Evidence to Public Accounts Committee on Government's use of private finance for infrastructure

On Thursday, 22nd May 2025, the Association for Project Management (APM) and the APPG for Project Delivery hosted a roundtable of experts from industry, government, and academia. The session examined public and private roles in UK infrastructure, the lessons that can be learned from the Private Finance Initiative (PFI), and how future models can be adapted to deliver trusted, transparent, and mission-aligned infrastructure.

Below is a summary of the key areas that the roundtable identified as essential to the success of future infrastructure funding models. We hope this contribution proves useful to the Public Accounts Committee's inquiry.

1. **A need for a realistic and strategic infrastructure pipeline**

- Industry leaders need a credible Government pipeline to grant confidence that goes beyond a list of upcoming projects, signalling a long-term commitment to support confidence in planning and investment. The suggested pipeline would be set within a clear strategy for both sector and area, for example structuring contracts around asset types in specific regions. This enhanced detail of infrastructural investments will support the economic growth, and societal and community advances the Government seeks to deliver.
- Clarity on roles and interface between the HM Treasury (HMT), the National Infrastructure and Service Transformation Authority (NISTA) and the National Wealth Fund (NWF) would signal the sequencing, value and strategic vision for infrastructure delivery. Existing disparate, parallel and competing priorities make it challenging for the industry to invest.
- The Government must communicate its intentions clearly, demonstrating an ongoing serious and credible commitment to investment.

2. **An enhanced focus on confidence**

- Past public-private partnership (PPP) models demonstrate the need for a more refined approach: certainty in policy is crucial to encourage private sector investment and support skills development.
- Project selection must be based on long-term value and resilience. 'No regrets' asset creation should be the focus, where delivered assets are evidenced to be needed for their whole economic life.
- Rebuilding trust between public and private stakeholders is critical to the success of shaping a 2.0 PPP delivery model going forward.

3. **Clear definitions of value and outcome**

- Value for Money (VfM) is more important than ever before and must guide future decisions. These definitions must go beyond balance sheets and financial metrics, examining social value, service outcomes and asset value. Investing in more rigorous and robust ways to assess and evaluate VfM is crucial. The alignment of incentives between public and private sectors plays a key role, as does creating a genuinely balanced risk and reward system that is transparent, enables a fairer risk transfer, and engages public sector ownership thereby producing greater trust and confidence. Contractually, greater flexibility and management of the delivery of milestones need to be handled to prevent out-of-control penalties incurred on previous PFIs.
- These definitions are fundamental in non-revenue-generating social infrastructure assets, which require a clear framework for assessing and demonstrating value based on the outputs, outcomes and impacts delivered.

4. From 'transactional' to 'mission-led' partnerships

- Future infrastructure procurement models should prioritise following the Government's missions and end-user needs, not just asset construction.

- There is a need for committed public-private partnership models, which allow for change over time, oriented around outcomes achieved and end services delivered.

- Public sector ownership is key to the successful delivery of aligned outcomes.

- Focusing on estate and portfolio management of infrastructure assets would help incentivise and advance the delivery models needed.

5. Enhanced risk allocation and contract flexibility

- There is a need for earlier and more informed and carefully considered risk allocation in the project lifecycle, with the public sector being more intelligent about how to allocate and manage risk.

- Contracts must be designed flexibly and use methods, such as adaptive clauses, to align with ongoing changes in technology and society.

6. Adoption of transparency and public engagement

- The Government must ensure it works to gain public support for procurement systems being used to deliver infrastructure assets, and this can be achieved through enhanced transparency and data-sharing, demonstrating the value of private financing of projects through case studies and comparison of non-PFI projects and assets performance (for example across the schools or hospitals portfolios). This may help alleviate the constant negative narrative around PFIs.

- Trusted public sector organisations should develop large data sources that are publicly accessible, granting access to real-time visibility of project performance and outcomes.

7. Consideration of alternative financing models

- PFI and PPP are not universal solutions. A wide range of financing models must be considered, based on project type, reflecting key metrics such as value and risk.

- Whilst financing solutions can assist project delivery, they cannot overcome delivery challenges. Skills are a major barrier to successful project delivery. Whilst private finance is not the constraining factor, the delivery model and approach need to be agreed upon.

8. Strengthening skills and contract management

- Investment is needed in both business and project delivery skills across private and public sectors.

- Limitations in public sector expertise undermine complex contracts and business relationships, especially in the 'hand-back' periods of PFI projects.

9. Enhance competition to drive innovation

- Competition must be thoughtfully designed to encourage long-term innovation, whilst avoiding undermining public trust or quality of delivery. It is essential to make use of the UK's innovative supply chains and harness the best in class for off-site manufacturing. AI-driven tech, for example, is critical to enhancing VfM and demonstrates the efficiency and productivity gains that can be achieved by vertically aligning a supply chain.

- The competition process must be selective, rewarding alignment with long-term value and strategy.