report.

In terms of recent progress, the government provided an update as to the results of its infrastructure plans since 2010. Approximately 3,000 infrastructure projects, including major new road improvements and local transport schemes and more than 20GW of new electricity generating capacity, have been completed across the UK over the last five years. This is alongside ongoing large-scale projects such as Crossrail and Crossrail 2, High Speed 2 and the Mersey Gateway Bridge.

There has been a decrease of £87.1bn from last year’s plan to the current plan, with a decrease of £54.5bn in energy and £18.6bn in transport. Whilst this may be due to the fact that the government is now one year through investment plans in both sectors, the NIDP also foresees a decrease in private funding. Nevertheless, by clearly setting out the government’s plans, the NIDP will provide the industry with a clear roadmap for public sector projects.

Government Construction Strategy 2016-2020:

The GCS follows on from the Government Construction Strategy 2011-2015 which was published in May 2011. The GCS was published by the Cabinet Office and the newly-created Infrastructure and Projects Authority (‘IPA’). The IPA was created on 1 January 2016 by combining the knowledge and expertise of Infrastructure UK and the Major Project Authority (‘MPA’).

The GCS sets out the government’s intention to increase efficiency of delivery on public projects by 2020, together with project cost reductions of £1.7bn.
Part of the IPA’s remit, working alongside the NIC and the Fair Payment Working Group, is therefore to improve project delivery and performance and to instil confidence in the industry and investors.

Central to this is the implementation of BIM Level 2 on public projects by 4 April 2016 and the GCS sets out the government’s plans for building on the progress which has been made by the industry in working towards that mandate. The GCS confirms that the government will consolidate the benefits which have been made in relation to Level 2 and help the industry move forward towards BIM Level 3. The Construction Strategy also sets out to promote fair and prompt payment within the industry by realising the full benefits of PBAs as an effective mechanism for facilitating payments to the supply chain. This is expected to improve the financial position of SMEs, reduce the risk of insolvency and promote good value within the industry.

These are exciting times for the construction industry. Despite a potential decrease in private funding, the NIDP and the GCS envisage significant investment and major projects are planned which should benefit the whole of the UK. They also outline some exciting plans to build on the progress made to date in relation to BIM and prompt payment. These documents are therefore real grounds for optimism in the industry given the government’s refreshed and refocused construction strategy.

Beale & Company has recently hosted roundtable events in which to discuss prompt payment and the digitisation of construction, so it is very appropriate that these issues are addressed in these recent documents. We will monitor with interest how the industry moves forward and embraces these proposed changes at what is an exciting time for UK construction.

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