



Infrastructure UK

Construction Industry Council

All Party Group for Excellence in the Built Environment

Stephen Dance

UNCLASSIFIED



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The Vision for UK infrastructure

- maximising the potential of **existing road and rail** networks;
- transforming **energy and transport** systems to deliver a **low carbon economy**;
- transforming the UK's **strategic rail infrastructure**;
- meeting future challenges in providing sustainable access to **water** for everyone;
- protecting the economy from the current and growing risk of **floods and coastal erosion**;
- reducing **waste** and improving the way it is treated;
- providing the best **superfast broadband** in Europe; and
- ensuring that the UK remains a world leader in **science and research**.



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IUK Infrastructure Cost Review

- Objective: To help close the infrastructure investment gap by finding ways to reduce UK infrastructure delivery costs
- 300 organisations contacted, 120 interviews, specialist groups from industry, clients and wider market engaged
- c.70% UK infrastructure delivered by the private sector.
- c. 60/40 of expenditure on capacity enhancement/maintenance and renewal.
- Weight of evidence confirms the UK is more expensive than European peer group.
- Total construction on infrastructure estimated at £15 billion + per annum
- Opportunity to realise savings of at least 15%
- Programme of actions to deliver £2-3 billion per annum of sustainable benefits



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Drivers of higher cost – policy and systemic issues

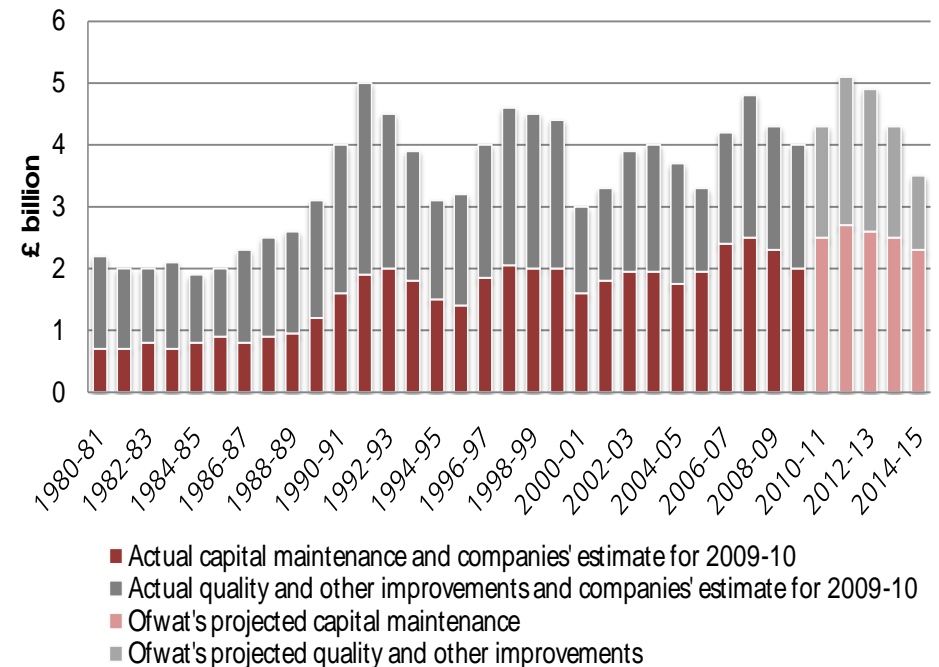
- Urban density:
 - >70% of infrastructure construction in the UK is on brownfield land
 - age of assets, e.g. 70% of Network Rail bridges >100 years old compared to 26% average across Europe
- Planning and statutory consultation processes
- Regulatory compliance and third part influences on cost (e.g. environmental compliance)
- Lower costs of labour in some Eastern European countries (BUT generally the UK cost of labour is comparable to its Western European peer group)



Drivers of higher cost - funder and client issues

- Stop-start investment
- Poor governance and ineffective incentivisation of cost control
- Poor asset information and cost data
- Over-specification
- Commercial issues and procurement processes
- Project insurance

Chart 1.A: Stop-start investment in the water industry

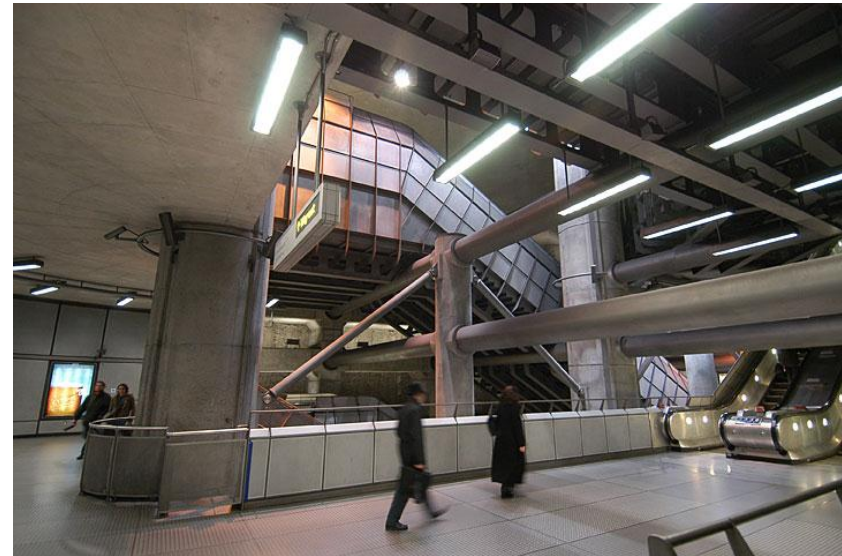


Source: Ofwat



Drivers of higher cost - supply chain issues

- Poor supply chain integration
- Lack of investment for innovation
- Need to improve skills and training
- Low productivity
- Construction logistics





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Improvement objectives

