CBI

In partnership with:

Browne Jacobson

PIPELINE TO PROGRESS

Making UK Infrastructure Investable

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Forewords - CBI

The UK stands at an important moment for infrastructure. After years of underinvestment and disruption, there is renewed political focus on long-term growth, productivity and regional opportunity. The ambition set out by government is clear and welcome. The challenge now is delivery: ensuring that plans translate into projects that can be built, operated and maintained at scale, and at pace.

Business has a critical stake in getting this right. Infrastructure underpins competitiveness, shapes labour markets, and determines whether communities can attract and retain investment. For firms across the economy, from construction and professional services to digital, energy and logistics, confidence in the infrastructure pipeline directly affects decisions on skills, capital deployment and innovation. When delivery is uncertain or fragmented, costs rise, capacity drains away and opportunities are lost.

This report is grounded in a simple proposition: financing is not the constraint. While global capital is available, it is not automatically deployable. What is constrained is priceable, patient capital aligned to delivery risk and pipeline certainty. The binding issue is whether the UK offers credible, investable propositions supported by consistent pipelines, clear risk allocation and professional stewardship over the life of assets. Where these conditions exist, particularly in parts of economic infrastructure, investment flows. Where they do not, especially in social and civic infrastructure, delivery stalls.

The CBI and Browne Jacobson have worked closely, with members across the investment, construction, advisory and operator community, alongside public sector leaders, to identify what has worked, what has not, and what needs to change. This is not about returning to historic PFI models, nor about advocating one contractual form over another. It is about rebuilding a delivery system that is disciplined, transparent and capable of earning long-term confidence. The conclusions are practical rather than ideological.

If the UK is serious about closing its infrastructure gap and supporting sustainable growth, delivery reform cannot be optional. The recommendations in this report are intended to help government move decisively from ambition to execution, in partnership with business, communities and investors alike.

Rain Newton-Smith
CEO, CBI

Forewords - Browne Jacobson

Browne Jacobson is delighted to have had the opportunity to work with the CBI on this report, and to engage with the business community in relation to its recommendations.

The lessons learned, both positive and negative, from earlier PPP programmes are widely known with perceived drawbacks including high transaction fees, lengthy procurements, and poor-value risk transfer.

But this report focusses not on the past, but the future, and the practical, realistic approaches that can be implemented to ensure that clarity of approach is not amongst the hurdles facing the UK's infrastructure delivery programme.

The proposals at the core of this report reflect consistent, key messaging from the market, and an encouraging willingness to support infrastructure projects based on solid foundations of balanced risk and reward, agile contracting, and scalable pipeline. Of the specific proposals set out in more detail in this report, three stand out as supporting an improved delivery process.

Firstly, the ability of the contracting authorities to take advantage of Procurement Act flexibilities by early engagement with the market which, if effectively delivered, would differ markedly from some of the highly structured procurement processes that added cost and time to earlier programmes. Secondly, building social value into projects as an auditable objective and clear focus on long-term societal value, rather than as an add-on, also aligns neatly with the government's direction of travel. It also offers the potential for genuine innovation and the ability to assess wider factors as part of the use case for new projects. Finally contracting for change, and enabling genuine flexibility, has the potential to support genuine partnership and address some of the most significant operational problems associated with earlier models.

We look forward to working with the CBI, procuring agencies and industry partners in relation to infrastructure delivery, supported by the recommendations set out in this report.

Craig Elder
Partner, Browne Jacobson

Introduction

For many citizens, the infrastructure challenge is not experienced as an abstract investment gap but as a daily, tangible reality. Ageing schools that constrain learning, hospitals and community health facilities under pressure and struggling to adapt to modern models of care. Town centres and transport networks that signal decline rather than renewal. These experiences shape public trust in government and explain why progress can feel distant, even where policy ambition is high.

Infrastructure is one of the clearest ways in which people see government working and impacting their lives each day. New schools, modern health facilities, reliable transport and well-designed civic spaces are visible signals of commitment, confidence and long-term intent. When delivery fails to meet ambition, it undermines not only economic performance, but belief that change is even possible. Social value outcomes as a core of future partnership programmes can deliver the government's missions on regeneration, place-making and labour market access that will ensure communities feel the benefits of new infrastructure in their daily lives.

Addressing this challenge is not simply about spending more, it is about how projects move from ambition to delivery. Where infrastructure programmes are fragmented, uncertain or slow to progress, the impact is felt most acutely in social and public infrastructure, where delays directly affect service quality and life outcomes. By contrast, where delivery models are stable, predictable and investment-ready, progress is faster and outcomes are visible.

The UK faces a longstanding infrastructure investment gap that has built up over many years. Relative underinvestment compared with OECD peers has constrained productivity, limited growth potential, and placed pressure on competitiveness[1] [2]. Closing this gap is now central to securing long-term prosperity and will require more than incremental change; it calls for a sustained uplift in both public and institutional investment. The government has acknowledged this challenge by allocating a larger capital spending envelope than forecast trends would otherwise imply; the key test now is delivery. While institutional investment already underpins a large share of the UK's economic infrastructure, particularly regulated and user-funded sectors such as energy networks, digital connectivity and utilities, this investment is unevenly distributed. The UK has been far less successful at mobilising long-term institutional investment into availability-based social and civic infrastructure, where revenues depend on public sponsorship rather than user demand. It is this gap, rather than a general absence of institutional investment, that now constrains delivery in schools, hospitals, and community infrastructure. International experience suggests that where governments prioritise long-term business cases, align incentives, and offer predictable, structured engagement with investors, institutional investment responds positively. In Australia,[3] for example, long-term transport programmes supported by clear pipelines and robust procurement frameworks have consistently attracted institutional investment into major road and rail projects. Similarly, Canada's use of PPPs[4] particularly in social infrastructure such as hospitals and mass transit, has demonstrated how standardised processes and clear risk allocation can support delivery at scale while maintaining value for money.

In the UK, the picture is mixed. Where government has provided clear frameworks, credible revenue models, and stable governance, it has been effective at attracting institutional investment, particularly into economic infrastructure. Longstanding regulatory regimes and contract-based approaches have helped mobilise investment in areas such as energy and digital network infrastructure, while the UK's Contracts for Difference programme[5] has demonstrated strong investor demand when underpinned by transparent rules and reporting. However, this effectiveness has been less consistent in sectors where returns rely on stop–start pipelines, complex sponsorship arrangements, or uncertain policy direction, factors that tend to delay investment and increase delivery risk.

[1] **Gross fixed capital formation (GFCF) as a percentage of GDP in G7 countries | Institute for Fiscal Studies**
[2] **OECD Economic Surveys: United Kingdom 2024 | OECD**
[3] **National Guidelines for Infrastructure Project Delivery | Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts**
[4] **Housing, Infrastructure and Communities Canada - Investing in Canada: Canada's Long-Term Infrastructure Plan**
[5] **How Contracts for Difference deliver investment, skills and community benefits - Energy UK**

This contrast is most evident between economic and social infrastructure. The UK has been more successful at crowding in private investment where projects are underpinned by regulated or user funded revenue streams. By comparison, since the withdrawal of PFI style models, the UK has struggled to develop a scalable replacement approach for schools, hospitals and wider civic infrastructure that can reliably mobilise long-term institutional investment while maintaining strong public outcomes and value for money.

A continuing barrier is the absence of a clear and coordinated interface between government and potential investors. Other countries have addressed this through deliberate institutional arrangements. In South Korea[6], public authorities are required to engage constructively with privately originated proposals, providing clarity on decision-making and enabling viable schemes to progress more quickly. These approaches reduce uncertainty for investors and help convert private interest into deliverable projects.

By contrast, fragmented responsibilities, lengthy response times, and inconsistent guidance in the UK can create avoidable friction and reduce investor confidence. This does not reflect a lack of appetite for investment; indeed, the UK continues to attract substantial inward investment overall, but it does point to the need for clearer sponsorship, more consistent engagement, and stronger coordination across government to translate interest into delivery, especially in complex, multi-sponsor infrastructure programmes.

International comparisons: Since the moratorium on new PFI projects in England in 2018, over 1,000 new PPPs have reached financial close worldwide, with countries such as Canada, Australia and the United States continuing to deliver major infrastructure through reformed PPP models. Closer to home, Wales and Scotland have also failed to stand still, moving ahead with their Mutual Investment Model (MIM) - securing growth fuelling investment in schools, hospitals, and roads.[7]

[6] **KDI - Korea Development Institute**
[7] **FGF - Rebuilding the Nation 03 Infrastructure Investment Partnerships**

For PPPs to support a step change in strategic infrastructure delivery, a shift in both culture and practice is needed. Government can play a stronger role by adopting a more consistently investment ready approach, one that encourages private initiative, provides transparent and reliable engagement, and focuses on the economic fundamentals that underpin investable projects. International examples suggest this does not require replicating past PPP models. Rather, it calls for a modern, partnership-led environment: disciplined project development, standardised commercial approaches where appropriate, and a credible pipeline capable of mobilising institutional investment across both economic and social infrastructure.

Recent moves to strengthen long-term policy stability and rebalance investment decision-making, such as industrial strategy commitments and Green Book reforms, underline the direction of travel. However, their impact will ultimately depend on whether they translate into clearer pipelines, faster delivery, and stronger investor confidence in practice.

This report sets out how such an approach could be developed in the UK, and how public-private partnerships, used strategically and selectively, can help unlock the investment needed to support the country's long-term growth ambitions. In this report, PPP refers to a spectrum of long-term partnership models; the focus is on delivery-system reform rather than prescribing a single contractual structure.

The Challenge

The government's infrastructure ambition is clearly set out within the 10-year strategy8. The delivery challenge is making that ambition repeatable, investable and fast enough to matter, turning strategies and commitments into projects that progress reliably from development to construction and long-term operation.

At present, the system too often behaves as a collection of one-off projects rather than a programme. Pipelines are uneven, sponsors and delivery responsibilities are fragmented, and decision-making can be slow or sequential where it needs to be coordinated and time-bound. This creates avoidable uncertainty, raises transaction costs and drives delays, especially for complex programmes that cut across departments, devolved authorities and multiple stakeholders.

The consequences are most visible in social and civic infrastructure. While parts of economic infrastructure benefit from established delivery models and clearer revenue frameworks, schools, hospitals, and wider public estates have struggled to scale in a consistent way. The result is a gap between national ambition and local delivery capacity: episodic progress, higher procurement friction, and longer timeframes from business case to assets on the ground.

Fiscal constraints sharpen the problem. Public capital will remain essential, but the practical question is how to deploy partnership approaches that improve delivery discipline and whole-life asset stewardship without importing the weaknesses of earlier models. Where pipelines are stop-start, risk allocation is unrealistic, or requirements are unclear, institutional investment does not disappear, but it becomes more expensive, more cautious and slower to commit.

In other words, the barrier is not appetite. It is confidence: confidence in project development quality, in the clarity and consistency of commercial terms, in the pace and credibility of decision-making, and in the public sector's ability to steward long-term contracts effectively.

[8] **UK Infrastructure: A 10 Year Strategy**

That diagnosis points directly to the reforms required. A credible approach must do four things:

1. Create certainty and scale through a stable, credible, sequenced pipeline that enables delivery partners to invest in capacity and reduces bid costs.
2. Standardise and simplify where it reduces cost and friction, tailor where it improves pricing and outcomes, and build governance capability that endures beyond any single project, while allowing controlled tailoring at the edges for genuine local and sector needs. Standardisation should apply to core risk, payment and governance principles, while local tailoring is confined to defined edge schedules through a governed derogation process.
3. Allocate risk to those most able to control, bear, or mitigate and build proportionate, evidence-based allocation and clear mechanisms to rebase, share or adjust risk as a project moves through design, construction and operation. Genuinely collaborative partnerships built on trust, transparency and innovation should be the goal.
4. Rebuild delivery capability and trust through professional contract stewardship, transparent governance, and mechanisms that manage change, performance and handback over the life of assets.

The recommendations that follow are therefore designed to move from ambition to execution: building a modern delivery system that can mobilise investment, reduce friction, and sustain public value over the long term, particularly in the sectors where delivery has proved hardest to scale.

Case study: The Northumberland Line - how partnership delivery accelerates regional growth

The Northumberland Line demonstrates how PPP style delivery can accelerate infrastructure delivery while unlocking wider housing and regeneration opportunities. Delivered by Northumberland County Council as one of the UK's largest third party funded rail upgrades led by a local authority, the scheme combined public leadership with private sector delivery expertise under the Rail Network Enhancements Pipeline, enabling faster progression through formal stage gates while maintaining value for money assurance.

At delivery stage, a multi partner model, bringing together NCC, Network Rail, Northern Trains and private delivery partners including AECOM, enabled complex engineering challenges to be addressed collaboratively, reduced delivery risk on a live railway, and supported coordinated construction and signalling works. The project's success has since been recognised with multiple industry awards, reinforcing the case for structured partnerships as a blueprint for future regional rail investment.

Beyond transport benefits, the reinstated passenger service has unlocked development potential along the corridor by reconnecting former industrial towns including Ashington, Bedlington, Blyth and Bebside to Newcastle in just 35 minutes. This improved connectivity has expanded viable locations for new housing, supported town centre regeneration and enabled transit-oriented development around six new or upgraded stations, de-risking private investment through upfront public infrastructure provision.

The project also supports continued freight use linked to major employment assets such as the Port of Blyth and Lynemouth Power Station. It provides a clear UK example of how partnership models can deliver faster outcomes, manage delivery risk and unlock private sector led housing and regeneration consistent with Green Book principles.

Recommendations

Build a modern delivery system for public-private partnerships

Start with a clear programme proposition

A modern public-private partnership programme must start with a simple proposition: PPPs are not a financing trick, and they are not an engineering contest, they are a delivery system for public outcomes. In the post 2018 context, marked by tighter public scrutiny, tougher safety and sustainability expectations, and less tolerance for opaque commercial structures, the strategic objective is to restore confidence that long term partnerships can deliver reliable assets, measurable outcomes, and whole life value, without locking the public sector into inflexible arrangements that impede future policy choices, supported by a clear assurance process and publishable reporting.

To make this proposition real, the government—through the Cabinet Office and HM Treasury (HMT), working with the National Infrastructure and Service Transformation Authority (NISTA) and a PPP centre of excellence—should:

- Publish an outcome-led PPP proposition and programme principles within six months.
- Embed them across departments and contracting authorities within 12–18 months (including assurance expectations and a presumption of publishability).
- Track and report uptake through assurance processes and publishability reporting.

Protect assets through lifecycle stewardship

At its core, the case for PPPs rests on a practical challenge the UK is struggling to solve through conventional models: the maintenance crisis and the “run-to-fail” cycle. Too much public infrastructure deteriorates because capital is intermittent, lifecycle budgets are raided, and responsibility is fragmented. A reformed PPP approach should therefore prioritise the continuous availability and safe, maintained condition of assets over 25–40 years, with ring-fenced lifecycle obligations and a clear, enforceable hand back that prevents degradation being passed back to the public sector. In this framing, the first strategic outcome is not “more projects”, but assets that remain functional, safe and cost-predictable across their life, reducing fiscal shocks and protecting frontline services. Achieving this consistently requires delivery at programme scale, so that lifecycle discipline, skills and data do not reset with each individual project.

Specify outcomes that can be measured

However, deliverability alone is not enough. The strategic shift required is to treat place-based outcomes as core outputs of PPPs not add-ons, although these outcomes may vary depending on the asset class being financed. That means closing viability gaps while maximising outcomes: affordable housing delivery, civic assets, and placemaking should be designed into the model from the start, rather than bolted on through small procurement weightings or narrative commitments that do not survive commercial negotiation. PPPs should be chosen and structured only after the public sector has defined the outcomes it wants to purchase, sustainability, regeneration, social value, productivity uplift, and only where risk transfer and lifecycle integration create net value without undermining essential policy levers. Outcome-led does not mean outcome-maximal: PPP contracts should hard-wire only those outcomes that are controllable, priceable and governable at asset level, with wider societal impacts tracked at programme level.

This is particularly important for regional rebalancing. Traditional investment incentives can skew towards higher-value geographies, reinforcing a value bias that makes it harder for Registered Housing Providers and strategic authorities to invest in lower-value areas where infrastructure need is greatest. A modern PPP framework should therefore explicitly aim to rebalance geography by creating tools that make investment viable in weaker markets-through blended finance structures, clearer pipeline commitments, and contract designs that fund outcomes rather than relying on market value uplift alone. Done well, PPPs become a mechanism to unlock housing, improve productivity and remove regional constraints, not merely to deliver discrete assets.

Define social value as measurable deliverables

The strategic objectives also require a more serious approach to social value. Social value must be reframed from “10% of a procurement score” into fundable deliverables - proportional and simple key performance indicator (KPI) structures that can be specified, measured and verified over time. The intent is not to overload projects with brittle policy requirements, but to ensure that where government wants outcomes, health improvement, educational attainment, employment stability, skills and social mobility, the contract structure can support them credibly. This means social outcomes are treated as part of the purchased performance, supported by clear metrics and governance, rather than as soft commitments that disappear once construction is complete. The discipline is not fewer ambitions, but fewer contractual outcomes, only those that are fundable, measurable and governable over the life of the asset should sit inside the PPP.

Apply the model to real service settings (schools and health)

Nowhere is this clearer than in the priorities emerging for education and health. For schools, modern PPPs should aim beyond “build and maintain” and explicitly support educational outcomes, attendance, attainment, destinations, employability and behavioural environment, through buildings that are flexible, durable and designed for evolving pedagogy, including AI-enabled teaching and curriculum change whilst recognising future demographic changes may also require thought on future use of assets. This implies a strong emphasis on adaptability, not bespoke architectural statements: spaces that can be reconfigured, upgraded and maintained without constant contractual renegotiation. In health, the strategic objective is to enable the transition of primary care and social care toward place based, neighbourhood level care models which requires estates and infrastructure solutions that actively enable integrated, real-world clinical and social workflows. The lesson is consistent: the contract must be designed around operational reality, not an abstract risk model.

Build pipeline and capability (including modern methods of construction)

A further strategic objective is to make PPPs a tool for delivery excellence and UK capability uplift. Scale is not the objective of PPP reform; it is the condition that makes quality, affordability and capability sustainable. Aggregated pipelines are not pursued to increase project numbers, but to enable disciplined delivery, reduce unit costs, stabilise the supply chain and ensure assets are properly maintained over time. Without scale, stewardship fragments and value for money erodes; with it, delivery becomes predictable and resilient.

The UK cannot sustain a high-performing infrastructure market on stop–start projects. A credible PPP approach should therefore commit to predictable, sequenced pipelines that allow the supply chain to invest in workforce, training, and manufacturing capacity. This is where standardisation, modular approaches, and modern methods of construction (including off-site manufacturing) become strategic, not technical, choices.

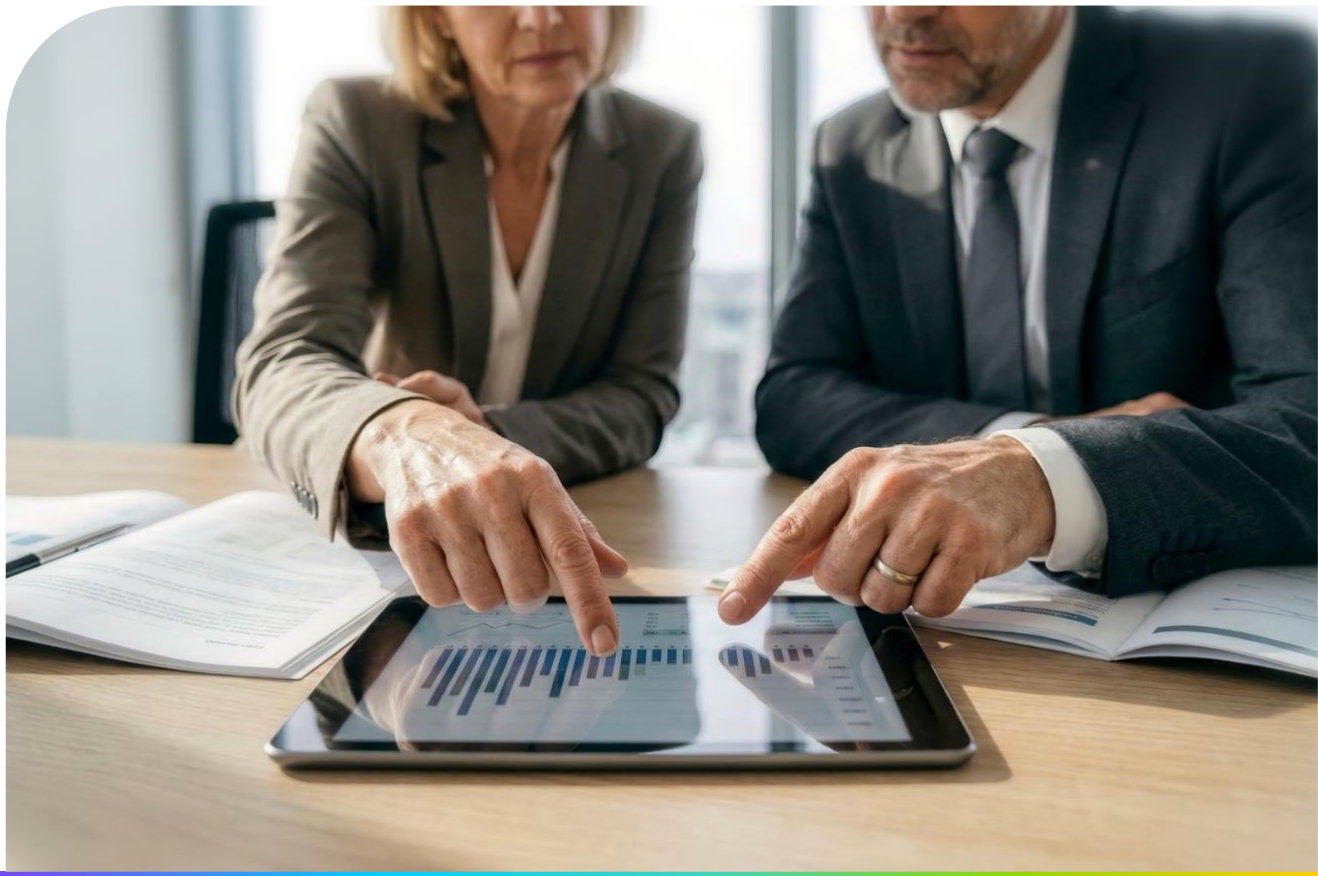
High-volume, repeatable asset types should be delivered through standardised components and digital engineering, while a smaller number of bespoke flagships should be clearly ringfenced and managed differently. The point is to optimise for reliability and productivity, not to maximise customisation.

Prove value for money over time

This emphasis on repeatability and simplicity is also essential for fiscal credibility. Modern PPPs should target transparent value-for-money, not opaque internal rates of return. That requires a disciplined approach to risk allocation and measurement, plus a willingness to compare PPP performance against alternatives over time. The objective should be to build an evidence base through parallel delivery routes and clear expiry/benchmarking mechanisms, so government can demonstrate what is being bought; availability, safety, lifecycle condition, and specified outcomes, and at what cost. A reformed model should reduce friction and dispute by prioritising manageability over legal perfection and by avoiding mid-contract layering of new policy goals that destabilise the commercial equilibrium.

Finally, a strategic objective that cannot be avoided is public sector capability. If government wants to use the Procurement Act's flexibilities, adopt relational contracting, and commission outcome-led infrastructure, it must ensure public bodies have the skills and institutional support to do so with confidence. Capability is not an implementation detail; it is a strategic output. Without it, the system drifts back toward bespoke contracting, procurement paralysis and inconsistent risk transfer, precisely the conditions that inflate costs and undermine trust.

Taken together, these objectives define a modern PPP programme as a practical engine for delivering national priorities: maintainable, safe assets; place-based growth; regional rebalancing; measurable social outcomes; net-zero-compatible delivery; and a stable pipeline that rebuilds UK capability. The model succeeds when it is focused, clear outcomes, disciplined delivery, and contracts designed to evolve, rather than overloaded with complexity or driven by accounting optics. In other words, the strategic objective is not to "do PPPs again", but to establish a modern partnership framework that reliably delivers what the government and communities actually need, at pace and over the long term.



Standardise the legal core for public-private partnerships

The government, through the Cabinet Office and HMT, working with NISTA and a PPP legal centre of excellence, should mandate a core PPP legal architecture and publish by default transparency within six months, adopt it across new programmes within 12–18 months, and monitor derogations and published performance.

A modern PPP approach will only work if the legal framework provides a disciplined, repeatable basis for delivery while protecting the public purse from the cost escalation, contract drift and opaque risk transfer that undermined earlier programmes. The Procurement Act now gives government the tools to achieve this, but the benefits will only materialise if practice shifts decisively away from bespoke drafting and rigid, one-shot financial closes. The strategic objective for the legal framework is therefore clear: create a national architecture that delivers consistency, transparency and whole life value, while giving departments, devolved authorities and investors the confidence to plan and invest over the long term.

Use Procurement Act flexibilities

The first required reform is to embrace the flexibilities of the Procurement Act. Rather than attempting to lock risk, design and price at the outset, procurements should embed predevelopment agreements, early contractor involvement and proof of concept stages within the PPP process itself. This moves risk definition upstream, secures firmer pricing and reduces the volume of post-award variations that historically created fiscal pressure. It also aligns PPP practice with modern delivery norms, including progressive design development, staged certainty and transparent gateways. This is a material break from the “legal perfection before award” mindset that made PFI contracts slow, costly and fragile.

Build post 2018 obligations into the core

Since 2018, the wider context has also shifted in ways the legal framework must reflect. Climate alignment, Clean Power 2030 compliance, whole life carbon and tighter building safety regulation are now baseline expectations, not optional add-ons. Contract structures must reflect this reality through clearer definitions, simpler obligations and enforceable outcome-based mechanisms rather than extensive and inflexible drafting. Safety, lifecycle condition, availability and resilience should form the core performance regime, with ESG requirements integrated in a way that is measurable, auditable and proportionate.

Use a standard core with limited local changes

To make this system deliverable, the legal framework must shift decisively away from bespoke approaches and provide highly standardised and simple, asset class related templates, centrally enforced. A modern PPP architecture should consist of a nationally mandated core commercial and risk architecture, with controlled flexibility through modular overlays and governed change mechanisms reflecting the specific requirements of health, education, neighbourhood regeneration and transport, and project specific schedules that address local conditions such as site risk, planning status and utilities. This "**standardised core, localised edges**" model gives the public sector the consistency needed to control value-for-money, while giving local partners the flexibility to address genuine variability without renegotiating fundamental commercial terms. For clarity, standardisation applies to risk principles, transparency, governance and payment logic, not to freezing design, technology or operational solutions.

Set up a central team to manage standards

CBI members have highlighted the need for a function to manage and maintain consistency of legal framework design and delivery across the UK to avoid past challenges where expertise across the public sector was sparse with local authorities reliant on a small number of individuals who have ultimately left the public sector or retired. A national centre of excellence should be part of the solution to retain institutional wisdom for the long term, but must hold authority to maintain templates, approve derogations, enforce transparency requirements and ensure that the system does not drift back into the fragmentation that inflated procurement cost. This function is also needed to embed consistent risk allocation. The rule should be simple: risk must sit with the party that is best able to control, bear, or mitigate it [9], and risks that cannot be priced, particularly planning, political changes in law, and technology obsolescence, must not be transferred.

[9] **The Construction Playbook – September 2022**, p57

Make it easier to combine funding sources

The legal framework also needs to support blended capital stacks, as most modern regeneration and housing led programmes depend on combinations of grant, land value capture, built-to-rent revenue and registered provider participation. Contracts must therefore include mechanisms that allow structured repricing or realignment as risk reduces or social outcomes are evidenced, without opening the door to wholesale renegotiation. Legal drafting should also support modern partnership structures, including programmatic equity vehicles where appropriate, clearer ownership transparency and simpler Special Purpose Vehicle arrangements.

Publish contracts as standard

Transparency is central to renewing trust. All PPPs should be subject to mandatory disclosure of refinancing events, ownership changes and key performance information, and contract structures should be publishable as standard with only limited, justified redaction. This reduces political exposure, strengthens market confidence and creates a level playing field across departments and regions.

NDFA in Republic of Ireland:

Ireland's National Development Finance Agency provides a clear model for how a central delivery body can stabilise and professionalise PPP programmes. The NDFA acts as the state's commercial, financial and procurement centre of expertise for major infrastructure projects over €75m, running end-to-end procurement on behalf of departments, maintaining standard PPP templates, and supporting consistent risk allocation across programmes. By combining commercial capability, template governance and programme-level oversight, the NDFA gives investors confidence, reduces bid costs and prevents contractual drift, offering a practical blueprint for a UK or NI equivalent that would bring coherence and credibility to long-term PPP delivery.

Case study: Hard Facilities Management (HFM) contracts and value for money

To illustrate how HFM contracts and embedded processes can affect value for money, even where assets perform well, we look at a modern, well specified facility with straightforward maintenance requirements and consistently high availability.

The main issues arise from the contractual framework rather than asset performance. The Lease Plus Agreement (LPA) and subsequent HFM agreement include a payment mechanism that is more complex than necessary. Despite including an annual value, lease and HFM payments are calculated on a month-by-month basis, changing with each month due to operational hour variances, rather than being spread evenly across the year. Without an agreed variation to the mechanism from the outset, this creates additional, unnecessary administrative requirements for all parties.

Experience across the LIFT portfolio as delivery progressed shows that stronger contract design improved outcomes. Later LPA versions introduced clearer KPIs and monitoring, supporting more consistent baseline service delivery. Earlier HFM contracts provide fewer embedded performance levers, increasing reliance on manual oversight.

A further consideration during operation is that of tenant side processes. Routine operational requests are regularly progressed through formal lease variation routes, which are intended for material changes to the property or contract, rather than operational procurement. While the variation process can support such operational needs, it results in disproportionate cost for low value items.

One real life example is the procurement of typical replacement entrance key card. These cost in the region of £60 and are easily obtainable, however, the NHS client used a formal variation route to request these. The costs associated with using the variation route, legal, funder, oversight etc. can lead to a total cost 4-5 times the unit cost of the card.

Overall, the case highlights the importance of proportionate FM contracting, simpler payment and change mechanisms, and aligned processes to reduce operational costs and protect long term value for money in PPP arrangements.

Recommended Legal Framework Reforms

- Establish a disciplined national PPP legal framework built around a mandated, repeatable core commercial and risk architecture, maintained by a central legal centre of excellence, with modular sector overlays, simplified partnership structures, full ownership and performance transparency, governed flexibility through controlled derogations, and a presumption of publishability, to ensure consistency, accountability and whole-life value across programmes
- Embed Procurement Act flexibilities: Pre-Design Agreements, early contractor involvement and proof-of-concept stages to achieve design maturity before entering into the construction contract.
- Embed post-2018 obligations (net zero, whole-life carbon, building safety) using clear, auditable outcome clauses
- Enable blended capital stacks in contracts (grant, LVC, long-income, RP participation) with governed repricing points.

"Standardise where it reduces cost and friction, tailor where it improves pricing and outcomes, and build governance capability that endures beyond any single project."

Craig Elder, Partner, Browne Jacobson

Allocate risk to those who can best manage or bear it

A credible PPP model depends on risk allocation that is realistic, transparent and priced on the basis of what partners can genuinely control, bear or mitigate. How risk is allocated between the parties should take into account the scale and complexity of projects, which will inform the extent that price risk can be apportioned to a delivery entity and when such risk should remain up the chain or be shared. The experience of the Private Finance Initiative (PFI), and the market reaction since 2018, show that value-for-money is undermined not by partnership itself but by attempts to transfer risks that bidders cannot meaningfully manage or bear. When risk is pushed too far, it is either overpriced at financial close or returned unofficially during delivery, driving disputes, operational friction and defensive behaviours. It may well deter companies from bidding in the first place, reducing competition and driving up costs. A modern framework must therefore replace “risk transfer at all costs” with proportionate, evidence-based allocation, tested through assurance gates, and clear mechanisms to rebase, share or adjust risk as a project moves through design, construction and operation, so taxpayers pay for outcomes rather than uncertainty. For clarity rebasing relates to uncertainty resolution within the agreed commercial envelope, not retrospective policy change or objective drift.

Within 3–6 months, the government, through the Cabinet Office and HMT, and the PPP centre of excellence should issue a single risk-allocation principle and design-maturity requirements, secure adoption within 12 months, and monitor compliance through assurance gates and open-book benchmarking.

Reduce early risk and firm up designs

A central challenge is that historically PPPs have operated across two very different risk environments. On one side sit grant funded and registered provider led developments, where capital structures and social objectives allow risk to be shared and priced more flexibly. On the other sit schemes dependent on s106 receipts, market sales or commercial revenues, where institutional financing must absorb greater uncertainty and where attempts to impose additional public policy burdens will quickly undermine viability. The legal framework must recognise these differences rather than imposing uniform allocations that ignore underlying economics. The same applies to high-risk building types: post-Grenfell reforms mean higher-risk building and safety liabilities must be explicitly priced and transparently allocated, with the understanding that some bidders may decline to participate. The goal is not uniformity but predictability; projects fail when governments assume a one-size-fits-all model can accommodate radically different asset risks.

The evidence from later PFIs is that risk transfer can work, especially on construction element (less so on soft FM and hand-back) but only when underpinned by accurate information, mature design and a clear brief. Fixing price before design maturity was one of the most expensive strategic errors of the previous generation, *one which appears to have been replicated whilst building HS2*. The new framework should ensure remunerated early engineering engagement and upfront derisking to avoid inflated bids caused by unknown conditions; contamination, utilities, retained estate interfaces, and civic asset obligations. Planning risk must either be removed before procurement begins or priced openly through recognised mechanisms. Where asset condition is unknown, PPP should not be used unless condition risk can be ringfenced through defined surveys, contingencies or lifecycle clarifications. Transparent open book approaches can further reduce premiums where uncertainty is unavoidable.

Keep policy risk with the public sector

A modern PPP must also distinguish between genuinely controllable operational risk and the broader policy-driven risks that public authorities will always carry. Pedagogical adaptability in schools, clinical workflow changes in hospitals, the evolution of community safety requirements, and wider social policy decisions cannot be transferred to a private counterparty without either distorting cost or triggering punitive variation disputes. PPP contracts should therefore concentrate operational risk on what can be controlled, design quality, workmanship, hard facilities management (FM) performance, and defined lifecycle standards, while removing or minimising bundled soft facilities management and other services that historically created hair-trigger deductions. Availability mechanisms should focus on safety, critical asset reliability and service continuity, not on minor faults that require expensive monitoring but deliver no public value.

Stage and rebase risk (avoid long-term lock-in)

Good practice shows that risk needs to be staged and dynamic, not fixed for 30 years. Staged risk pots with rebasing mechanisms, benchmarking and market testing cycles, and performance linked adjustments reduce the need for bidders to price uncertainty into early phases. This approach avoids “baked in forever” assumptions that have proved both inaccurate and costly. It also allows for hybrid FM models, target cost and reimbursable elements, pain/gain sharing, regulated asset style cost overrun protocols, where fixed price contracting is unrealistic. This preserves bankability while ensuring incentives remain aligned with performance rather than dispute. However, there is a need for strong, transparent and accountable governance which we touch on later. The principle is simple: each stage of a project should carry risk that reflects what is known, not what is hoped for.

At the strategic level, a fit-for-purpose model should focus risk transfer on availability, lifecycle condition and construction performance, with demand and revenue risks removed from public service environments. Contracts must limit interfaces with retained estates, align contract length with design life and major renewal cycles, and include early hand-back surveys and enforceable standards to prevent degradation. Above all, the legal framework must prevent the transfer of responsibilities, e.g. planning, sovereign and policy risks, that bidders cannot control or bear and which will only inflate price or lead to disputes.

The overarching aim is to deliver fair, sustainable and proportionate risk allocation that supports investment and reduces system friction. A PPP approach built on dynamic pricing, transparent mechanisms and accurate risk definition provides better outcomes than models that claim to shift risk but simply shift cost. By aligning risk bearing with control and ability to bear it, sequencing allocation to reflect project maturity, and simplifying FM and lifecycle responsibilities, government can secure bankable, affordable partnerships that deliver long-term asset quality without recreating PFI era distortions.

Recommendations for risk allocation

- Adopt a single national principle: allocate risk only to the party that can best control or bear it; remove unpriceable planning/policy risks from bidders; and not to apportion price risk to a delivery entity when such risk should remain up the chain or be shared.
- Mandate early engineering, surveys and staged phasing to ensure design maturity before price maturity
- Focus operational risk on controllables (design quality, hard FM, lifecycle); exclude soft FM from long-term deduction regimes and calibrate performance to critical assets
- Keep demand/revenue risk public in policy-driven services; use standardised/MMC designs to cut construction risk
- Limit interfaces with legacy estates; align contract length to asset life with early handback surveys and enforceable deterioration standards
- Use hybrid risk-sharing (target cost, pain/gain, and where appropriate reimbursable) with open-book transparency and periodic rebasing where uncertainty is high
- Price high-risk building-safety obligations explicitly and maintain a central risk governance hub to prevent localised risk dumping.

Make innovation and social value auditable

Reset the contract to enable innovation

A modern PPP approach must be designed to do far more than deliver physical infrastructure: it must become a platform for innovation, technological progress and measurable community benefit over the full life of an asset, set out as contractual outcomes. Earlier PPP generations constrained innovation by locking designs too early, discouraging technology upgrades and reducing social value to a procurement stage formality. This has been compounded by procurement and facilities management rules that often continue to block innovation in practice.

The next generation must reverse this pattern, embedding innovation and social value as core contractual outcomes rather than peripheral aspirations. Indeed, we should consider contracts that actively incentivise outperformance on social value which in turn could be a powerful driver of genuine partnership, innovation, and long-term impact.

Sponsoring departments and contracting authorities, supported by the PPP centre of excellence, should publish an auditable innovation/social value KPI library within six months, embed it in new contracts from next year, and monitor delivery through annual independent KPI audits.

Use standardisation and MMC to scale productivity

Innovation is now a delivery and productivity imperative. Modern methods of construction, offsite manufacturing, digital engineering and standardised “product-based” building systems can reduce cost, cut defects, improve whole-life carbon performance and accelerate delivery. Far from being decorative or expensive, innovation in PPPs should be focused on scalability, repeatability and engineering efficiency. Standardisation becomes the platform that enables innovation to spread across programmes, not a constraint on creativity.

Deploying DfMA and MMC through PPPs to improve efficiency and innovation

Public–private partnership (PPP) models provide a strong platform for adopting Design for Manufacture and Assembly (DfMA) and other modern methods of construction (MMC), enabling greater certainty, speed and innovation in infrastructure delivery. Evidence from Laing O'Rourke's industrialised construction programme shows that DfMA leverages digital design, advanced off-site manufacturing and standardised engineered components that can be deployed across multiple asset classes, including hospitals, schools, prisons, transport, defence accommodation, and energy infrastructure. This approach aligns closely with the long term, programmatic nature of PPP pipelines.

DfMA-based delivery has demonstrated measurable improvements in productivity, quality and programme certainty. Case studies show significant reductions in on site labour hours, accelerated construction schedules and zero-defect handovers compared with traditional delivery models. By shifting work from construction sites to controlled manufacturing environments, DfMA reduces delivery risk, enhances quality assurance and improves cost predictability, key objectives for both public authorities and private investors in PPP arrangements.

PPP structures could also support the industrialised approach by enabling repeatability and standardisation across programmes, helping suppliers invest in manufacturing capacity, digital platforms and specialist skills. Off site manufacturing creates stable, high value employment and supports regional economic development, while safer, less labour intensive site activity improves health, safety and workforce resilience.

Overall, integrating DfMA and MMC within PPP frameworks strengthens delivery performance, accelerates economic and social benefits, and supports innovation-led productivity gains across major infrastructure programmes

Move social value from scoring to evidence

At the same time, social value must shift from abstract scoring to long-term, evidence-based outcomes. Stable tenancies, local employment, apprenticeships, community access, STEM/skills development and measurable reductions in NEET levels are examples of benefits that PPPs can deliver consistently, if defined properly and verified through objective KPIs. Social value should be framed in terms of community transformation and long-term savings, not as marketing language attached to bids that fail to materialise.

Design key performance indicators and change control for the life of the asset

Embedding these outcomes requires reform of the contract architecture. PPPs need objective, auditable KPIs (with independent verification) linked to payment and financing adjustments; relational contracting and early codesign stages that shorten learning cycles; and agile change control mechanisms that allow buildings to evolve with technology, user needs and energy transition requirements.

Supporting innovation at scale also requires common digital standards, MMC compatibility, shared data spines, and IP clauses that allow good ideas to be replicated across programmes, whilst rewarding those firms that have invested in new thinking and new ideas. International expertise and competitive dialogue can raise delivery standards, provided social value obligations are proportionate and do not destabilise commercial structures. The main obstacles today, rigid procurement rules, outdated payment systems, over-specification and weak KPIs, must be removed or redesigned to encourage experimentation, upgrades and continuous improvement. There are certainly learnings to be taken from Australia and its approach to neighbourhood health schemes[10]

[10] **All - Australia's 'Precinct Model'**

A modern PPP model should therefore treat innovation and social value as system characteristics: built into templates, governance, financing and procurement. When delivered through standardised frameworks, digital evidence, and community first asset design, PPPs can drive better productivity, lower lifecycle costs and stronger social outcomes, creating places that evolve with need rather than lock into obsolescence. The goal is simple: better places, better outcomes, better value for the next 30 years, not the last 20.

Recommendations for innovation and social value

- Embed objective, auditable innovation/social value KPIs focused on long-term outcomes (not procurement scoring)
- Use relational contracting and lean specifications to enable early co-design and tech pilots
- Mandate platform compatibility and open digital standards, not a single MMC solution, so suppliers can innovate within interoperable design rules
- Deliver multi-use neighbourhood clusters (health/education/skills/childcare/civic) aligned to place-based strategies.

Match finance to delivery risk

Avoid one-size-fits-all financing

Modern PPP financial models must move beyond PFI's single close, single capital stack approach and instead support a more flexible, blended structure that matches finance to delivery risk and the asset's life. The core task is to combine public and institutional investment in ways that reduce cost, align incentives and create predictable, long-term funding conditions without importing the rigidities that made PFI increasingly difficult to operate. In practice, this means using blended finance, where grant, land value capture, long income products, build-to-rent investment and registered provider whole site models are combined to close viability gaps and support earlier phases of delivery.

Within 6–9 months, HMT and sponsoring departments, working with contracting authorities, should issue blended-finance, staged-financing and bundling guidance, and track delivery through pipeline and fiscal-exposure reporting.

Make delivery risk priceable

Investor appetite remains strong for well-structured, predictable social infrastructure, but capital will only flow if delivery risk is credible and pipelines are large enough to justify mobilisation. This is particularly important in higher rate environments where debt markets favour stable income profiles and clear risk boundaries. Fixed profile payments suit build-heavy schemes with limited operational risk, while long run Operation and Management heavy projects may still require indexation. Across both models, transparency around returns is essential: investors, regulators and the public all need clarity on how internal rate of return (IRR) is formed and how refinancing is shared. Blended finance options, including pension fund co-investment, municipal bonds, green financing, place-based commercial revenue and impact investment capital can all contribute, but only where risks associated with land value, commercial income or uncertain planning outcomes remain on the public side rather than being forced into PPP structures in ways that undermine affordability.

Fund lifecycle resilience and staged certainty

The future direction is clear: financial structures must support ongoing maintenance and operational resilience, not just construction. That requires predictable lifecycle funding, transparent governance of lifecycle reserves, and financing tools that allow midlife refurbishment, technology upgrades and component renewals. Models that lock in assumptions for 30 years without flexibility are fundamentally mismatched to modern estates that need digital capacity, energy efficiency upgrades and evolving clinical or educational environments. Financing must therefore support staged certainty, beginning with market-tested Pre-Construction Services Agreements / Early Contractor Involvement (PCSA/ECI) phases and moving to long-term funding only once scope and risk are well understood.

Create scale through aggregation and programmes

Across the board, investor confidence depends on contract stability, clear dispute resolution mechanisms, and a long-term programme rather than sporadic projects. Aggregated or bundled assets, whether neighbourhood health centres, education clusters or community hubs, create the scale needed to attract institutional financing at lower cost of capital, supported by transparent pipeline reporting. Equity partnership models across programmes rather than one-off SPVs can strengthen alignment and reduce the heavy premiums associated with “paying for private finance” under PFI. Financing structures must remain compatible with both traditional institutional finance and emerging sources, pension funds, sovereign issued vehicles, green funds and social impact investors, while avoiding the complexity of models that forbid innovation or change mid-contract.

The overriding principle is simple: finance is available; delivery certainty is not. A reformed PPP approach should therefore focus on reducing delivery risk through early engagement, standardisation where possible, templates, MMC and sequencing, enabling capital markets to price long-term risk efficiently. Stable, predictable programmes lower the weighted average cost of capital, broaden investor participation and support mixed public–private financing models that reflect today’s economic and policy environment.

Recommendations for financial models

- Adopt blended finance with lifecycle-centred rules and outcome-linked finance where appropriate
- Build aggregated pipelines and staged financing (PCSA/ECI → LT debt); expand pension/municipal routes
- Retain macro risks (planning, policy, commercial income volatility) on the public side
- Allow mixed models (income strips/leases/PPP hybrids) and maintain stable programme pipelines.

Strengthen governance and stewardship

A modern PPP programme can only succeed if governance is stable, credible and capable of sustaining long-term delivery, with clear accountability and transparency. The core challenge is not structural complexity but institutional fragility: public sector clients often lack commercial depth, contract stewardship is inconsistent, political signals are volatile, and fragmented oversight often results in duplicated advisory work, adversarial behaviours and slow or incoherent decision making. To correct this, governance must shift from reactive oversight to a disciplined, professionalised system built around clear roles, shared information and long-term accountability.

The government, through the Cabinet Office and HMT, working with NISTA and a PPP centre of excellence, should establish a central PPP delivery body within 12–18 months and continuing professional development (CPD) and accreditation within 24 months, monitored through system-health reporting and capability reviews.

Prioritise capability and continuity

The strongest message from practitioners is that capability and continuity matter far more than organisational charts. Whether in Homes England, mayoral development corporations or devolved delivery bodies, success depends on stable missions, empowered teams and predictable budget envelopes, not two-year policy churn or constant reprioritisation. Similarly, regional vehicles can hold programme level risk and bring clarity to cross-boundary governance, but only if they are granted the flexibility and authority centralised models often deny.

Use open-book data and early dispute resolution

Consistency and transparency are fundamental. Open book approaches, business plan first stages and shared data rooms reduce adversarial drift and build trust by ensuring that decision making is evidence driven. Governance must support the public sector to act as an informed client rather than a passive recipient of market behaviour. That requires contract management capability, specialist procurement support and routine access to independent dispute reviewers who can intervene early, de-escalate issues and prevent both sides from retreating into litigation. Digital audit trails, transparent KPI reporting and real time FM data help shift the system from self-reporting to active monitoring, ensuring performance is measured rather than asserted.

Insulate programmes from short-term volatility

Political volatility remains a major constraint. Public perception often conflates private investment with privatisation, creating a defensive culture that under-resources procurement and contract management, which then increases the risk of poor performance. A credible governance model must insulate delivery programmes from short-term political cycles through clear, cross-party strategies and programme level oversight that prevents rigid contracts from ossifying into political battlegrounds. Longterm stability also requires transparent pipelines that avoid interdepartmental competition for the same supply chain and that provide the predictability needed for contractors, funders and advisors to invest in capacity.

Create a central delivery body to steward the system

Institutional coherence is essential. A central PPP delivery body, building on the functions of NISTA, should act as the system's knowledge keeper, stewarding templates, maintaining dispute resolution protocols, retaining institutional memory and supporting devolved bodies that otherwise reinvent processes at substantial cost. Such a body should also oversee hand back governance, ensuring structured checkpoints, accessible data rooms and consistent application of lifecycle standards, reducing the risk of asset deterioration and end-of-term disputes. Where appropriate, a public sector seat on SPVs can improve transparency and information flow.

Ultimately, governance and accountability must shift from process heavy oversight to lean, disciplined and collaborative delivery structures. Clear lines of responsibility, transparent cost narratives, evidence-based decision making and strong monitoring are more important than adding new layers of bureaucracy. If government rebuilds capability, strengthens regional coherence, provides predictable pipelines and uses transparent, standardised governance tools, PPPs can operate with the accountability and public confidence earlier models struggled to maintain.

Recommendations for governance

- Establish a central PPP delivery body overseeing templates, disputes, shared data rooms and digital audit trails
- Mandatory CPD and professionalisation for procurement/contract management
- Set stable missions and budgets and insulate programmes from short-term cycles via cross-party strategies
- Shift to lean, collaborative governance focused on outcomes rather than process-heavy compliance.
- Where appropriate provide the public sector with a seat at the governance table.

Rebuild market confidence

Restore market confidence through certainty, clarity and continuity

Market appetite for a reformed PPP model is strong, but it is highly conditional. Investors, contractors and operators are not short of capital or capability; what they lack is confidence that the UK can offer a stable, predictable and professionally governed pipeline. The appetite that once sustained PFI has not disappeared, but it has become more discerning. Providers are clear that they will only mobilise if propositions are appropriately risk managed, timetables are realistic rather than politically driven, and contracts offer clarity on KPIs, hand back and change control. The market wants certainty that government knows what it wants, will stand behind the model, and will not repeat the volatility, cancellations and retrospective policy shifts that have eroded trust over the past decade.

Within six months, the government and sponsors, working with NISTA and a PPP centre of excellence, should publish a cross-party pipeline and, within 12 months, agree sequencing and bundling, tracked through pipeline metrics and an annual market-health review.

Provide visibility: pipeline, rules and templates

Investors want visibility above all else. They need a long-term, cross-party pipeline that is large enough to justify reforming specialist teams and investing in supply chain capacity. The UK remains an attractive investment destination, but without continuity, capital will remain on the sidelines. A clear national strategy, standardised contract structures and stable rules give funders confidence to model returns and contractors confidence to bid. Equally, the market expects risk allocation to be sensible, priceable construction and lifecycle risk, but no return to PFI era attempts to shift unmanageable or policy-driven risks. Providers are also looking for simpler, standardised, “off-the-shelf” contracts with modernised change mechanisms, transparent payment regimes and clear definitions that limit interpretive disputes. Resolve risks early, before competition.

Post Carillion, the market’s threshold for clarity has risen sharply. Funders want assurance that planning, utilities and early-stage uncertainties will be resolved before competition begins. Contractors need a clear brief and an informed public sector counterparty with the capability to steward contracts. Lenders and institutional investors, annuity funds, pensions, green and impact capital, will participate where risk clarity exists, the pipeline is predictable, asset segmentation is clear, and the government demonstrates that PPP is not a rebadged PFI but a modern, collaborative delivery tool. Appetite is strongest in sectors where demand is obvious, and risk can be structured cleanly; health, education, public estate renewal, and place-based regeneration, but providers will ration bids to authorities and departments known for clarity and collaboration.

Treat capacity as the constraint (and widen participation)

Finally, delivery capacity, not capital, is now the binding constraint on UK infrastructure. Scale matters not to stretch the market further, but to smooth demand, sequence workloads and give firms the confidence to invest in people, skills and manufacturing depth. UK infrastructure projects compete internationally for both capital and delivery capability, and speed, clarity and risk-adjusted returns matter as much as stated policy intent.

Construction appetite itself remains healthy. However, companies will only mobilise teams when the pipeline is real, stable and sequenced in a way that avoids multiple departments drawing on the same supply chain at the same time. Where pipelines are uncertain or episodic, capacity is rationed and bids thin out.

There is also scope to widen participation. SMEs can play a larger role where governance structures allow covenant pooling, programme-level risk management and prime contractor partnerships, rather than excluding them through one-off scale thresholds and balance-sheet requirements.

Across all segments, the market message is consistent: capacity and capital will return quickly once government provides structural certainty, predictable procurement programmes and a trusted delivery function capable of coordinating national and regional pipelines. Delivery reform that is visible and credible—through early pilots, bundled programmes and a functioning central delivery body—will unlock both investment and the skills base needed to deliver at pace.

Recommendations for driving market appetite

- Publish a credible, long-term, cross-party pipeline and maintain contract sanctity by avoiding mid-contract layering of new policy goals that destabilise the commercial equilibrium
- Ensure equitable risk allocation and approach to pricing with early de-risking and standardised contract models; strengthen public-sector counterpart capability
- Create programme-level scale through bundling, enable SME participation, increase transparency on handback/lifecycle and sequence nationally to avoid congestion.

Enable mayoral delivery at scale

Why the current model blocks delivery

Delivering large-scale infrastructure and social housing through England's regions and metro mayors is central to growth, but it requires a fundamental shift in the way the UK's central machinery of government is organised. The current model remains structured around vertical departmental control, with Treasury, MHCLG, DfT, DESNZ, DHSC, MOJ, and the Cabinet Office each holding fragmented budgets, assurance processes and approval rights. This architecture was built for central programme management, not devolved capital delivery. As a result, regional leaders face multiple gatekeepers, inconsistent oversight, duplicated business case requirements and slow, siloed decision making that undermines the very efficiency the centre seeks to protect.

Clarifying the balance of authority

The case for devolved delivery is not a case for fragmentation. Under a modern delivery system, mayors and combined authorities should have autonomy over what is delivered, where and in what sequence, within multi-year settlements. The centre should retain control only where national consistency protects value for money, risk discipline and market confidence, namely core commercial principles, transparency, lifecycle standards and risk allocation.

Within 6–12 months, the government, through HMT and the Cabinet Office, combined authorities and mayoral strategic authorities, and NISTA should agree a single devolved assurance framework and integrated pipeline, moving to multi-year settlements from the next spending cycle, tracked via regional scorecards and approval cycle-time reporting.

Move from vertical control to place-based delivery - Create a single 'front door' for regions

A modern delivery system needs to operate horizontally rather than vertically. Infrastructure, housing, transport, utilities, planning, energy and skills interact as one system in a region, yet Whitehall treats them as separate domains. This mismatch produces delays, weak accountability and disjointed investment strategies. A single cross-government infrastructure function, strengthening or expanding NISTA's mandate, would create a unified front door for regions, aligning appraisal guidance, pipeline approval and capital frameworks across departments. Regions would deal with one coherent system instead of four or five competing processes.

Let Treasury set budgets, not approve every project

The Treasury's role also needs recalibration. The current "project-by-project approval" model creates bottlenecks even for devolved areas, slowing schemes and fragmenting accountability. A shift toward macrolevel fiscal control would allow Treasury to set affordability envelopes, fiscal rules and risk parameters, while allowing combined and strategic authorities to take responsibility for project-level choices within multiyear settlements. This preserves fiscal discipline but unlocks regional delivery speed and economies of scale, enabling mayors to build coherent place-based investment programmes. **This model is one of earned autonomy**: regions control project selection, phasing and place-based outcomes within nationally defined commercial, fiscal and risk guardrails.

Standardise the devolution offer

This shift requires a more consistent national approach to devolution. The present patchwork of bespoke deals produces uneven powers, variable capabilities and uncertainty for investors and local partners. A standard statutory package for metro mayors, with aligned powers over spatial planning, land assembly, integrated transport, regeneration and local utilities coordination, would provide the predictability necessary for long-term investment and for Treasury assurance. Standardised governance, audit and reporting frameworks would give the centre the confidence it needs while enabling regions to plan with clarity.

Simplify assurance and business cases

Departmental assurance processes are another barrier. Today's appraisal and procurement frameworks remain designed for centrally delivered capital programmes, often forcing metro mayors into duplicated templates, parallel business cases and repeated challenge cycles. A single devolved assurance framework, agreed between Treasury and a strengthened NISTA, would streamline approvals without diluting value for money standards. Combined authorities should run their own OBC/FBC processes within an approved national model, reducing bureaucracy and accelerating delivery.

Give mayors convening powers over utilities and agencies

Empowering regional leaders also means giving them the ability to coordinate the actors who control key infrastructure timelines. Even with devolved funding, metro mayors cannot compel utilities, regulators or national agencies to work to a shared regional plan. Statutory convening powers, binding spatial frameworks and joint infrastructure planning boards would allow mayors to orchestrate the sequencing of energy, transport, land and housing infrastructure, reducing delays and improving investor confidence.

Align Homes England with regional strategies

To make place-based delivery real, Homes England must also evolve from a centrally directed programme agency into a dual-accountability organisation that responds to regional priorities. This has now started to happen with the appointment of regional directors and is a welcome step forward. Mayoral authorities should be able to direct regional housing investment strategies, with Homes England delivering in alignment with local spatial frameworks. Critical functions such as brownfield assembly, land acquisition and regeneration powers should increasingly sit with regions to allow housing, transport and utilities to be planned as a single system.

Set risk sharing and simplify funding

None of this works without clear fiscal risk sharing. Treasury fears being left with liabilities; regions fear being pushed into risks they cannot control. Transparent frameworks for overruns, demand risk, shocks and utilities driven delays, supported by jointly funded resilience pots, would reduce uncertainty for both sides. Equally important is simplifying funding. The current landscape of dozens of siloed competitive funds wastes capacity, distorts priorities and undermines strategic planning. Consolidating them into single multisector capital pots with 5–7 year rolling settlements would enable mayors to invest for productivity and long-term growth rather than bid cycles.

Move to strategic stewardship

The machinery of government must shift from a command-and-control model to one of strategic stewardship. Treasury and departments retain the essential levers, fiscal rules, national standards, risk frameworks and oversight of major programmes, but they step back from micromanaging delivery. Metro mayors take responsibility for integrated, place-based infrastructure and social housing programmes, supported by clear powers, stable settlements and a coherent central system designed to work with them, not around them. This is not simply an administrative reform; it is the structural prerequisite for delivering the scale and pace of infrastructure investment the country now requires.

Recommendations for regional delivery mechanisms

- Build on NISTA's project pipeline to include Mayoral Strategic Authority infrastructure programmes and to unify approvals, appraisal and pipeline governance
- Shift Treasury to macrolevel fiscal control, and accelerate the roll out of integrated, multi-year funding settlements as part of an enhanced devolution package for metro mayors covering planning, land, transport, housing and utilities coordination
- Work with and support the Combined Authority Infrastructure Partnership as it seeks to build the skills needed within mayoral strategic authorities to develop credible, investable propositions, and enable the private sector to support this through employment secondments
- Grant mayors statutory convening powers over utilities, regulators and agencies to coordinate infrastructure sequencing
- Establish transparent fiscal risk sharing frameworks between Treasury and regions
- Consolidate competitive funds into flexible single-pot settlements to enable strategic planning and productivity driven investment.

Conclusion

The UK's ambition on infrastructure is clear. Recent steps to strengthen long-term planning and improve how investment decisions are made point in the right direction. The opportunity now is to make delivery more consistent and scalable. When pipelines are stop-start, requirements shift, and early risk is unresolved, projects get priced defensively and delivery slows.

This report focuses on how public-private partnerships (PPPs) can bring long-term private investment into social and economic infrastructure, in a way that supports government priorities and delivers measurable public value. The next step for government is to build on its ambition by creating the conditions that allow partners to invest, mobilise teams and deliver repeatedly, not just occasionally.

Three shifts matter most: create certainty and scale through a stable, credible, sequenced pipeline; standardise where it reduces cost and friction, and tailor where it improves pricing and outcomes; and allocate risk to those best able to manage or bear it. Delivery also depends on professional contract stewardship and transparent governance that manage change, performance and handback over the life of assets.

Priority actions

- Publish a credible, long-term, cross-party pipeline and keep it stable over time
- Standardise the legal and commercial core, with controlled tailoring at the edges
- Use Procurement Act flexibilities to reduce early-stage risk before competition and use early contractor involvement
- Allocate risk to the party that can manage or bear it, and keep unpriceable policy risk with the public sector
- Rebuild contract stewardship and transparency across the life of the asset.

The CBI and our members stand ready to work with government to support delivery, including helping to shape the pipeline, test standard approaches and support early pilots that prove what works. With clear direction and sustained commitment from government, the market will respond, capacity will return, and delivery can become faster, more predictable and more trusted.

Recommendations

	Responsible	Action (Change)	Impact (Difference)	Timescale	Monitoring (Who/How)	New Recommendation (policy-ready)
Legal 1	HMG (Cabinet Office & HMT) with NISTA/centre of excellence	Establish a disciplined national PPP legal framework built around a mandated, repeatable core commercial and risk architecture—maintained by a central legal centre of excellence—with modular sector overlays, simplified partnership structures, full ownership and performance transparency, governed flexibility through controlled derogations, and a presumption of publishability, to ensure consistency, accountability and whole-life value across programmes.	Consistency, transparency and lower transaction costs; improved investor confidence and accountability.	Start within 6 months; full adoption across new programmes within 12–18 months.	Centre of excellence issues annual template updates; NAO/IPA review compliance; publish redacted contracts on a central portal.	Responsible: HMG (Cabinet Office & HMT) with NISTA/centre of excellence | Action: Establish a unified national PPP legal architecture with mandated core commercial terms, template stewardship, derogation control and publishability by default. | Impact: Consistency, transparency and lower transaction costs; improved investor confidence and accountability. | Timescale: Start within 6 months; full adoption across new programmes within 12–18 months. | Monitoring: Centre of excellence issues annual template updates; NAO/IPA review compliance; publish redacted contracts on a central portal.
L2	Cabinet Office (Commercial Function) & contracting authorities	Embed Procurement Act flexibilities: PDAs, early contractor involvement and proof-of-concept stages to achieve design maturity before entering into the construction contract.	Reduces mispricing and scope creep; faster delivery with fewer disputes.	Policy note within 3 months; adoption in all procurements within 12 months.	Commercial assurance requires design-maturity checklist at gate approvals; report adoption rates via IPA dashboards.	Responsible: Cabinet Office (Commercial Function) & contracting authorities | Action: Embed Procurement Act flexibilities: PDAs, early contractor involvement and proof-of-concept stages to achieve design maturity before entering into the construction contract. | Impact: Reduces mispricing and scope creep; faster delivery with fewer disputes. | Timescale: Policy note within 3 months; adoption in all procurements within 12 months. | Monitoring: Commercial assurance requires design-maturity checklist at gate approvals; report adoption rates via IPA dashboards.

	Responsible	Action (Change)	Impact (Difference)	Timescale	Monitoring (Who/How)	New Recommendation (policy-ready)
L3	Relevant departments & regulators (DLUHC, DESNZ, HSE) with Cabinet Office	Embed post-2018 obligations (net zero, whole-life carbon, building safety) using clear, auditable outcome clauses.	Improves safety and climate alignment while keeping obligations priceable.	Update clauses within 6 months; mandatory in new procurements from next FY.	Independent technical auditor signs off KPIs; annual publication of performance vs targets.	Responsible: Relevant departments & regulators (DLUHC, DESNZ, HSE) with Cabinet Office | Action: Embed post-2018 obligations (net zero, whole-life carbon, building safety) using clear, auditable outcome clauses. | Impact: Improves safety and climate alignment while keeping obligations priceable. | Timescale: Update clauses within 6 months; mandatory in new procurements from next FY. | Monitoring: Independent technical auditor signs off KPIs; annual publication of performance vs targets.
L4	HMT & sponsoring departments	Enable blended capital stacks in contracts (grant, LVC, long-income, RP participation) with governed repricing points.	Improves viability while preserving bankability and lifecycle quality.	Issue guidance within 6 months; applied to new programmes thereafter.	Programme boards track repricing triggers; HMT monitors fiscal exposure.	Responsible: HMT & sponsoring departments | Action: Enable blended capital stacks in contracts (grant, LVC, long-income, RP participation) with governed repricing points. | Impact: Improves viability while preserving bankability and lifecycle quality. | Timescale: Issue guidance within 6 months; applied to new programmes thereafter. | Monitoring: Programme boards track repricing triggers; HMT monitors fiscal exposure.
Risk 1	HMG (Cabinet Office/HMT) & centre of excellence	Adopt a single national principle: allocate risk only to the party that controls or can bear it; remove unpriceable planning/policy risks from bidders; and not to apportion price risk to a delivery entity when such risk should remain up the chain or be shared	Reduces risk premia and bid attrition; better value for money.	Principle issued within 3 months; all programmes aligned within 12 months.	Pre-procurement risk registers audited at assurance gates; IPA tracks deviations.	Responsible: HMG (Cabinet Office/HMT) & centre of excellence | Action: Adopt a single national principle: allocate risk only to the party that controls or can bear it; remove unpriceable planning/policy risks from bidders and not to apportion price risk to a delivery entity when such risk should remain up the chain or be shared. | Impact: Reduces risk premia and bid attrition; better value for money. | Timescale: Principle issued within 3 months; all programmes aligned within 12 months. | Monitoring: Pre-procurement risk registers audited at assurance gates; IPA tracks deviations.

	Responsible	Action (Change)	Impact (Difference)	Timescale	Monitoring (Who/How)	New Recommendation (policy-ready)
R2	Contracting authorities	Mandate early derisking engineering, surveys and staged phasing to ensure design maturity before price maturity.	Avoids claims and rework; delivers on time and budget.	Apply immediately to live pipelines within next 6–9 months.	Gate reviews require evidence of surveys and phase plans; performance evaluated post-PC.	Responsible: Contracting authorities | Action: Mandate early derisking engineering, surveys and staged phasing to ensure design maturity before price maturity. | Impact: Avoids claims and rework; delivers on time and budget. | Timescale: Apply immediately to live pipelines within next 6–9 months. | Monitoring: Gate reviews require evidence of surveys and phase plans; performance evaluated post-PC.
R3	Contracting authorities & FM providers	Focus operational risk on controllables (design quality, hard FM, lifecycle); exclude soft FM from long-term deduction regimes and calibrate performance to critical assets.	Stabilises O&M performance and reduces adversarial deductions.	Adopt in next procurement cycles (within 12 months).	Annual O&M audits benchmark deductions vs criticality; publish lessons learned.	Responsible: Contracting authorities & FM providers | Action: Focus operational risk on controllables (design quality, hard FM, lifecycle); exclude soft FM from long-term deduction regimes and calibrate performance to critical assets. | Impact: Stabilises O&M performance and reduces adversarial deductions. | Timescale: Adopt in next procurement cycles (within 12 months). | Monitoring: Annual O&M audits benchmark deductions vs criticality; publish lessons learned.
R4	Sponsoring departments	Keep demand/revenue risk public in policy-driven services; use standardised/MMC designs to cut construction risk.	Bankable projects with lower WACC and fewer contractor failures.	Apply to all new availability-based programmes within 12 months.	Gateway business cases must evidence demand risk retention and standardisation choices.	Responsible: Sponsoring departments | Action: Keep demand/revenue risk public in policy-driven services; use standardised/MMC designs to cut construction risk. | Impact: Bankable projects with lower WACC and fewer contractor failures. | Timescale: Apply to all new availability-based programmes within 12 months. | Monitoring: Gateway business cases must evidence demand risk retention and standardisation choices.

	Responsible	Action (Change)	Impact (Difference)	Timescale	Monitoring (Who/How)	New Recommendation (policy-ready)
R5	Contracting authorities & centre of excellence	Limit interfaces with legacy estates; align contract length to asset life with early handback surveys and enforceable deterioration standards.	Prevents end-of-term disputes and asset deterioration; protects public value.	Introduce in next round of procurements (within 9–12 months).	Lifecycle dashboards and handback readiness reviews from year 5; independent survey sign-offs.	Responsible: Contracting authorities & centre of excellence | Action: Limit interfaces with legacy estates; align contract length to asset life with early handback surveys and enforceable deterioration standards. | Impact: Prevents end-of-term disputes and asset deterioration; protects public value. | Timescale: Introduce in next round of procurements (within 9–12 months). | Monitoring: Lifecycle dashboards and handback readiness reviews from year 5; independent survey sign-offs.
R6	HMT & contracting authorities	Use hybrid risk-sharing (target cost, pain/gain and where appropriate, reimbursement) with open-book transparency and periodic rebasing where uncertainty is high.	Maintains bankability while accommodating uncertainty.	Issue guidance within 6 months; apply to complex projects immediately thereafter.	Quarterly open-book reviews and independent benchmarking of re-baselining.	Responsible: HMT & contracting authorities | Action: Use hybrid risk-sharing (target cost, pain/gain, and where appropriate, reimbursement) with open-book transparency and periodic rebasing where uncertainty is high. | Impact: Maintains bankability while accommodating uncertainty. | Timescale: Issue guidance within 6 months; apply to complex projects immediately thereafter. | Monitoring: Quarterly open-book reviews and independent benchmarking of re-baselining.
R7	HMG with centre of excellence	Price high-risk building-safety obligations explicitly and maintain a central risk governance hub to prevent localised risk dumping.	Avoids contractor exit and ensures safety requirements are funded.	Implement hub within 12 months; building-safety pricing rules immediate.	Hub publishes annual allocations dashboard; regulators review safety funding.	Responsible: HMG with centre of excellence | Action: Price high-risk building-safety obligations explicitly and maintain a central risk governance hub to prevent localised risk dumping. | Impact: Avoids contractor exit and ensures safety requirements are funded. | Timescale: Implement hub within 12 months; building-safety pricing rules immediate. | Monitoring: Hub publishes annual allocations dashboard; regulators review safety funding.

	Responsible	Action (Change)	Impact (Difference)	Timescale	Monitoring (Who/How)	New Recommendation (policy-ready)
Innovation & social value 1	Sponsoring departments & contracting authorities	Embed objective, auditable innovation/social value KPIs focused on long-term outcomes (not procurement scoring).	Aligns incentives with community outcomes and innovation adoption.	KPI library issued in 6 months; all new contracts adopt from next FY.	Third-party audits; publish KPI performance annually.	Responsible: Sponsoring departments & contracting authorities | Action: Embed objective, auditable innovation/social value KPIs focused on long-term outcomes (not procurement scoring). | Impact: Aligns incentives with community outcomes and innovation adoption. | Timescale: KPI library issued in 6 months; all new contracts adopt from next FY. | Monitoring: Third-party audits; publish KPI performance annually.
I2	Contracting authorities	Use relational contracting and lean specifications to enable early co-design and tech pilots.	Improves design quality and reduces over-specification.	Adopt immediately in pipeline procurements (within 6–9 months).	Design reviews at concept and pre-construction; pilot results published.	Responsible: Contracting authorities | Action: Use relational contracting and lean specifications to enable early co-design and tech pilots. | Impact: Improves design quality and reduces over-specification. | Timescale: Adopt immediately in pipeline procurements (within 6–9 months). | Monitoring: Design reviews at concept and pre-construction; pilot results published.
I3	Contracting authorities & funders	Introduce agile change control and allow lifecycle funds for energy/digital/safety upgrades.	De-risks upgrades and accelerates decarbonisation/digitalisation.	Apply within 12 months to all live long-term contracts.	Annual change-control audits; publish upgrade payback metrics.	Responsible: Contracting authorities & funders | Action: Introduce agile change control and allow lifecycle funds for energy/digital/safety upgrades. | Impact: De-risks upgrades and accelerates decarbonisation/digitalisation. | Timescale: Apply within 12 months to all live long-term contracts. | Monitoring: Annual change-control audits; publish upgrade payback metrics.

	Responsible	Action (Change)	Impact (Difference)	Timescale	Monitoring (Who/How)	New Recommendation (policy-ready)
I4	HMG & major sponsors	Mandate MMC/platform approaches and digital engineering standards; enable IP reuse across programmes.	Scales productivity gains and transparency across portfolios.	Standards issued within 9 months; platform adoption phased over 24 months.	Design compliance checks; portfolio IP registry with reuse metrics.	Responsible: HMG & major sponsors | Action: Mandate MMC/platform approaches and digital engineering standards; enable IP reuse across programmes. | Impact: Scales productivity gains and transparency across portfolios. | Timescale: Standards issued within 9 months; platform adoption phased over 24 months. | Monitoring: Design compliance checks; portfolio IP registry with reuse metrics.
I5	DLUHC, DHSC, DfE, ICSs & LAs	Deliver multi-use neighbourhood clusters (health/education/skills/childcare/civic) aligned to place-based strategies.	Improves access to services and local regeneration outcomes.	Programme prospectus within 12 months; phased delivery thereafter.	Place boards track utilisation outcomes; publish integrated hub KPIs.	Responsible: DLUHC, DHSC, DfE, ICSs & LAs | Action: Deliver multi-use neighbourhood clusters (health/education/skills/childcare/civic) aligned to place-based strategies. | Impact: Improves access to services and local regeneration outcomes. | Timescale: Programme prospectus within 12 months; phased delivery thereafter. | Monitoring: Place boards track utilisation outcomes; publish integrated hub KPIs.
Financial structure 1	HMT & sponsoring departments	Adopt blended finance with lifecycle-centred rules and outcome-linked finance where appropriate.	Closes viability gaps and sustains assets through life.	Guidance within 6 months; apply to all new programmes next FY.	Programme boards track outcome KPIs tied to financing; HMT oversight.	Responsible: HMT & sponsoring departments | Action: Adopt blended finance with lifecycle-centred rules and outcome-linked finance where appropriate. | Impact: Closes viability gaps and sustains assets through life. | Timescale: Guidance within 6 months; apply to all new programmes next FY. | Monitoring: Programme boards track outcome KPIs tied to financing; HMT oversight.

	Responsible	Action (Change)	Impact (Difference)	Timescale	Monitoring (Who/How)	New Recommendation (policy-ready)
F2	HMG & institutional investors/GLAs	Build aggregated pipelines and staged financing (PCSA/ECI → LT debt); expand pension/municipal routes.	Creates scale, lowers WACC and widens investor base.	Begin aggregation within 6 months; investor routes expanded within 12 months.	NISTA digital pipeline tracks bundle volumes and capital participation.	Responsible: HMG & institutional investors/GLAs | Action: Build aggregated pipelines and staged financing (PCSA/ECI → LT debt); expand pension/municipal routes. | Impact: Creates scale, lowers WACC and widens investor base. | Timescale: Begin aggregation within 6 months; investor routes expanded within 12 months. | Monitoring: NISTA digital pipeline tracks bundle volumes and capital participation.
F3	Sponsoring departments & HMT	Retain macro risks (planning, policy, commercial income volatility) on the public side.	Improves priceability and reduces cancellations/failures.	Immediate policy direction; enforced at business-case stage.	Green Book assurance requires macro-risk retention sign-off.	Responsible: Sponsoring departments & HMT | Action: Retain macro risks (planning, policy, commercial income volatility) on the public side. | Impact: Improves priceability and reduces cancellations/failures. | Timescale: Immediate policy direction; enforced at business-case stage. | Monitoring: Green Book assurance requires macro-risk retention sign-off.
F4	HMT & contracting authorities	Allow mixed models (income strips/leases/PPP hybrids) and maintain stable programme pipelines.	Improves flexibility and investor confidence, especially where borrowing limits apply.	Model guidance within 9 months; pipeline commitments published annually.	Annual market statements; publish refinancing rules and pipeline changes.	Responsible: HMT & contracting authorities | Action: Allow mixed models (income strips/leases/PPP hybrids) and maintain stable programme pipelines. | Impact: Improves flexibility and investor confidence, especially where borrowing limits apply. | Timescale: Model guidance within 9 months; pipeline commitments published annually. | Monitoring: Annual market statements; publish refinancing rules and pipeline changes.

	Responsible	Action (Change)	Impact (Difference)	Timescale	Monitoring (Who/How)	New Recommendation (policy-ready)
Governance 1	HMG (Cabinet Office/HMT) with centre of excellence	Establish a central PPP delivery body overseeing templates, disputes, shared data rooms and digital audit trails.	Reduces adversarial behaviours; raises system capability.	Stand-up within 12 months; full functionality by 18 months.	Annual system health report; KPI dashboards across programmes.	Responsible: HMG (Cabinet Office/HMT) with centre of excellence | Action: Establish a central PPP delivery body overseeing templates, disputes, shared data rooms and digital audit trails. | Impact: Reduces adversarial behaviours; raises system capability. | Timescale: Stand-up within 12 months; full functionality by 18 months. | Monitoring: Annual system health report; KPI dashboards across programmes.
G2	Departments and contracting authorities	Mandatory CPD and professionalisation for procurement/contract management.	Improves commercial decisions and contract outcomes.	Launch within 6 months; all commercial staff accredited within 24 months.	CPD registry; IPA capability reviews and maturity scores.	Responsible: Departments and contracting authorities | Action: Mandatory CPD and professionalisation for procurement/contract management. | Impact: Improves commercial decisions and contract outcomes. | Timescale: Launch within 6 months; all commercial staff accredited within 24 months. | Monitoring: CPD registry; IPA capability reviews and maturity scores.

	Responsible	Action (Change)	Impact (Difference)	Timescale	Monitoring (Who/How)	New Recommendation (policy-ready)
G3	HMG (HMT/Cabinet Office) and delivery bodies	Set stable missions and budgets and insulate programmes from short-term cycles via cross-party strategies.	Predictable pipelines and lower bid costs; sustained investment.	Agree missions within 6 months; cross-party accords within 12 months.	Publish annual mission scorecards; report cancellations/changes.	Responsible: HMG (HMT/Cabinet Office) and delivery bodies | Action: Set stable missions and budgets and insulate programmes from short-term cycles via cross-party strategies. | Impact: Predictable pipelines and lower bid costs; sustained investment. | Timescale: Agree missions within 6 months; cross-party accords within 12 months. | Monitoring: Publish annual mission scorecards; report cancellations/changes.
G4	Contracting authorities	Shift to lean, collaborative governance focused on outcomes rather than process-heavy compliance.	Faster decisions and innovation with accountability retained.	Roll-out through updated operating manuals within 9 months.	Independent gateway reviews assess outcome focus vs bureaucracy.	Responsible: Contracting authorities | Action: Shift to lean, collaborative governance focused on outcomes rather than process-heavy compliance. | Impact: Faster decisions and innovation with accountability retained. | Timescale: Roll-out through updated operating manuals within 9 months. | Monitoring: Independent gateway reviews assess outcome focus vs bureaucracy.

	Responsible	Action (Change)	Impact (Difference)	Timescale	Monitoring (Who/How)	New Recommendation (policy-ready)
Mayoral Authorities 1	HMG & sponsoring departments	Publish a credible, long-term, cross-party pipeline and maintain contract sanctity (no retrospection).	Boosts market confidence and attracts institutional capital.	Publish within 6 months with annual refreshes.	NISTA pipeline metrics; report cancellations/variations publicly.	Responsible: HMG & sponsoring departments | Action: Publish a credible, long-term, cross-party pipeline and maintain contract sanctity (no retrospection). | Impact: Boosts market confidence and attracts institutional capital. | Timescale: Publish within 6 months with annual refreshes. | Monitoring: NISTA pipeline metrics; report cancellations/variations publicly.
MA2	HMG & contracting authorities	Ensure priceable risk allocation with early de-risking and standardised contract models; strengthen public-sector counterpart capability.	More competitive bids and reduced bid costs.	Guidance within 6 months; adoption across competitions within 12 months.	Bid cost surveys; template compliance audits; capability maturity scores.	Responsible: HMG & contracting authorities | Action: Ensure priceable risk allocation with early de-risking and standardised contract models; strengthen public-sector counterpart capability. | Impact: More competitive bids and reduced bid costs. | Timescale: Guidance within 6 months; adoption across competitions within 12 months. | Monitoring: Bid cost surveys; template compliance audits; capability maturity scores.
MA3	HMG, regions & regulators	Create programme-level scale through bundling, enable SME participation, increase transparency on handback/lifecycle and sequence nationally to avoid congestion.	Lowers WACC, widens participation and improves delivery reliability.	Begin bundling within 6 months; national sequencing protocol within 12 months.	Annual market-health review; publish SME participation and handback transparency metrics.	Responsible: HMG, regions & regulators | Action: Create programme-level scale through bundling, enable SME participation, increase transparency on handback/lifecycle and sequence nationally to avoid congestion. | Impact: Lowers WACC, widens participation and improves delivery reliability. | Timescale: Begin bundling within 6 months; national sequencing protocol within 12 months. | Monitoring: Annual market-health review; publish SME participation and handback transparency metrics.

Northern Ireland - Specific Issues for consideration

Context

Northern Ireland faces a particularly acute infrastructure deficit across water, transport, housing and public estate, compounded by factors that do not apply, or apply less sharply, elsewhere in the UK. While the core recommendations of this report are designed to work across all four nations, the NI context demands additional, targeted action if PPP reform is to deliver at pace in the region.

Distinctive Challenges

Absence of strategic direction. Northern Ireland's Investment Strategy (ISNI) remains unpublished, and the absence of multi-year budgets means there is no credible, costed infrastructure programme against which the private sector can plan or mobilise. Without strategic clarity, the region faces a chicken-and-egg problem: the market cannot mobilise without a pipeline, yet government hesitates to publish a pipeline without market engagement.

Planning system delays. Projects routinely face multiple planning decisions over many years, creating a level of uncertainty that deters investment and inflates bid costs. Unlike the Republic of Ireland, where planning is typically secured before procurement begins, NI exposes bidders to planning risk throughout the process, significantly increasing the cost of participation.

Loss of public sector capability. Voluntary exit schemes have eroded the legal, commercial and contract management expertise needed to negotiate balanced PPP contracts and steward them over time. Several interviewees noted that institutional knowledge has been lost to the point where public bodies no longer fully understand the principles behind existing contractual mechanisms, increasing the risk of disputes and poor value for money.

Fragmented governance. Responsibility for infrastructure delivery is spread across the Central Procurement Directorate (CPD), the Strategic Investment Board (SIB) and individual departments, with no unified centre of authority. This contrasts sharply with the Republic of Ireland's NDFA model, which provides a single expert body responsible for end-to-end PPP procurement and template governance.

Political and cultural risk aversion. The legacy of the Renewable Heat Incentive (RHI) scandal has created severe aversion to demand-risk models, and NI's political culture has tended to focus excessively on cost rather than outcomes, weakening support for innovation and partnership-based procurement.

Revenue and fiscal constraints. NI's revenue base limits options for regulated or user-funded models, creating greater reliance on capital grant and making blended finance structures essential to close viability gaps.

What Works: Lessons from the Republic of Ireland

The Republic of Ireland offers a directly relevant comparator. The NDFA's consistent documentation, standardised contracts and central expertise have produced a model that is "very well received" across sectors. Key features that NI should draw on include:

- **Planning secured before procurement**, significantly reducing bidder risk and cost
- **Availability-based payment models** as the default, removing demand risk from the private sector
- **Benchmarking cycles** to incorporate efficiency improvements without destabilising contracts
- **A single, expert delivery body** providing continuity, institutional memory and market confidence

Conclusion

The market message for Northern Ireland is unambiguous: capital and capacity are available, but only if the region can demonstrate strategic clarity, political stability and a credible, professionally governed programme. NI's infrastructure deficit is too deep to be addressed through conventional capital grant alone, yet the conditions for successful PPP deployment, pipeline certainty, balanced risk, standardised contracts and institutional capability, are currently absent. The recommendations in Appendix 1 are designed to close this gap, complementing the priorities identified in this section and drawing on proven international best practice, particularly the ROI/NDFA model, while aligning with the national PPP reform framework set out in this report.

Delivery, not model design, is the immediate priority. If NI can secure planning upfront, publish a credible pipeline and establish a central delivery function, private investment will follow.

May 2026

Mark.goldstone@cbi.org.uk

cbi.org.uk