SOCIAL VALUE:
MOVING ON FROM THE GREEN BOOK

SECURING AND REPORTING SOCIAL VALUE
The Infrastructure Forum's working group for this report comprised of members from across the infrastructure sector – within both the public and private sectors – and has been chaired by David Ferroussat, Operations Director at Mace
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SUMMARY OF KEY POINTS

1. In many cases, social value is being delivered but not reported. It is important to enable one transparent version of the truth that can be drawn up from any level of the portfolio to easily inform various stakeholders. A more consistent measure of social value will help procurers to move beyond a focus on financial measures as the main reflection of overall performance.

2. All projects of a certain scale should be subject to a live web based reporting requirement in which projects progress is measured against targets on delivery, budget and social value created to date and confirms that careful and diligent enquiries have revealed no areas of cause for concern beyond the 5% margin adopted in IPA reporting by the Department for Transport.

3. The role of an independent body, with clear statutory duties to protect the interests of consumers, whilst balancing these with the interests of the private sector, will be essential in improving accountability. Other bodies such as an Independent Fund Surveyor or Maitre D’oeuvre could also protect stakeholder interests.

4. In terms of attempting to measure the economic benefits and social value of projects, things have moved on since the Green Book was designed. We recommend that government establishes an expert working group to design a clearly written, up to date model to assist those putting forward proposals.

INTRODUCTION

5. There are many aspects of infrastructure procurement and major projects which have caused particular public concern in recent years.

6. This has created a strong desirability to improve the robustness and prioritisation of infrastructure investment.

7. There is therefore a need to provide an effective way of demonstrating to the public that projects are genuinely adding social value and can be shown to do so throughout the life of the asset. Current public consultations are largely focused on planning considerations rather than focusing on social value.

8. A key area which causes public concern is the perception that major projects almost invariably run significantly over budget and over time.

9. Again, well-publicised difficulties over HS2 and Crossrail are much in the public mind. Rail electrification projects have failed to be delivered on time and budget, causing major changes to plans for the future rail network and its carbon emissions.
10. Some relevant factors are:
   a) Incentives to over-promise to win the project in the first place;
   b) A reluctance properly to cost inflation and other likely cost increases;
   c) Changes to the specification of the project and in some cases expectation that these changes can be accommodated within the original budget;
   d) Technological and other developments occurring after the planning and development phase;
   e) Inappropriate/inadequate apportionment or allowances for risk at all levels within the supply chain;
   f) Optimism bias by which favorable forecasts are preferred over the pessimistic.

11. To understand these issues and adjust for them formed an important part of the Public Administration and Constitutional Affairs Select Committee’s report on this subject.

12. This is mainly a question of monitoring and transparency. Improving the way in which projects are monitored for timeliness and budget outcomes is therefore an important goal in order to maintain public support for major projects.

13. Against this background it is clearly important to avoid sudden and unpleasant large surprises in the timetabling or cost outcome of a project.

THE CHALLENGES IN DETAIL: DEFINING AND COMMUNICATING SOCIAL VALUE

14. The beginning of a template by which major projects can be demonstrated to the public to have real social value already exists.

15. It was set out in the Public Services (Social Value) Act, 2012.

16. Under the Act, a wide range of contracting authorities - as defined in the Public Contracts Regulations, 2006 - must comply with three requirements before starting the procurement process.

17. The three requirements are that, quoting subsections of section 1 of the Act:
   “(3) the authority must consider –
   
   a) How what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and
   b) how, in conducting the process of procurement, it might act with a view to securing that improvement.
   c) The authority must consider under subsection (3)(b) only matters that are relevant to what is proposed to be procured and, in doing so, must consider the extent to which it is proportionate in all the circumstances to take those matters into account.
   d) The authority must consider whether to undertake any consultation as to the matters that fall to be considered under subsection (3)”.
18. The Act therefore provides a useful basis to demonstrate social value. During 2018 the Cabinet Office began moves to strengthen its effect against the background of the collapse of Carillion.

19. The Chancellor of the Dutchy of Lancaster at the time, Rt Hon David Lidington MP, said that “we will extend the requirement of the Social Value Act in central government to ensure that all major procurements explicitly evaluate social value, where appropriate, rather than just consider it”.

20. In March 2019 the government launched a consultation on how government should take account of social value in the award of central government contracts. Unfortunately, however, the consultation broadened itself considerably and examined a wide range of high-level themes including:

POLICY OUTCOMES

Ensuring supply chains are accessible to all types of businesses, including Small and Medium-sized Enterprises (SMEs) and Voluntary, Community and Social Enterprises (VCSEs)

Ensuring supply chains are accessible to all types of businesses, including for business owned or led by under-represented groups including women, BAMEs and people with disabilities

Improved employability and skills

Ensuring businesses in the supply chain encourage improved gender pay balance

Ensuring businesses in the supply chain encourage increased representation of disabled people in the workforce

Ensuring businesses in the supply chain encourage increased representation of ethnic minorities in the workforce

Ensuring businesses in the supply chain encourage inclusion and improved staff mental health and wellbeing

Ensuring businesses in the supply chain encourage improved community cohesion

Environmental impacts are reduced

Modern slavery risks are reduced

Cyber Security risks are reduced
21. These aspects, while current and in some cases significant, are too wide to achieve a useful purpose in demonstrating social value to the public.

22. The Act should be updated to ensure that the social value of a project is properly demonstrated and the wider and ongoing benefits over its lifetime are recognised at the outset.

23. There is therefore a need for a consistent method of social value calculation. Until a consistent model is adopted, it will not be possible to make equitable calculations at bid and delivery stages.

24. Measures of social value delivered versus social value committed would make a good comparison.

25. At a later stage, another option might be a sort of kitemark or certification that the project has met best practice in terms of the consultation approach followed and the cost benefit assessment which has been used.

26. The Total Impact Measurement and Management (TIMM) framework can help to assist companies in thinking on a more integrated basis. It was developed by PWC in order to provide a more complete assessment of how value is generated in both the short and long term, which should help decision makers to consider the net impact of their actions.

27. There are existing cost benefit assessments and techniques which are well established in both government and the consulting world and which are already used in assessing the utility and proportionality of legislation.

28. In the UK much of this work is done under the guidance of the Regulatory Policy Committee, whilst at European level the Regulatory Scrutiny Board is the appropriate decision taker. These approaches could be developed to meet our social value test.

29. There are potential models of compliance which draw upon the pioneering initiative of the Rail Safety and Standards Board. Also relevant is the summary report from the National Infrastructure Commission on evaluating the performance of private financing and traditional procurement.

30. We recommend that analysis of costs and benefits of private financing and traditional procurement in a reformed Social Value Act should:

   a) Be over the whole life of the project from the development phase to decommissioning.
   b) Consider the wider context of the economic environment and industry. Including the industry in the analysis recognises the risks transferred down the supply chain.

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Good project performance and a sustainable approach will lead to long term value for money being realised over the life of projects.

c) Move beyond a focus on financial measures as a reflection of overall performance by taking account of the wider outputs and outcomes the project is delivering – these include the quality of services, asset quality and condition, and the project management practices enabled by the procurement route such as innovation.

d) Take a broad assessment of benefits including where a project augments choices, frees up capacity and has dynamic or spill over effects which should be recognised if a proper cost benefit assessment is to be made.

e) Recognise the differences between the different types of service providers involved in major infrastructure projects, e.g. consultants and designers may not be ‘local’ during the design phases, while the contracting/construction element is always local.

f) There should be transparency in reporting. Social Value is being delivered in many cases but not reported.

31. We set out in Annex A, a short draft amendment to the Social Value Act which would help achieve these purposes

**MONITORING TIMELINESS AND BUDGETARY OUTCOMES OF MAJOR PROJECTS**

32. In theory there is already a public mechanism to check on the status of important infrastructure projects.

33. It is in the Annual Report and supporting Data of the Infrastructure & Projects Authority.

34. We decided therefore to test this system against the sudden and unexpected announcements in the autumn of 2019 concerning a major increase in cost of the HS2 High Speed rail programme.

35. The IPA’s Annual Report for 2019 on major projects 2018-19 shows on page 33 that the project has had an amber/red rating for each of the years 2013-14, 2015-16, 2017-18 and 2019. An amber/red grading means that “successful delivery of the project is in doubt, with major risks or issues apparent in a number of key areas. Urgent action is needed to address these problems and/or assess resolution is feasible”.

36. There is no other substantive reference to HS2 in the Annual Report, and the fact that the amber-red status had persisted unchanged for several years suggest that the status had become low level ‘background noise’ rather than a trigger for corrective action

37. The IPA annual report is supported by a spreadsheet looking at projects listed against the relevant Department, in this case the Department for Transport, September Major Project

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Portfolio data. The Department for Transport’s narrative read as follows “the amber/red assessment is noted by IPA and reflects the overall complexity of the programme. We are committed to delivering HS2. HS2 Ltd has an ambitious schedule of Phase One services commencing from 2026 which we are continuing to monitor. We are keeping a firm grip on costs and HS2 is working with its supply chain to ensure this remains. We will make public a Full Business Case including an affordability assessment at the point of Notice to Proceed in 2019”.

38. The Department’s narrative on budget/forecast variance for 2018-19 simply claimed that the budget variance was less than 5%.

39. The Department’s narrative on whole life costs was reassuring. It read “whole life costs are currently within profile in the Project Outline Business Case. The GRIP 3 £1.465 billion (2012-13 prices) figure reported in last year’s annual report was the previous baseline prior to the Grip 3 refresh in January 2018 which reduced the baseline cost to £1.091 billion (please note this is a different price phase, quarter one 2015). The reduction in the base line costs are down to the cost challenge set by the Secretary of State which included efficiencies such as reduced scope requirements. GRIP 4 Cost Plans/target cost and Full Business Case planned for Summer 2019 may subsequently change the forecast capital cost”.

40. Against these relatively reassuring narrative statements and the constant amber/red status of the project overall, unpleasant surprises materialised in autumn 2019.

41. We recommend therefore that the IPA revisit the way in which the amber/red reports are followed up. It cannot be right that they may continue from one year to another until project-threatening results occur.

THE ROLE OF INDEPENDENT REGULATORS

42. The role of an independent regulator, with clear statutory duties to protect the interests of consumers, whilst balancing these with the interests of the private sector, would help in achieving this accountability. There is confidence that a long-term regulatory regime that covers the entire project life undertaking infrastructure formation, provides a high degree of long-term cost, risk-management and performance transparency via regulatory reporting and project oversight by key stakeholders.

43. In keeping projects to schedule, there would be a pre-agreed overall project cost, time and risk envelope, approved by the regulator before the start of construction.

44. The regulator would also take on a duty to ensure that a project is continually financeable and not having an impact deemed unacceptable to the consumer. This would require suitable resources to be deployed within existing regulators, or even the creation of new regulators formed for a specific purpose.
45. As independent bodies, they would also be free from political interference in their decision-making process and the approach would enable key-public sector resources to be concentrated within the regulator, rather than spread across numerous procuring authorities.

46. The regulator’s ability to both penalise and incentivise companies based on the current state of an infrastructure project, could be key to the overall success of its delivery. A feature of the Civil Aviation Authorities (CAA) price control at Heathrow, is a series of projects (capital investment trigger projects) that have key milestones incentivised in the regulatory settlement under which Heathrow incurs penalty charges if these are not delivered on time. As of 1 June 2019, nineteen projects had been agreed with the airline community. The success of this scheme has meant that at the time of publishing, 10 out of 12 projects under the framework were completed on or before time.³

47. The role that regulators play as centres of expertise in performance monitoring, incentive setting and independent oversight, could be central to the successful roll-out of new major infrastructure projects.

AN INDEPENDENT FUND SURVEYOR

48. At Heathrow, an Independent Fund Surveyor (IFS) is hired in order to provide an assessment of the reasonableness of all major decisions made on projects, ensuring that capital is used effectively to deliver outcomes determined by their Business Plan.⁴

49. This involves assuring the programme and project development process through major gateways followed by monthly reviews throughout the design and delivery phases. This includes reviewing the brief and business case, through development to operation.

50. Some of the key benefits of the IFS system include:

   a) ‘A focus on the processes being followed, the assumptions being made, and the risks being managed.
   b) Real time reviews through the gateway life-cycle process.
   c) Adding value to the delivery of the project portfolio by providing an increased level of confidence to all parties.
   d) Simplifying regulatory capex efficiency reviews’.

³ Heathrow Airport, Airport Charges for 2020 Consultation Document, 2020
⁴ Heathrow Airport Ltd, Strategic Capital Business Plan, 2015
INDEPENDENT AUDIT AND SUPERVISION - THE MAITRE D’OEUVRE

51. Similarly, as in Lord Berkeley’s ‘Review of High Speed 2’, it could be in the interests of a major infrastructure project to appoint an independent technical and commercial auditor to provide regular and detailed reports of the status of the project.

52. During the construction of the Channel Tunnel, concessionaires were able to appoint one or more independent project managers (the Maitre d’Oeuvre (MdO)).

53. The MdO monitored project activities and reported back to the government and bank sponsors on the project. It was to act not only on behalf of the client, but also on behalf of the Intergovernmental Commission (IGC), ensuring that the terms of the concession were followed.

54. The MdO would be required to review whether the works carried out matched any relevant specifications, regulations, construction contracts and also ensuring that the project was on timetable and to the relevant cost projections.

55. Similar approaches under the banner of project or programme representatives have been used in the UK, but it is apparent that they have not been effective in controlling costs and schedule issues in some major projects. Greater independence, more transparency and clearer reporting lines to outside agencies and to the Infrastructure and Projects Authority now seem necessary.

SOUNDING AN ALERT

56. Currently, it proves difficult to determine exactly when an alert should be sounded that a project is going wrong and may subsequently overrun. Those working on Crossrail for example had a ‘can do’ attitude to solving problems. However, this had to be met with an element of pragmatism. It had to be determined whether there was a certain degree of optimism bias at fault or the ‘can-do’ attitude was a representative of strong leadership.

57. An element of political pressure can also result in project managers being more reluctant to report bad news. An evidence-based approach to examining a programme is therefore argued to be necessary to counter this reluctance and any optimism bias.

58. Major projects are complex by nature and vast in scale, meaning that they are more than likely to exceed initial budget and schedule expectations. The current narrative that overruns represent failures in delivery needs to change and instead reasons for adaptation of and changes to the project should be communicated more clearly with the public at regular intervals.

5 Lord Berkeley, Review of High Speed 2, 2020
59. In achieving consistently high performance levels across major projects, projects need more stretching objectives that can motivate teams to aim for high performance. Budget and schedule are often what becomes the expectation and what shortfalls are reported against, but these will not be delivered without more concrete aims.

60. Public statements do not consistently, if at all, report the social value delivered with these major projects through the cycle of design, build and operation. Whilst many consultancies and contractors do report on a quarterly basis, on the social, economic and environmental value that they are creating, this is not in the public domain, and would go a long way to offset the cost picture that the public see when the view is that most big projects cost overruns are not worth it.

61. Crossrail as a project should generate a supposed £42 billion of social value. When examined in this context, the overruns of the project become much less of a concern. However, these figures are not often utilised by client organisations. Since this figure was calculated in 2008, it had not been updated again.

62. A mechanism must be designed by which any incentives to conceal developing cost overruns and project delays can be mitigated, a true picture of the progress of a project assessed at least annually; and problems corrected, projects adjusted or extra financing allocated as may be necessary before issues have got out of hand and have become financial, politically and economically difficult to correct. Annex B provides an example form of return that would allow for any cost overruns and project delays to be identified early on and goes some way in both explaining and justifying any changes.

**LIVE REPORTING REQUIREMENT**

63. It is therefore proposed that all projects of a certain scale are subject to a live reporting requirement highlighting progress against targets on delivery, budget and social value created to date and confirms that careful and diligent enquiries have revealed no areas of cause for concern beyond the 5% margin adopted in IPA reporting by the Department for Transport.

64. It is also suggested that any significant change to a project should be accompanied by an up to date cost benefit analysis.

65. Annex C sets out suitable factors to include on such a platform which would be monitored by the Infrastructure & Projects Authority. It might also be monitored by;

a) The sponsoring Departments
b) HM Treasury
c) National Audit Office
d) Public Accounts Committee
e) Any relevant economic regulator
f) And other relevant stakeholders
66. This reporting requirement would have a number of advantages.

67. First it would mean that an automatic mechanism would flag up any serious cost and budget problems with a project, lifting difficulties out of ‘background noise’ into a visible framework.

68. Secondly the monitoring system could be made flexible so that if overruns going beyond the 5% threshold were revealed, quarterly meetings would be required until the project was back on track.

69. Bringing forward the revelation of concerns would allow support for the project’s delivery and its financing, as well as more time to decide on remedial or mitigatory actions.

70. The system would also represent good practice in terms of transparency, accountability and public reporting and would assist the work of Parliament and its Select Committees in securing the efficient allocation of public resources.

71. The new system would make use of existing internal figures rather than requiring further original work: the difference would be that the platform would be live and made public rather than kept private. This would facilitate openness and transparency. With any large portfolio of work, it is worth reviewing the suitability, compatibility and resilience of current common digital platforms that support the reporting needs of an organisation. This will enable one transparent version of the truth that can be drawn up from any level of the portfolio to easily inform various stakeholders.

72. In the same way that post-Enron company law receives confirmation that a company has effective financial controls on a yearly basis, a similar mechanism could also be applied to major projects, ensuring that chief financial officers carefully examined all aspects before signing off against this commitment.

73. Clearly this proposal addresses some small but significant aspect of avoiding surprises in major project delivery. More fundamental and substantive issues are addressed in, for example, the TIF response to the Public Administration and Constitutional Affairs Select Committee Inquiry into Government’s Management of Major Projects.

MOVING ON FROM THE GREEN BOOK

74. Much current discussion on capturing the social value and the wider economic value of infrastructure projects has focused around HM Treasury’s Green Book. Like many important texts this book is more often referred to than scrutinised in detail.

75. It has served for many years as a useful set of guidance to assist government in taking value for money judgements before committing public funds, and it also seeks to set out

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6 HM Treasury, The Green Book, 2018
some criteria by which the appropriate choices between government finance and public private partnerships should be made.

76. If the detail of the Green Book is examined carefully it is difficult to take exception to much of its advice.

77. For example, when addressing unmonetizable and unquantifiable costs and benefits the Green Book says: “If there are significant unmonetisable effects associated with an intervention, efforts should be made (where it is possible and meaningful) to quantify them in some other way. Significant benefits and risks that are beyond direct monetisation should be considered at the long-list stage and in selection of the short-list. Options with and without their inclusion provide alternative scenarios, which can be used to reveal their costs. This informs choice by considering whether these cost differences are a price worth paying. For example, Bateman et al. (2013) apply this when examining the costs of changing policy on land use when faced with unmonetisable impacts on biodiversity”.

78. Similarly, in examining the scope of costs and benefits the Green Book says: “The relevant costs and benefits are those to UK society overall. All relevant costs and benefits which may arise from an intervention should be valued and included in Social CBA unless it is not proportionate to do so. The priority costs and benefits to quantify are those likely to be decisive in differences between alternative options. The appraisal of social value involves the calculation of Benefits Cost Ratios (BCRs) – the ratio of benefits to costs – and Net Present Social Value (NPSV) – the present value of benefits less costs, as appropriate to the intervention being considered”.

79. The Green Book is realistic that not every benefit may be quantified and says: “It may be disproportionate to quantify some costs and benefits or there may be insufficient evidence to provide reliable estimates. Where this is the case, these effects should be clearly described and visible as part of the results of the appraisal”.

80. Few would disagree that the Green Book’s comments on non-monetised costs says “Where non-monetised costs or benefits are significant summary measures alone will not capture the full impact of an option. Similarly, a single measure may fail to adequately reflect the full range of potential costs and benefits to society if there are significant risks attached to an option that have proved challenging to quantify. It may be unrealistic to produce a single number that adequately captures the full impact of an option”.

81. The Green Book also addresses non-market valuations and again, it would be difficult to take exception to its advice and says: “When there is no market price for costs and benefits to society they need to be estimated and are known as shadow prices. This is particularly important for environmental, social and health effects. Some have generic values generated, for example, through surveys of a sample of the population”.

82. Careful examination of the Green Book therefore suggests that a number of the problematic elements in estimating the wider economic and social benefits of infrastructure projects have been considered and given careful consideration.
83. It is now apparent that in practice many believe that the criteria used in coming to a final decision are too narrow. These perceptions are too widespread, and the importance of renewing the UK’s critical national infrastructure too great, to allow the status quo to continue.

84. A further issue arises when discounted cashflow (DCF) techniques are used to estimate cost-benefit ratios (BCR) that include valuations of social benefits. It is an axiomatic feature of DCF techniques that the further into the future a social benefit arises, the less value it contributes to a BCR in today’s prices. Whereas, in practice, the value to society of a core piece of infrastructure often steadily grows over time.

85. The Thames embankments are a good example of this. Had DCF principles been applied to the BCR for these works, it is doubtful that they would have been built when London’s sewers were upgraded in the 19th century and yet, as assets, they keep on giving year-after-year in terms of a steadily growing social benefit to London.

86. The same point can be made another way: when considering social benefit within a BCR-based decision on whether to invest, the exam question is not so much “what should we do?, as “what would our grandchildren want us to do?” DCF techniques are not well suited to answering that question.

87. Part of the difficulty may be that HM Treasury is at the same time guardian of the national finances and an economic department with a strong role in the future development of the UK’s infrastructure – an apparent conflict of interest which may have been reduced to some extent by the establishment of the National Infrastructure Commission and the Infrastructure & Projects Authority. Clearly, however, these developments have not assuaged external concerns.

88. We therefore, have two recommendations about the future of the Green Book.

89. In terms of attempting to measure the wider economic benefits and social value of projects, things have moved on in practice since the Green Book was designed.

90. Many developing projects now use external techniques of social benefit calculation including specialist advisors and consultancies using their experience and proprietary formulae to prepare credible assessments.

91. The way in which government evaluates these approaches, recognises good practice or expertise in the preparation of these assessments and ways the results in its final political decisions needs revisiting.

92. We recommend that government establishes an expert working group to design a clearly written, up to date model to assist those putting forward proposals.
93. As mentioned earlier, the merits of the Green Book itself overall have been rather overshadowed by a perception that notwithstanding its balanced advice, decisions in practice are taken in a different way, focusing on narrow measures of economic benefit, designed to favour lowest cost projects and lacking methods to highlight social value at the outset and to police and monitor it throughout the life of a project.

94. Our recommendations in the rest of this report on introducing greater independence into the assessment and monitoring of projects – by using the independent economic regulators and techniques such as Independent Fund Surveyors or a Maître d’Oeuvre – will assist to overcome these problems.

95. The will, however, probably prove insufficient unless the Green Book as a whole is comprehensively updated. An area in which it is currently lacking, for example, is that it does not treat effectively the concept of Market Led Proposals which have been introduced in the Department for Transport for rail projects but have faltered, in part because the original criteria seem not to be followed; because a narrower approach has been taken to classifying whether projects are public or private; and because one Department facing a number of policy challenges has been left rather unsupported by the Treasury and Cabinet Office in designing a system which will engender the trust of private sector investors and promotors.

96. As we identified in our report Sustainable Procurement: A Vision for UK Infrastructure?, Market Led Proposals are full of potential for improving the quality and value of infrastructure renewal and development in the UK and a cross government approach ought to be established to develop them.

97. A specialist expert working group drawing on private sector expertise should be set up to review the future of MLPs.

98. Overall, building on the work of the two reviews we have proposed, a revised volume of Treasury guidance on project appraisal and evaluation should be issued – a Blue Book? a Yellow Book? – the name is less important than resetting understanding of the expectations of society that a new approach to major projects is underway, one in which the wider economic benefits of infrastructure renewal are fully understood; a realistic view to the pricing of such projects is taken avoiding the lowest cost heresy; and effective and independent renew mechanisms along the lines of those set out in this report are deployed so that an alert is sounded well before major or project-threatening variations to cost or delivery appear out of the blue before a distressed and disappointed public audience.

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ANNEX A

1. The Public Services (Social Value) Act 2012 should be updated to strengthen its requirements, ensure that social value is demonstrated to the public at the start of major projects and during, and state the monetary value delivered.

2. The current request that relevant authorities must consider “whether to undertake any consultation as to how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area, and how, in conducting the process of procurement it might act with a view to securing that improvement” should be replaced with an obligation to consult on these issues.

3. Following the conclusion of the consultation the procuring authority should be required to publish, alongside its results, a cost-benefit assessment of the project.

4. The cost-benefit assessment should be carried out in accordance with HM Treasury’s Green Book guidance on Social Benefits Analysis and Social Cost – Effectiveness Analysis over the lifetime of the asset.
## ANNEX B – EXAMPLE FORM OF RETURN

<table>
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<tr>
<th>Programme</th>
<th>Contract</th>
<th>Contract Award</th>
<th>Budget</th>
<th>Cost to Date</th>
<th>Anticipated (or Actual if complete Final Cost (AFC))</th>
<th>Cost Increase (forecast or actual)</th>
<th>Planned Completion Date</th>
<th>Forecast (or actual) Completion Date</th>
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<tbody>
<tr>
<td>Thames Tideway</td>
<td>Civils 1</td>
<td>2016</td>
<td>£3.5bn</td>
<td>-</td>
<td>£3.8bn</td>
<td>£0.3bn</td>
<td>2024</td>
<td>2024 (On Track)</td>
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### Reasons for cost increase

- 8% Rise in costs due to “changes to construction methodology” after having to avoid the need to divert a Victorian gas main at Blackfriars - one of its most complex sites.
- King Edward Memorial Park site in Wapping, teams also found it difficult with unexpected ground conditions which meant they have had to do significant work to reinforce the ground to make it stable for construction.

### ESG – Critical Achievements or Value Added

- No major injuries or significant incidents relating to marine operations to date
- A solid foundation on which Handover can be achieved by quarter one 2024.
- Able to align to the World Resources Institute and the World Business Council for Sustainable Development definitions of Scope 2 and 3 emissions
- Supported an apprenticeship programme with assessment day’s that helped shortlist suitable Civil Engineer apprentices, and consistently engaged with students in work experience placements.
- Successfully achieved financing priorities for the year. Continued to monitor the market to identify opportunities for further debt issuance and implementation of the green financing strategy.

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8 All Information correct as of November 2019. This information is already collected and publicly available via the Thames Tideway website and annual reports.
ANNEX C

1. In the same way that public companies must produce a return and set of accounts, those responsible for major projects should be under a similar legal obligation.

2. They should update a web-based live platform designed to reveal:
   
   a) Whether the main elements of the project are in line with the timeline established for it.
   b) Whether there are any significant variations from budget.
   c) Whether the nature of the project or any of its major component parts has changed in the past twelve-month period or has a prospect of change in the forthcoming twelve-month period.

3. The platform would be monitored the Infrastructure & Projects Authority and should be watched by:

   a) The sponsoring Departments
   b) HM Treasury
   c) National Audit Office
   d) Public Accounts Committee
   e) Any relevant economic regulator
   f) And other relevant stakeholders