

Speech: Improving Infrastructure Delivery

Introduction

Good morning ladies and gentlemen.

I'm excited to be here at the Institution of Civil Engineers, especially on your 200th anniversary.

Having grown up in Shropshire, Thomas Telford – the Colossus of Roads – is a hero of mine.

I want to say a few words this morning by way of introduction to this event and in thanking you in the work you have done on [Project 13](#) – an industry-led response to infrastructure delivery models that can sometimes fail.

I also want to speak about why infrastructure is essential for the country as we begin to tackle our age old productivity challenge and prepare the wider economy for the future.

The foundations we are working on are sound:

GDP has grown for five consecutive years

We've had the two strongest quarters of productivity growth since the financial crisis.

And employment levels are at a record high, with 3 million jobs created since 2010.

The plan to get back to living within our means is working.

And now we are ready to begin thinking about long-term investment in the years ahead.

So that we remain on our strong, upward trajectory, well into the future.

Investing in infrastructure

Infrastructure is at the absolute heart of that.

Because when we invest in infrastructure, we're not just investing in bricks and mortar. But in growth and productivity.

The UK's productivity performance currently lags behind other advanced economies.

But if we matched what German workers are doing, our economy would be 35% larger, which shows the incredible scale of the opportunity.

And we can begin to grasp it by focusing on infrastructure.

Because roads, rails, and cables boost productivity by developing networks and enabling businesses and individuals to connect more quickly, cheaply and efficiently.

The world of work will transform over the next 20 years.

More people want to lead flexible lives, more part time work, more people want to work from home, more connectivity than we've ever known before.

The infrastructure we are developing needs to be adaptable to fast growing technological change. From autonomous vehicles, to electric cars, to new forms of broadband.

We have to be nimble as well as far sighted.

What are we doing as a government?

We are building HS2 – the first new North-South railway in this country for over a century.

We are undertaking the largest road-building programme since the 1970s.

We are incentivising the market to build the next generation of broadband and mobile infrastructure.

At the Budget last November:

We increased the National Productivity Investment Fund to £31 billion, which included a £1.7 billion Transforming Cities Fund to boost local transport connections and reduce congestion.

And £11.5 billion for housing, to build more homes in high demand locations so that people can live near the best jobs.

This is not just a wish list.

Our track record shows we are serious and that we have the capability to realise our vision.

These are concrete plans.

Everywhere you look exciting things are happening in this country.

Britain is being re-shaped, reinforced, and re-made every single day.

Role of NIC and IPA

We have also put in place the architecture to help us realise our vision.

The National Infrastructure Commission and the Infrastructure and Projects Authority will play a vital role in this respect.

Two years ago, we set up the NIC, to think independently about Britain's long-term infrastructure needs.

To look at the big and difficult questions and to hold our feet to the fire to deliver.

I welcome this challenge and I hope Sir John Armitt will take that forward.

They have already delivered 5 substantive reports.

And we are taking forward their recommendations.

We are looking at issues which could be transformative to the future of the country, like the Oxford – Cambridge corridor of housing, economic growth and connectivity.

I am particularly looking forward to the inaugural National Infrastructure Assessment this summer, looking out 30 years into the future.

The work of the Infrastructure and Projects Authority is equally important.

It has helped us build a strong track record of investment and delivery in this country.

Since 2010, more than a quarter of a trillion pounds has been invested from public and private funds.

And more than 4,500 infrastructure projects have been completed.

Last year, the IPA published the [National Infrastructure and Construction Pipeline](#), which set out an estimated £600bn investment over the next 10 years.

With over 50% of that investment coming from the private sector.

And we will continue to refine our plans to give certainty and confidence to industry and investors, and want your views on how to do that.

It is clear our approach really is working.

However, let us not forget that long-term challenges in the sector remain, which we need to tackle to set up Britain for success after Brexit, and beyond.

Project 13 is of course part of your response to those.

Better performance

We want the UK's infrastructure projects to deliver benefits for the end users – the public and the supply chain.

But we know that the sector faces structural issues that limit performance.

And we want to address these.

The current delivery model doesn't always match our ambition.

We are well aware that fragmentation, low-profit margins, and short termism drag the industry down.

Meaning that the sector can't invest in building new skills and the innovation that will boost productivity and improve delivery.

It is vital we get the most out of the money we invest.

So we can deliver improved performance and better outcomes from the £60 billion we spend each year on infrastructure; not simply a narrow focus on cheaper construction.

Because right now, there is an annual £15 billion productivity gap in construction in the UK – which needs to be plugged.

In response, we set up the [Transforming Infrastructure Performance \(TIP\) programme](#).

An ambitious cross-government initiative that will improve the planning, delivery and operation of infrastructure over the next ten years.

TIP is about improving outcomes and boosting productivity of infrastructure, to deliver value for taxpayers in the long term.

It is doing this by exploring how the government and industry can work together to benchmark performance, select the right projects, improve integrated planning and increase uptake of technologies and innovations – such as off-site manufacturing – and support smarter commercial relationships.

In government, we can encourage innovation in two main ways.

First, through increasing supply, which is why, in March, we launched the Industrial Strategy Challenge Fund for Transforming Construction competition, including up to £72 million to fund a core innovation hub for “Manufacturing better buildings” – a key theme in TIP.

And secondly, through increasing demand. Which is why we now have a presumption in favour of modern methods of construction built into our procurement process.

And our order book of around £20bn a year in projects from schools to prisons to highways gives industry peace of mind that investments in modern methods now will pay dividends in the future.

Challenges

This year we witnessed a salutary lesson of what happens when we don't get things right.

Carillion collapsed for a number of reasons, and the government is working

hard to support those affected.

It's important we learn from Carillion.

Because it is incumbent on Government to help create the right framework for the sector to flourish.

If we are to deliver our goals, it will be absolutely vital that we use the expertise and energy of the private sector.

As I said before, 50% of our £600bn pipeline over the next ten years will come from the private sector.

The private sector drives innovation and better value for money for consumers.

There are those who would turn away from it.

I believe that would be a terrible mistake – for taxpayers, consumers, for the competitiveness of the country.

Government and industry working together

To achieve the goals laid out in our TIP plan, it's vital that government and industry work together.

That's why it's so heartening to be here today. To see bonds being forged.

Project 13 is a great example of what needs to be done.

Because it sees a wide range of senior decision makers from the public, private and regulated sectors – clients and suppliers alike – coming together to set out a blueprint that aims to achieve better outcomes from infrastructure investment.

Project 13 encourages a focus on improving performance with a collaborative commercial approach.

It sets out a new model where interests and incentives are aligned.

And it supports a move away from unsustainable, short-termist procurement which strangles investment in skills and innovation.

Ultimately, it seeks to build a more sustainable commercial model that helps industry perform to its maximum capability.

Which is an ambition we can all support.

Conclusion

So ultimately we have to work together.

We have to ensure that infrastructure is delivered at pace, with value, with innovation, with a highly skilled workforce.

And if we can do that we can ensure our productivity increases as an industry, and as a country.

So I wish you all success with this Project.

Thank you very much.