

WHERE NEXT FOR THE INFRASTRUCTURE SECTOR?

UK Government expects some £600bn to be spent on social and economic infrastructure over the next 10 years, with £190bn of this investment completed by 2020/21.

Delivering this infrastructure is not easy, as new or enhanced infrastructure schemes typically:

- 1 require public consultation, planning consent, or powers – therefore involve a high degree of uncertainty;
- 2 have more than one government department, agency or local authority involved – therefore may have co-sponsorship and co-ownership challenges;
- 3 take several years to construct involving multiple engineering disciplines and a layered supply chain – therefore subject to change;
- 4 have expected asset life measured in decades – therefore difficult to model its use/value against wide ranging demographic and social scenarios;
- 5 require significant upfront capital – therefore having compound exposure to issues with model assumptions;
- 6 do not generate direct revenue (this comes from operators) – therefore revenue is often based on access with access fees set by a regulator, again introducing co-ownership challenges; and
- 7 improve GVA but have negative NPV when evaluated in isolation – therefore business cases tend to incorporate 'wider benefits' which are harder to evidence causality.

It's not surprising then that historical performance of delivering benefits from infrastructure on time and within budget has not been great. This is recognised by the Infrastructure and Projects Authority (IPA) in its 2017 Transforming Infrastructure Programme (TIP). These challenges are further recognised in a 2017 NAO report on civil service capability to deliver complex projects/programmes. However, most of the initiatives within TIP are themselves complex, may take years to develop and even more years to take effect.

Infrastructure sponsors, clients, operators, maintainers and their supply-chain need improvements now.

How can we help?

RSM's dedicated infrastructure sector pulls together expertise from across 40 service lines to help with the issues highlighted. We help improve infrastructure schemes through:

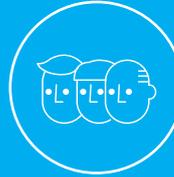
- 1 governance and ownership structures and agreements (including tax planning/claims);
- 2 robust financial modelling, commercial modelling and model assurance;
- 3 sourcing/evaluating funding sources and financial instruments;
- 4 socio-economic impact assessments (baselines, options, post-project reviews);
- 5 HMT Green Book business case development;
- 6 project/programme initiation advisory using IPA's Routemap where relevant;
- 7 project/programme capability assessments and improvements using P3M3® and other maturity models (including supply-chain capability assessments);
- 8 developing and optimising Integrated Assurance and Approval Plans – IAAPs (including 3 lines of defence model);
- 9 risk assurance (including cyber security for infrastructure);
- 10 asset valuation and due diligence (eg where there is change of ownership or lease/PFI options); and
- 11 simplifying compliance/financial reporting requirements (eg CIS, revenue recognition.)

Our credibility

- Major Projects Association (MPA) corporate member
- International Project Finance Association (IPFA) corporate member
- IPA Project Initiation Routemap author
- Institute of Chartered Accountants in England and Wales (ICAEW) corporate finance faculty best practice guideline on financial modelling author
- Association for Project Management (APM) Governance of Co-owned Projects author
- Northern Powerhouse corporate partner

Who are we?

RSM is a leading provider of audit, tax and consulting.



3,500 UK experts



350 UK partners



35 UK locations



**6th
largest**

**network of independent
audit, tax and advisory
firms in the world**



**7th
auditor**

**to the infrastructure sector
(according to FAME)**

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