

**NATIONAL
INFRASTRUCTURE
COMMISSION**

Better infrastructure for all

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

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Accounts presented to the House of Commons pursuant to Section 6(4) of the Government
Resources and Accounts Act 2000

Annual Report presented to the House of Commons by Command of His Majesty

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Foreword

The year covered in this report continued to test any organisation with a mission fixed firmly on the long term horizon.

The purpose of this report is to focus on our performance – what the Commission has been doing to both develop policy recommendations that meet the emerging needs of the future and hold government to account for implementing our earlier accepted recommendations .

Last year in this space I remarked that the actions of ‘early movers’ are not necessarily an accurate guide to long term outcomes. And of course, it’s too early for me to claim whether that rule will pertain for post-Covid working and travel patterns.



We sought to explore the implications of this considerable uncertainty in our first major policy document of the year, *Behaviour change and infrastructure beyond Covid-19*. This set out a range of plausible scenarios for how the use of public transport, broadband networks and utilities might change as a result of the pandemic, with a view that these could be used to test future policy and project proposals.

The same report concluded that we have to find a way of avoiding paralysis when faced with such uncertainty, and proposed ways of proceeding ‘adaptively’ with major projects to ensure delivery within reasonable timescales.

This approach was adopted by government in its Integrated Rail Plan, published in November 2021. Perhaps inevitably, government’s proposals prompted a mixed response, as had our own *Rail Needs Assessment* a year before. Our report faced up to budgetary constraints and proposed ways of bringing forward some of the benefits for areas where the economic impact could be greatest: questions government has now sought to answer in a way that clarity on the initial scope of works.

The Commission has impacted government policy in other ways over the course of the year, perhaps most visibly with the creation of the UK Infrastructure Bank, called for in the first National Infrastructure Assessment. We have been pleased to already build strong links with the Bank team and look forward to working constructively together in future.

We have also seen positive responses to our past work on resilience and freight.

Turning to new policy recommendations, our key reports published this year reflect something of the breadth of the Commission’s remit.

In July we published a study into engineered greenhouse gas removals, examining policy levers to ensure this technology is deployed at scale by the 2030s to help ensure the UK meets its climate obligations. Such technologies can never be an excuse for making every effort to decarbonise infrastructure, but in some sectors they may prove a necessary tool for abating residual emissions to hit the net zero target by 2050.

In September 2021 we published a report on how infrastructure can best support the economic regeneration of towns and smaller cities of different types around England. We concluded that different places need different solutions, co-ordinating a range of interventions such as skills, education and infrastructure. These tailored growth strategies should be underpinned by devolved five year budgets for local transport, and we recommended an expansion of devolution to help achieve this. Government has already gone some way to address this in its Levelling Up white paper, covered in our *Infrastructure Progress Review 2022*.

The second half of the year saw us begin a pivot to focus squarely on the next National Infrastructure Assessment, to be published in the autumn of 2023.

To kick off this process we published a baseline report in November, surveying the recent performance of the sectors within our remit and using this to establish the big questions and key challenge areas we intend to explore in the Assessment.

One of these is how we can better manage the risk of surface water flooding, a topic which government commissioned us to look at in October 2021; we intend to publish our findings in November 2022 as the first plank of the next Assessment.

We are pleased with the response to our call for evidence, which followed the baseline report, and we are grateful to the many organisations who submitted insights that will help shape our policy approach. We will continue to engage with a wide range of stakeholder as we continue analysis and research into 2022-23.

Our *Infrastructure Progress Review 2022*, published in March 2022, set out our view on government's performance when it comes to implementing policy recommendations made by the Commission in previous years. While government has set clear, ambitious goals and progress has been made in many areas, the delivery of policy is, overall, falling behind where it needs to be.

During the course of 2021-22, we also worked with HM Treasury on the appointment of additional Commissioners, to further strengthen expertise across our remit. This process came to a conclusion at the end of the reporting year, with the successful candidates being announced in April 2022. I look forward to working with Kate Willard, Jim Hall and Nick Winser as they join us for what promises to be a busy year ahead.

With that in mind, I would like to express my particular gratitude to my fellow Commissioners and our dedicated Secretariat: not just for the work covered in this report, but the work we know is to come.

If 2021-22 has taught us anything, it is the value of long term planning to address the tests of the future – whether foreseen or unforeseen. As we begin work in earnest on the next National Infrastructure Assessment, I am confident we can play a key role in readying the UK to embrace many of the biggest challenges and opportunities in the decades to come.



Sir John Armitt CBE, Chair, 27 October 2022

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Introduction

This document meets HM Treasury's requirement that the Commission publish an annual report of its activity together with its audited accounts after the end of each financial year.

The report is set out in three chapters:

1. Performance Report
2. Accountability Report
3. Financial Statements.

It is structured to:

- comply with HM Treasury's 'Financial Reporting Manual' (FReM);
- outline our main activities and performance in 2021-22 and a summary of our forward plans for 2022-23; and
- provide financial statements for the period.

The Annual Report and Accounts shall be laid before Parliament and made available on the Commission's website: [nic.org.uk](https://www.nic.org.uk).

1. Performance Report

The Performance Report falls in two sections – the Overview and the Performance Analysis.

Overview

The overview gives core organisational information about the National Infrastructure Commission to aid understanding of our purpose, the way we are structured, our key risks and the manner in which we have managed to achieve our objectives during 2021–22. It comprises:

- Chief Executive’s Statement
- Statement of Purpose and Activities
- Performance Summary
- Risk Management Strategy
- Adoption of Going Concern.

Performance Analysis

The purpose of this section is to provide a detailed summary of how the Commission has measured its performance, and it includes:

- Achievements 2021-22
- Forward Plans 2022-23.

Overview

Chief Executive's Statement

This Annual Report covers the fifth full year of the National Infrastructure Commission's ("the Commission") existence as a standalone organisation – an Executive Agency of HM Treasury, with our operational independence safeguarded by a Charter.

During the period April 2021 – March 2022, we have delivered a comprehensive programme of activity to inform infrastructure decision making with expert advice:



- we have remained focused on the long term, providing detailed advice on the need for future infrastructure to support engineered greenhouse gas removals; while providing advice on nearer term challenges such as the best funding approach for local transport to support levelling up.
- we have set out the key priorities we intend to explore in the second National Infrastructure Assessment, and conducted a formal call for evidence exercise alongside a wide range of engagement and consultation events to seek views on our initial thinking.
- we have taken on major new studies, formally commissioned by HM Treasury, including looking at how the country can better manage the risks presented by surface water flooding.
- we have expanded our programme of stakeholder engagement, including regular bilateral meetings and a wide range of public and industry events, including launch events for all our policy reports.
- we have developed a more rigorous approach to assessing government progress towards accepted recommendations, introducing a new format for our annual monitoring report.

The Commission was not subject to any additional priority outcomes as a result of the Spending Review in the autumn of 2021, and our strategic work programme remained as set out in our Corporate Plan for 2021-24. However, a scheduled review of the Commission's objectives was undertaken during the course of the year, as a result of which our remit was expanded to include a specific objective to support climate resilience and the transition to net zero carbon emissions by 2050. While these subjects were already core to our thinking, Commissioners welcomed the explicit inclusion in our remit. The Commission was also encouraged to see an uplift in the fiscal remit – to an upper ceiling of 1.3 per cent of GDP – within which our public spending recommendations must be costed.

The year has also been marked by continuous improvement within the organisation. This has included further strengthening our budget management arrangements, work on our approach to project management, and an improved learning and development offer for staff.

All of this activity was performed against the ongoing backdrop of the Covid-19 pandemic. In common with all organisations across the UK and beyond, we continued to adapt to new ways of working and build on the experience of 2020-21. For much of the reporting period, staff were working in a hybrid way.

This experience of hybrid working will become all the more important with the opening of an office location in Leeds in 2023, in addition to a London site. It is envisaged that up to 40 per cent of the Commission's secretariat will be based in the Leeds site in future.

As well as adapting our own working practices and supporting this with the adoption of new technology, we have sought to inform policy debates about the future for infrastructure demand as a result of behaviour change following the pandemic.

It is just one area where future drivers of infrastructure use need to be explored and understood to inform future investment and planning. Recommendations in the next National Infrastructure Assessment, to be published in 2023, will be tested against a full range of plausible scenarios for future demand, as well as a range of economic and environmental impact tools, to inform our advice to government.

As we turn our attention to producing that landmark report, I look forward to working closely with our Commissioners, Secretariat and stakeholders to provide the best possible advice to government on the key infrastructure challenges we have identified. We have the organisational foundations to enable the high quality analysis and policy formation required to achieve this, and to continue progress towards our ultimate goal of 'better infrastructure for all'.



James Heath, Chief Executive, 27 October 2022

Statement of Purpose and Activities

Remit

The National Infrastructure Commission's remit is set out in its published Charter and Framework Document. Its purpose is to provide the government with impartial, expert advice on major long term infrastructure challenges and to hold the government to account for the delivery of its recommendations.

The Commission advises the government on all sectors of economic infrastructure, defined as follows: energy, transport, water and wastewater (drainage and sewerage), waste, flood risk management and digital communications. The Commission also considers the potential interactions between its infrastructure recommendations and housing supply, and between its recommendations and the government's legal target to halt biodiversity loss by 2030. This explicit biodiversity consideration was added in 2021, following a review of the Commission's remit as described below.

Business Model and Objectives

The Commission's corporate plan is published on its website. This document describes the Commission's remit and structure, as set out in its Framework Document and Charter. The corporate plan also sets out how the Commission will ensure its governance and operational arrangements are fit for purpose, ensuring that it operates as a responsible, effective and transparent Executive Agency. The Commission has four overarching objectives that guide its work, which are to:

1. support sustainable economic growth across all regions of the UK;
2. improve competitiveness;
3. improve quality of life; and
4. support climate resilience and the transition to net zero carbon emissions by 2050.

A revised remit letter from the Chancellor – adding the final climate resilience and net zero objective – was issued following a scheduled review of the Commission's objectives, provided for in the 2017 Framework Document with government. The Chancellor's letter was published alongside the Autumn Budget and Spending Review in October 2021, and also included an uplift of the fiscal remit within which the Commission's recommendations must be costed. The fiscal remit was changed from 1.0 – 1.2 per cent of GDP to 1.1 – 1.3 per cent of GDP in each year between 2025 and 2055.

In fulfilling its purpose and objectives, the Commission seeks to:

- set a long term agenda – identifying the UK's major infrastructure needs, and the pathways to address them;
- develop fresh approaches and ideas – basing its independent policy recommendations on rigorous analysis; and
- focus on driving change – building consensus on its policy recommendations and monitoring government progress on their delivery.

The Commission commits to delivering the following outputs:

1. a National Infrastructure Assessment once in every Parliament, setting out the Commission's assessment of long term infrastructure needs with recommendations to the government;
2. specific studies on pressing infrastructure challenges as set by the government. These studies will include recommendations to the government; and
3. an annual monitoring report, taking stock of the government's progress in areas where it has committed to taking forward the Commission's recommendations.

When producing these reports, the Commission commits to:

- include a transparent assessment of the impact on costs to businesses, consumers, government, public bodies and other end users of infrastructure that would arise from implementing the Commission's recommendations (i.e. be deliverable within both the defined fiscal and economic remit);
- engage with the public, policymakers, infrastructure experts and relevant bodies openly and transparently, drawing on a broad range of expertise and helping build consensus; and
- ensure its recommendations are robust, well-evidenced and prioritised according to its remit, give due consideration to a range of proposals and take account of the role of economic regulators in regulating infrastructure providers and the government's legal obligations.

Organisational Structure – Commission and Secretariat

The Commission has a Chair and, at any given time, between four and 12 other non-executive Commissioners, who are appointed for terms of up to five years by the Chancellor, and will serve for a maximum of ten years. Details of the active Commissioners during this reporting period are set out in the Corporate Governance Report section of this report. The Chancellor, with advice from the Chair, appoints Commissioners ensuring that the organisation has the right mix of skills and expertise to discharge its functions effectively. The Chancellor may also appoint a Deputy Chair from amongst the Commissioners.

The Commission is supported by a Chief Executive Officer (CEO) and Secretariat. The CEO is appointed by the Chancellor in consultation with the Chair. The CEO is also the organisation's Accounting Officer and discharges these duties with oversight from the Commission's Oversight Board.

The Secretariat comprises a mix of policy, analytical and operational staff from a variety of backgrounds, and is responsible for supporting the Commission to discharge its responsibilities. Staff responsibilities include: conducting analysis, gathering evidence, running consultation exercises, developing and formulating recommendations to the government, stakeholder engagement and representing the Commission at public events.

Performance Summary

During the period, the Commission has:

- maintained progress on its agreed study programme: publishing reports on engineered greenhouse gas removals and infrastructure, towns and regeneration while also commencing work on a study into surface water flooding. At the request of the Chancellor, the Commission also provided advice on whether an additional new nuclear plant, beyond the proposed Sizewell C project, is needed to deliver the sixth Carbon Budget.
- published a report on *Behaviour change and infrastructure beyond Covid-19*, setting out a range of plausible scenarios of future demand for different infrastructure sectors.
- published the Commission's fifth Annual Monitoring Report, now known as the *Infrastructure Progress Review*, in March 2022. This reported that while government has set clear, ambitious infrastructure goals and progress has been made in many areas, the delivery of policy is, overall, falling behind where it needs to be.
- carried out significant preparatory work and analysis in preparation for the second National Infrastructure Assessment. This included publication of a major Baseline Report, setting out recent performance of infrastructure sectors and the priorities the Commission intends to explore in the next Assessment.
- recognised that the Commission would benefit from clearer externally facing performance measures to provide an objective view of its performance: a number of "success measures" have been developed and included in the 2022-25 Corporate Plan for future performance review.
- received positive overall results from the Civil Service People Survey, including an overall engagement score of 69 per cent, though potential for improvement was identified in some specific areas. One important step we took was to make clear the Commission's commitment in supporting staff to invest time in their learning and development activities.

Risk Management Strategy

The main risks faced by the Commission relate to the successful delivery of its core responsibility to produce independent and authoritative analysis of the UK's future infrastructure needs. The operational and financial risks that the Commission faces are relatively limited as it is a small organisation with a focused budget that is primarily spent on staff, commissioning external research, and accommodation costs.

The Commission's risk management strategy is led by the Senior Management Team (SMT). A detailed description of its approach is described in the Governance Statement in the Accountability Report.

Adoption of Going Concern

The Commission is funded by Parliament by a funding-through-supply arrangement via HM Treasury's departmental supply estimate. A three year funding settlement was agreed as part of the 2021 Spending Review for 2022-23 to 2024-25. The basis of the agreement was a carry forward of the 2021-22 budget baseline (£5.7m) plus an additional two per cent per annum from 2022-23 to reflect inflationary costs.

The Commission's Statement of Financial Position at 31 March 2022 shows net liabilities of £643k. This reflects the inclusion of liabilities arising during the accounting period which are met by funding through supply from central government when they fall due. Under the normal conventions applying to parliamentary control over income and expenditure, such funding may not be issued in advance of need.

HM Treasury has formally agreed in the Framework Document to issue the Commission with a multi-year budget, consequently there is no reason to believe that such funding will not be forthcoming. It has accordingly been considered appropriate to adopt a going concern basis for these financial statements.

Performance Analysis

Between 1 April 2021 and 31 March 2022, the Commission produced five reports, with each of them progressing in line with their projected timeframe and being delivered within deadline. This included the study into greenhouse gas removal technologies, published in July 2021, and the study on how infrastructure can support the economic growth of English towns, published in September 2021.

To help assess the quality of our work, we have continued to undertake an extensive programme of engagement with industry stakeholders to seek their views on the standard of our outputs. We have also conducted a qualitative and quantitative survey of stakeholders. We have been encouraged by the results of this survey, and the willingness of the infrastructure sector to feed into the Commission's work and express support for it. This is evident in the volume of responses we have received to our calls for evidence and consultations, which attracted submissions and contributions from a wide and varied group of interested parties.

The Commission has worked closely with government departments, holding regular meetings during the development stages of our reports and following their publication. We have carried out analysis of the media coverage of our work, as well as monitoring reaction online and across our various social media channels.

The Commission incurred expenditure of £5.4m against a budget of £5.7m in 2021-22. The main reasons for the underspend were fewer staff in post than planned throughout the year, and a lower level of research expenditure needed to deliver its work in the period.

From 2022-23 onwards, the Commission will measure its performance against its strategic priorities using a suite of new success measures. These are set out in the Commission's recent **Corporate Plan**, and performance against these will be reflected in its 2022-23 Annual Report and Accounts, due for publication in Autumn 2023.

Achievements 2021-22

The Commission's Charter gives the organisation complete discretion to make independent recommendations and to analyse the UK's infrastructure challenges taking any approach it deems fit. The Commission is free to shape its own work programme, subject to meeting the core requirements and guidance set out in the Charter and accompanying Framework Document, and in the Terms of Reference of the studies it is commissioned to undertake.

The Commission published five infrastructure reports and papers from April 2021 to March 2022



In May 2021, the Commission published *Behaviour change and infrastructure beyond Covid-19*, exploring how a plausible range of potential social behaviour scenarios might impact on long term demand for infrastructure services. These scenarios will be considered as part of developing the second Assessment. The analysis has been cited in a range of contexts, including by the House of Commons Transport Committee in its September 2021 report on major projects.

In July 2021, the Commission published *Engineered greenhouse gas removals*, a study commissioned by government to ascertain the necessity of such technologies to help the UK meet its climate change obligations, and the policy steps that need to be taken to establish this new sector. Government's Net Zero Strategy, published in October 2021, for the first time committed to deploying engineered greenhouse gas removal technologies and set an ambition in line with the Commission's recommendation for deployment by 2030.

Recommendations on how infrastructure policy, governance and funding might best support the economic growth of towns – specifically in England – formed the conclusion of a study the Commission published in September 2021. Commissioned in March 2021, *Infrastructure, Towns and Regeneration* found that a shift towards devolved five-year budgets to support local growth plans will be a necessary component of achieving 'levelling up'. The report was launched during a visit to Grimsby, with an online discussion marking the publication attended virtually by more than 100 representatives of local authorities, central government and other stakeholders. The Levelling Up white paper, published in February 2022, committed government to streamlining local growth funding and extending and simplifying devolution; the Commission's response noted the scale of ambition and called for an "equally ambitious implementation programme if we want to achieve tangible change in the space of eight years", supported by concrete plans and clear interim goals for expanding devolution.

As the Commission embarked in earnest on research and analysis to support the second Assessment, it published a *Baseline Report* in November 2021. This document set out analysis of the recent performance of the infrastructure sectors within the Commission's remit and identified the key topics that will sit at the heart of the next Assessment. A call for evidence exercise was launched alongside the publication, inviting stakeholder input to help refine and inform the specific policy areas the Commission will focus on in the next Assessment. This work is supplemented by the role of three expert panels and a range of other engagement activity, set out in the Baseline Report.

Towards the end of the reporting year, the Commission published its *Infrastructure Progress Review 2022*. Formerly known as an annual monitoring report, this document sets out the Commission's assessment of recent government progress towards implementing Commission recommendations which it has previously accepted. This year's report was the first opportunity for the Commission to offer a considered review of progress towards the aims of the National Infrastructure Strategy (published in November 2020): while acknowledging increased investment and a clear sense of strategic direction, the report highlighted "slow progress" on detailed policy design and implementation which could jeopardise the achievement of key policy goals.

Over the course of the year, the Commission's two independent groups – the Young Professionals Panel (YPP) and the National Infrastructure Design Group – have continued to provide support, insight and challenge to inform the Commission's policy work. Despite challenges in holding physical events during much of the year, the YPP has sought ways of feeding into the Commission's work through online events and polls. The panel has also continued to produce episodes of the Infra(un)structured podcast and issued an occasional newsletter to subscribers.

The National Infrastructure Design Group has continued to advocate for good design, both within government and across infrastructure sectors, speaking at various private and public events to reinforce the importance of the Design Principles published in February 2020. The group has continued to engage with the Infrastructure and Projects Authority to help implement government's stated aim for all major infrastructure projects to have a board level design champion and supporting stakeholders across the six infrastructure sectors to put the design principles into practice. This has included work with the Institution of Civil Engineers, exploring awareness of the principles and similar frameworks, and barriers to their adoption.

Operationally, in common with many other public sector bodies, the Commission has continued to develop a hybrid working model to reflect varying practical restrictions related to Covid-19 during the year. In December 2021 it was announced that the Commission would open an additional office in Leeds during 2023, in addition to retaining a London office. Initial planning work has commenced to identify future office locations and develop effective ways of working across dual sites.

The Commission has continued to implement its People Strategy. This is designed to create an organisation built on collaboration, professionalism, and a high performance culture. In 2021-22, the Commission developed with staff the '**Commission Way**': a set of principles that define how it works and the benefits it offers as a distinctive organisation, enabling it to recruit, retain and engage good people.

The learning and development plan was also updated in 2021-2022 and renewed the Commission's commitment to support staff and help them to achieve their full potential. To further improve staff representation the organisation also set up a diversity and inclusion group which is sponsored and led by a member of the SMT. In February 2022, the Commission signed the Race at Work Charter to signify its commitment to racial equality, to improve diversity and inclusion within its own workforce and support such efforts in the wider infrastructure sector.

Communications and Stakeholder Management

Press and Publicity

As reflected above, the year was punctuated by several substantial reports on key topics across the Commission's remit, and much of its communications and stakeholder engagement activity related directly to raising awareness of these studies and building support for its recommendations. Towards the end of the year, the Commission's work began a strategic pivot towards preparations for the second Assessment, with the publication of the Baseline Report and call for evidence.

Online, the Commission has continued to build on its redesigned website, enabling it to bring its policy content fully in line with accessibility guidelines and improve searchability. Web traffic inevitably reflects interest in particular new publications, and over the course of the year monthly web traffic has averaged more than 16,000 unique users. To support the launch of the *Infrastructure Progress Review 2022* in March, the Commission also trialled the use of an animated storyboard tool, to highlight the key messages from the report for a general audience.

The communications team has continued to generate and support informed media coverage of the Commission's work during the year. Each of the main policy studies cited above received national broadsheet and specialist press coverage in some form and most also attracted national broadcast coverage. Over the year, the Commission attracted 612 pieces of coverage in national newspapers and broadcast media (placed articles, direct quotes and references to Commission work); this included

42 broadcast interviews (live or pre-recorded) undertaken by the Chair or Commissioners. The Commission's social media following continued to grow during this period, including from 5,900 to 7,122 followers on LinkedIn.

Additionally, a quarterly newsletter was launched in 2021, emailed directly to over 1,200 Parliamentarians and other key stakeholders with news of the organisation's latest reports, responses and data releases. Any interested party can sign up to receive this mailing via the Commission website homepage.

Stakeholder Engagement

Despite limitations generated by the continued restrictions resulting from the pandemic – which led to many conferences and events being cancelled or moved online as virtual events – the Commission continued to engage extensively with a broad stakeholder base, either through its own online events or through contributions by Commissioners and Senior Management Team members in events organised by external bodies. Each of its major report publications were marked with an online launch event, aimed at interested stakeholders: a number of these attracted more than 100 attendees.

Activity over the year has included:

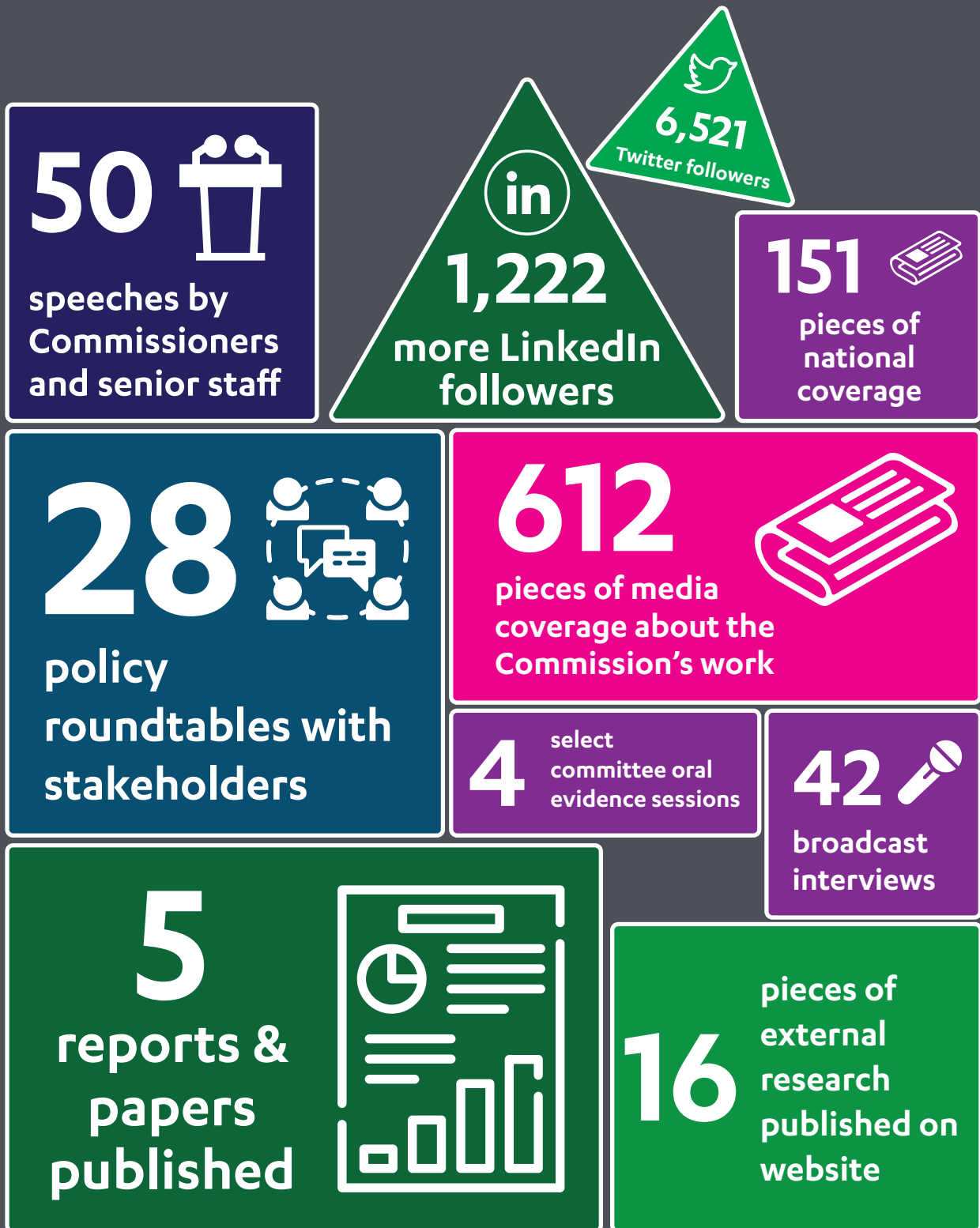
- 50 speeches by Commissioners and senior staff, five Commission-hosted virtual events to launch new policy reports and seven policy roundtables held with representatives from stakeholder organisations
- giving oral evidence to four Parliamentary select committees as part of inquiries into topics such as the government's Integrated Rail Plan and heat decarbonisation
- hosting twenty-eight stakeholder roundtables to discuss priorities for the next National Infrastructure Assessment and various studies
- regular bilateral meetings with government departments, local government officials, regulators and representatives from industry and third sector organisations, either virtual or in-person when permitted
- presentations by senior government officials and regulators to Commission meetings.

Corporate Services, Accommodation, Finance and Human Resources

The Commission's financial management and oversight arrangements are established in the Framework Document drawn up by HM Treasury and agreed by the Commission. Its sponsor department is HM Treasury and the organisation is funded via a delegated budget. The Commission's Framework Document commits HM Treasury to provision of a multi-year budget which was negotiated under the recent Spending Review. The Chief Executive Officer of the Commission is designated as the Accounting Officer responsible for the effective management of public funds. HM Treasury Ministers have given the Commission's Chief Executive Officer delegated authority to approve external appointments and procurements up to £5 million.

The Commission's current offices are in Finlaison House. The office lease ends in June 2023 and work is ongoing to find suitable office locations in both Leeds and London to support the Commission's future dual location strategy.

Commission activities through to March 2022 in numbers



The Commission continues to receive some of its transactional services including IT, HR and Finance from HM Treasury. As a small organisation seeking to secure value for money, this relationship will be retained for next financial year in accordance with the current Memorandum of Understanding, under which HM Treasury provides the IT, human resources, accounting, procurement and payroll services we need. The Commission keeps these arrangements continually under review to ensure that they meet the needs of the organisation and represent value for money based on HM Treasury's performance.

Spending Review

The Commission received a multi-year settlement covering 2022-25 at the autumn 2021 Spending Review. This will enable us to undertake future planning that reflects the nature of its workflow in the run up to, and beyond, the next National Infrastructure Assessment.

The Commission's formal objectives and fiscal remit were revised over the course of the year, following a scheduled review envisaged in the 2017 Framework Document with government. A revised remit letter was sent by the Chancellor to the Chair of the Commission on 27 October 2021, the same day as the Spending Review. These changes are reflected in the 'Business Model and Objectives' section above.

Forward Plan 2023-24

The Commission is focused on the delivery of its four strategic priorities for 2022-23, set out in its corporate strategy published in May 2022:

1. set the agenda for economic infrastructure;
2. promote and enable better infrastructure decisions;
3. secure positive responses to its recommendations and support their delivery; and
4. create an organisation built on collaboration, professionalism, and a high-performance culture

The Commission’s strategic objectives



The Commission's strategic objectives (cont.)



James Heath, Chief Executive, 27 October 2022

2. Accountability Report

The Accountability Report contains:

- the Corporate Governance Report, which includes an assessment of the Commission's delivery against its responsibilities set out in the Framework Document;
- the Statement of Accounting Officer's Responsibility;
- the Accounting Officer's Governance Statement;
- the Remuneration and Staff Report, which details the pay, pension arrangements and staffing structure of the office; and
- the Parliamentary Accountability and Audit Report, which details the audit arrangements and the relevant parliamentary accountability disclosures.

Corporate Governance Report

The Commission – background

All appointments to the Commission are made by the Chancellor of the Exchequer. In making appointments, the Chancellor has responsibility for ensuring that the Commission has the right mix of skills and expertise to discharge its functions effectively.

The Commissioners are appointed to provide expert, impartial advice to the government on infrastructure, work with the Chair and each other to shape and develop the National Infrastructure Assessment and other specific studies, and generate consensus between government, industry and others.

One or more Commissioners are appointed to act as ‘lead Commissioner/s’ for each of the Commission’s projects and studies – providing guidance and challenge to the Secretariat teams undertaking the work, managing relationships with key stakeholders and agreeing project plans and draft recommendations for discussion with the Commission.

During the 2021-22 period the Commission had a Chair and seven other Commissioners. These were as follows:

- Sir John Armitt CBE (Chair)
- Professor Sir Tim Besley CBE
- Neale Coleman CBE
- Professor David Fisk CB
- Andy Green CBE
- Professor Sadie Morgan OBE
- Julia Prescott
- Bridget Rosewell CBE

Commissioner Biographies



Sir John Armitt CBE – Chair

Sir John Armitt CBE published an independent review on long term infrastructure planning in the UK in September 2013, which resulted in the National Infrastructure Commission. Sir John is the Chair of National Express Group and also sits on the boards of the Berkeley Group and Expo 2020.



Professor Sir Tim Besley CBE

Professor Sir Tim Besley CBE is School Professor of Economics and Political Science and W. Arthur Lewis Professor of Development Economics at the LSE. He served as an external member of the Bank of England Monetary Policy Committee from 2006 to 2009.



Neale Coleman CBE

Neale Coleman CBE is a co-founder of Blackstock Partnership. He worked at the Greater London Authority from 2000-2015 leading the Mayor's work on London's Olympic bid, the delivery of the games, and their regeneration legacy. Neale has also served as Policy Director for the Labour Party.



Professor David Fisk CB

Professor David Fisk CB is the Director of the Laing O'Rourke Centre for Systems Engineering and Innovation Research at Imperial College London. He has served as Chief Scientist across several government departments including those for environment and transport, and as a member of the Gas and Electricity Markets Authority.



Andy Green CBE

Andy Green CBE holds several Chair, Non-Executive Director and advisory roles, linked by his passion for how technology transforms business and our daily lives. He chairs Lowell, a major European credit management company and has served as Chair of the Digital Catapult, an initiative to help grow the UK's digital economy.



Professor Sadie Morgan OBE

Professor Sadie Morgan OBE is a founding director of the Stirling Prize winning architectural practice dRMM. She is also Chair of the Independent Design Panel for High Speed Two and one of the Mayor of London's Design Advocates. She sits on the boards of the Major Projects Association and Homes England.



Julia Prescott

Julia Prescott holds several board and advisory roles. She is a co-founder and Chief Strategy Officer of Meridiam and sits on the Executive Committee of Meridiam SAS. She has been involved in long term infrastructure development and investment in the UK, Europe, North America and Africa. She is an Honorary Professor at the Bartlett School of Construction and Project Management, University College London. Since 2019 she has sat on the board of the Port of Tyne.



Bridget Rosewell CBE

Bridget Rosewell CBE is a director, policy maker and economist. She served as Chief Economic Adviser to the Greater London Authority from 2002 to 2012 and worked extensively on infrastructure business cases. She has served as a Non-executive Director of Network Rail and Non-executive Chair of the Driver and Vehicle Standards Agency. She is currently Chair of the Atom Bank and the M6 Toll Road. In May 2021 she was appointed an Independent Non Executive Director at Northumbrian Water.

Commissioner Attendance	Commission Meetings (meetings attended out of those eligible)
Sir John Armitt	11 of 12
Professor Sir Tim Besley	12 of 12
Neale Coleman	11 of 12
Professor David Fisk	12 of 12
Andy Green	11 of 12
Professor Sadie Morgan	11 of 12
Julia Prescott	12 of 12
Bridget Rosewell	10 of 12

At the start of the 2022-23 year the Commission bid farewell to Professor David Fisk. The Commission also welcomed three new Commissioners, Kate Willard OBE, Professor Jim Hall and Nick Winser CBE, strengthening the Commission as it works towards the second National Infrastructure Assessment in 2023. Existing Commissioners Neale Coleman, Julia Prescott and Andy Green were reappointed to the Commission for further five year terms.

Oversight Board

The Oversight Board supervises the Commission's financial management and administrative functions. It ensures the Commission has the staff and support it needs to enable it to provide high quality advice to the government and to provide assurance that effective internal control and risk management systems are in place.

The Oversight Board consists of the Chair of the Commission, a representative of the Treasury, appropriate executive members including the Chief Executive and Chief Operating Officers, and non-executive members who may either be Commissioners nominated by the Chair, or external members appointed by the Chair.

The current members of the Oversight Board are:

- Sir John Armitt (Chair)
- James Heath (CEO – Executive Member)
- Mark Ardron (COO – Executive Member)
- Dennis Skinner (Non-Executive Member)
- Katherine Easter (Non-Executive Member)
- David Finlay (Non-Executive Member).

Previous members during 2021/22 include:

- Michael Brodie (Non-Executive Member), August 2017 – July 2021
- Debjani Ghosh (Non-Executive Member), August 2017 – July 2021.

The Board is also attended by:

- Jonny Medland (Treasury Representative).

Non-Executive Director Biographies

Dennis Skinner (Non-Executive Member)

Dennis Skinner joined the Oversight Board in September 2019. He is Director of Improvement at the Local Government Association and has 30 years' experience working in local government across a range of services including corporate policy, equalities, regeneration and community safety, business planning and communications.

Katherine Easter (Non-Executive Member)

Katherine Easter joined the Oversight Board in February 2020. She is Chief People Officer at the Pensions Protection Fund and has 20 years' experience working in HR and workforce roles across the public and private sectors.

David Finlay (Non-Executive Member)

David Finlay joined the Oversight Board in July 2021. He is a chartered accountant who brings experience of the infrastructure sector as a former Director of the National Audit Office Infrastructure Team. Recent Board experience has been with the regional NHS Board for Cambridgeshire and Peterborough and as Chair of the National Youth Agency.

Member & Executive attendance	Oversight Board meetings (meetings attended out of those eligible)
Sir John Armitt (Chair)	4 of 4
James Heath (Executive)	4 of 4
Mark Ardron (Executive)	4 of 4
Michael Brodie (left in July 2021) (Non-Executive)	2 of 2
Katherine Easter (Non-Executive)	3 of 4
Debjani Ghosh (left in July 2021) (Non-Executive)	2 of 2
Dennis Skinner (Non-Executive)	4 of 4
David Finlay (Non-Executive)	2 of 2

The Oversight Board's functions relate to the corporate management of the Commission and it has no role in agreeing or reviewing its policy reports or recommendations. During the year the Oversight Board satisfied itself as to the quality of the data of performance reporting via reliance on the operations of routine controls and processes to ensure that data presented is complete and accurate and through the work of HM Treasury who provide performance reporting to the Commission and whose work is subject to internal and external audit.

In 2021-22 the Commission's internal audit service was provided by the Government Internal Audit Agency. GIAA undertook a full audit plan and gave an overall Head of Internal Audit Opinion of "substantial" assurance. This is the highest of GIAA's four ratings (substantial; moderate; limited; and unsatisfactory).

Over the last year we can confirm that the board has delivered against all its core functions (see table below).

Oversight Board Responsibilities

Objectives
Ensuring the Commission has the resources required to discharge its functions
Ensuring that any statutory or administrative requirements for the use of public funds are complied with, and that the Commission acts in line with the principle of providing value for money
Operating within the limits of any delegated authority agreed with the Treasury, and in accordance with any other conditions relating to the use of public funds; and that, in reaching decisions, the Oversight Board takes into account administrative or financial guidance issued by the Treasury
Overseeing the remuneration of the Commission members (as determined by the Treasury), and HR policies for Commission staff, including pay consistent with the framework document
Ensuring that it receives and reviews regular financial information concerning the management of the Commission, and processes are in place to facilitate the sharing of any concerns about the activities of the Commission
Approving the Commission's annual report and accounts
Assuring itself of the effectiveness of the internal control and risk management systems of the Commission
Ensuring that the Commission demonstrates high standards of corporate governance at all times.

Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee (ARAC) of the Oversight Board supports the board in discharging its responsibilities in relation to issues of risk, control and governance, and associated assurances.

The current independent members of the Audit and Risk Assurance Committee are:

- David Finlay (Chair)
- Katherine Easter
- Dennis Skinner.

Previous members during 2021/22 include:

- Michael Brodie (Chair), left in July 2021
- Debjani Ghosh (Deputy Chair), left in July 2021.

Member and Executive attendance	Audit and Risk Assurance Committee meetings (Meetings attended out of those eligible)
James Heath (Executive Member)	4 of 4
Mark Ardron (Executive Member)	4 of 4
Michael Brodie (left in July 2021) (Non-Executive Member)	1 of 1
Debjani Ghosh (left in July 2021) (Non-Executive Member)	1 of 1
Dennis Skinner (Non-Executive Member)	4 of 4
David Finlay (Non-Executive Member)	3 of 3
Katherine Easter (Non-Executive Member)	1 of 2

Register of Interests

The register of interests for each of our Commissioners, non-executive directors and senior management team is maintained online. Details can be found at the following web link: <https://nic.org.uk/corporate-reports/register-of-interests-commissioners-smt-ypp-and-design-group-2/>. The Commission's conflict of interest policy can be found at the following web link: <https://nic.org.uk/app/uploads/NIC-conflicts-of-interest-policy.pdf>. The Commission collects a full updated disclosure of interests from Commissioners on an annual basis in advance of publication of its register of interests. This is reviewed and any potential conflicts and proposed controls are discussed with Commissioners. In addition, time is allotted at each monthly Commission meeting for Commissioners to declare interests arising in year. Minutes of these meetings, including declared interests, are published on the Commission's website.

Director's Report

Assessment

As Chair, I am confident that the Commission has throughout the period of these accounts performed its main duties in line with the objectives set out within its Framework Document, to progress:

1. development of the second National Infrastructure Assessment;
2. its current studies on pressing infrastructure challenges; and
3. gathering of intelligence to inform the annual monitoring report.

Within the reporting period I note that the executive:

- maintained progress on our agreed study programme publishing the *Engineered greenhouse gas removals study* and the *Infrastructure, Towns and Regeneration study*
- published its fifth Annual Monitoring Report
- published the Commission's Annual Report and Accounts.

These outputs have been published on our website and have been robust, authoritative and objective.

My interactions and those of my fellow Commissioners with the Commission's secretariat have enabled me to remain confident that the Commission has been free to use its own discretion in taking judgements and reaching analytical conclusions. The structures and processes for working with HM Treasury and government have operated effectively, and the Commission has been transparent about these interactions. I am clear from my conversations with the Commission's Chief Executive and Senior Management Team (SMT) that they have come under no pressure from Ministers, special advisers or officials to change the conclusions of their analysis.

During 2021-22, the Commission continued to prioritise work according to the organisation's four year Strategic Plan covering 2019-2023, and started the process leading up to the publication of the second National Infrastructure Assessment in 2023.

In 2021-22, the Commission has continued to develop its governance and control environment, focussing on organisational efficiency and reducing operational risks. The organisation continued to use a full suite of formal tailored corporate governance policies covering conflicts of interest, gifts and hospitality, fraud, bribery and whistleblowing, use of social media, and complaints and compliments. The organisation also reviewed its risk management arrangements and benchmarked them against best practices in the HM Treasury Orange Book.

The organisation has professional dedicated support for programme management, HR and financial management.

Following the operational challenges arising from the impact of the COVID-19 pandemic, the organisation started to resume face-to-face interaction both in the office and with stakeholders. The Secretariat implemented a hybrid working model that provides staff flexibility while ensuring effective collaboration across all teams.

From conversations with the Chief Executive and participation in the Oversight Board I am content that Commission's key operational risks were and continue to be managed effectively.

The 2021 staff survey showed that the organisation continues an upward trajectory in most areas with high levels of engagement and understanding of organisational objectives. Scores also improved across the management, and inclusion and fair treatment themes. Scores were slightly down across pay and benefits. Senior management provide regular updates to the Oversight Board on the action they are taking to improve staff's experience of working in the Commission.

Considering these developments, I am content that the Commission's internal management structures and working practices led by the Chief Executive are effective and that the Commission's governance is compliant with the requirements laid out by HM Treasury in our Framework Document. I have also given regard to the HM Treasury's guidance 'Corporate governance code for central government departments' – as suggested, the Commission has adopted the practices set out in the Code and guidance commensurate with its size, status and legal framework.

My overall assessment is that the Commission has responded effectively to its Charter and has delivered its remit.



Sir John Armitt, CBE, Chair, 27 October 2022

The Statement of Accounting Officer's Responsibilities

The Principal Accounting Officer (PAO) of HM Treasury has designated the Chief Executive of the Commission as Accounting Officer for the Commission. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Commission's assets, are set out in Managing Public Money published by HM Treasury.

Under the terms of the Commission's Charter, HM Treasury has directed the Commission to prepare for each financial year a statement of accounts in the form and on the basis set out in the account's direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Commission and of its income and expenditure, Statement of Financial Position and cash flows for the financial year. In preparing the accounts I have complied with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosures requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the accounts;
- prepare the accounts on a going concern basis;
- sign the accounts and ensure that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by HM Treasury;
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the judgements required for determining that it is fair, balanced and understandable.

As far as I am aware there is no relevant audit information of which the Commission's auditors are unaware and as Chief Executive and Accounting Officer I have taken all the steps that ought to have been taken to make myself aware of any relevant audit information and to establish that the Commission's auditors are aware of that information.

I confirm that the Annual Report and Accounts gives a fair, balanced and understandable view of the Commission's activities for the year ended 31 March 2022 and its financial position as at 31 March 2022.

I confirm also that I am personally responsible for this Annual Report and Accounts and the judgments required for determining that it is fair, balanced and understandable.

My view is informed by the work of the Commission's internal and external auditors, and the staff within the Commission who have responsibility for the development and maintenance of internal processes.

Accounting Officer's Governance Statement

The following statement summarises the Commission's approach to corporate governance, risk management and oversight of any local responsibilities.

As Chief Executive and Accounting Officer, I am personally responsible for:

- safeguarding the public funds for which I have charge;
- ensuring propriety, regularity, value for money and feasibility in the handling of those public funds;
- the day-to-day operations and management of the Commission;
- ensuring that the Commission is run based on the standards, in terms of governance, decision-making and financial management set out in Managing Public Money; and
- giving evidence (normally with the PAO) when summoned before the Public Accounts Committee on the Commission's stewardship of public funds.

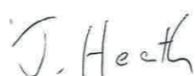
I have responsibility for reviewing the effectiveness of our governance arrangements and risk management. Additionally, the Government Internal Audit Agency conducted a governance audit in 2021-22 which provided a substantial assurance of the Commission's governance arrangements.

The Commission has an Oversight Board and Audit and Risk Assurance Committee (ARAC) in accordance with the terms of our Framework Document. The Oversight Board oversees the operational management of the Commission and includes the Chair of the Commission and independent non-executive members and a representative from HM Treasury. This board met four times during the period of these accounts. The ARAC is responsible on behalf of the Oversight Board, for advising me as Accounting Officer on issues of risk, control and governance. The ARAC has also provided assurance on the quality of the Commission's financial statements. The ARAC met four times during 2021-22, with representatives from the National Audit Office (NAO) and Internal Audit (Government Internal Audit Agency) also attending.

I have overall responsibility for the management of the Commission and lead the Senior Management Team (SMT) which includes the Chief Economist, two Directors of Policy (including a job share) and the Chief Operating Officer. We are responsible for implementing strategic decisions taken by the Commission and the Oversight Board, for making any necessary and appropriate decisions relating to the day-to-day performance of the Commission's business, and for the effective management of Commission staff. The SMT meets fortnightly to discuss emerging issues and risks and overarching strategic direction.

In compliance with Business Appointment rules, the Commission is transparent in the advice given to individual applications by senior staff to take up business appointments upon leaving the Commission.

I am satisfied with the effectiveness of the Commission's whistleblowing arrangements. The Commission's Whistleblowing Policy, and an annual record of whistleblowing events, is reviewed by the Audit and Risk Assurance Committee on an annual basis.



James Health, Chief Executive, 27 October 2022

Risk Management

The main risks the Commission faces relate to its core responsibility to provide independent advice to government on long term infrastructure policy. The operational and financial risks that it faces are relatively less significant as the Commission is a small organisation with a commensurately small budget that is primarily spent on staff, research and accommodation costs.

The Commission's risk management strategy involves all member of staff in the Commission, its Oversight Board and its Audit and Risk Assurance Committee. Risks are identified by members of staff at project and operations level and high risk areas are escalated to the strategic risk register, maintained by the Chief Operating Officer. The strategic risk register is discussed at least quarterly by the senior management team and is reviewed quarterly by the Audit and Risk Assurance Committee and bi-annually by the Oversight Board. I am responsible, alongside members of SMT, for ensuring mitigation strategies are implemented and reported back to the Committee and the Board.

The Commission's risk management arrangements are reviewed by the Audit and Risk Assurance Committee on an annual basis to ensure they are effective. In June 2021 our risk management arrangements were given substantial assurance (the highest rating) by the Government Internal Audit Agency.

Principal risks

The key risks facing the Commission in 2021/22 related to the organisation's influence, independence and project management.

To fulfil its purpose, the Commission is required to have an influence on government decision making. The Commission manages this risk by early engagement with Whitehall on its proposed recommendations, and by inviting senior officials from Whitehall to Commission meetings to discuss recommendations and monitoring government's progress in implementing accepted recommendations. Additionally, the Commission ensures the longevity of its influence by regular engagement with His Majesty's Official Opposition on the content of and rationale for its recommendations.

The Commission is required to be, and be seen to be, independent from government in the contents of its report and its recommendations. The Commission maintains independence by developing its own analysis and research methodologies, and by publishing an annual monitoring report, holding government to account for progress against accepted Commission recommendations. The Commission has also developed a stakeholder engagement plan, to ensure that the voice of a wide range of stakeholders is considered when drawing up Commission recommendations.

The Commission is required to deliver its studies to HM Treasury to clear deadlines. There is a risk either that studies are not delivered on time, or that they do not achieve the desired quality. To manage this the Commission has a dedicated Programme Manager who oversees our project management arrangements, including training for all staff.

Remuneration and Staff Report

Remuneration Report¹

The table below reports the remuneration of each Commissioner, which is set by HM Treasury on appointment (audited). Current Commissioners' letters of appointment, which include detailed remuneration arrangements, can be provided on request.

	2021-22 £000	2020-21 £000
Sir John Armitt CBE Chair of the Commission	85-90	85-90
Professor Sir Tim Besley CBE Commissioner	20-25	20-25
Professor David Fisk CB Commissioner	20-25	20-25
Andrew Green Commissioner	20-25	20-25
Professor Sadie Morgan Commissioner	20-25	20-25
Julia Prescott Commissioner	20-25	20-25
Bridget Rosewell OBE Commissioner	20-25	20-25
Neale Coleman Commissioner (from 01/10/20)	20-25	10-15 (20-25)

All unbracketed figures in this table are audited. Bracketed figures are annual equivalents.

Payment is reflective of three days a week for the Chair and two days a month for Commissioners.

As stipulated in the letters of appointment, Commissioners are not entitled to any bonus payments. 'Salary' includes gross salary only. The fees disclosed have been subject to external audit.

The remuneration shown is the gross fees paid to Commissioners; these are subject to the deduction of appropriate taxes via the PAYE system.

No benefits in kind have been paid to Commissioners. The Commission does not pay any pension contributions on behalf of any of the members of the Commission.

It is to be noted that the chair of the Oversight Board is also a Commissioner, whose remuneration is set out in this report. Other non-executive members of the Oversight Board and Audit and Risk Assurance Committee are unremunerated.

¹ Certain disclosures within the remuneration report have been audited as per the FReM 6.2.1

Senior management – single total figure of remuneration² (audited)

£000	Salary (FYE)	Bonuses/ allowances	Pension Benefits ³	2021-22 Total
James Heath Chief Executive	120-125	0-5	49	175-180
James Richardson Chief Economist	105-110	0-5	25	135-140
Giles Stevens Director of Policy	95-100 (105-110)	0-5	23	120-125
Hannah Brown Director of Policy	45-50 (75-80)	0-5	15	60-65
Jen Coe Director of Policy	40-45 (70-75)	0-5	34	75-80
Mark Ardron Chief Operating Officer (from 12/04/21)	70-75 (75-80)	5-10	15	95-100
£000	Salary (FYE)	Bonuses/ allowances	Pension Benefits ⁴	2020-21 Total
James Heath Chief Executive (from 06/05/20)	110-115 (120-125)	-	44	155-160
James Richardson Chief Economist (acting Chief Executive to 05/05/20)	105-110 (105-110)	0-5	50	160-165
Giles Stevens Director of Policy (from 30/09/19)	110-115	0-5	50	165-170
Charlotte Goodrich Chief Operating Officer (to 31/12/20)	55-60 (70-75)	0-5	22	80-85
Katherine Black Director of Policy (to 08/10/20)	20-25 (70-75)		8	30-35
Hannah Brown Director of Policy (from 07/12/20)	10-15 (75-80)		7	20-25
Jen Coe Director of Policy (from 07/12/20)	10-15 (70-75)		21	35-40

2 Salary, full year equivalents (FYE) and totals are presented in £5,000 bands. Salary, full year equivalents (FYE) and totals are presented in £5,000 bands. FYE is shown in brackets for part time staff and/or staff who have worked for part of the year. The FYE is the salary which would have been received had the individual been a full time member of staff for the whole of the year.

3 The value of pension benefits accrued during the accounting period is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increase excludes increases due to inflation or any increase or decreases due to a transfer of pension rights. Figures are restated for retrospective updates and reported before tax.

4 Figures have been restated where the Civil Service Pension scheme have made retrospective updates to the data.

Senior management – Pension benefits⁵ (audited)

2021-22					
£000	Accrued annual pension at pension age as at 31/3/22 and related lump sum	Real increase in annual pension at pension age	CETV* at 31/3/22	CETV at 31/3/21 ⁶	Real increase in CETV
James Heath Chief Executive Officer	10-15	2.5-5	151	115	24
James Richardson Chief Economist	35-40 plus a lump sum of 65-70	0-2.5	735	686	10
Giles Stevens Director of Policy	35-40 plus a lump sum of 60-65	0-2.5	566	528	6
Hannah Brown Director of Policy	10-15	0-2.5	168	154	5
Jen Coe Director of Policy	5-10	0-2.5	84	66	14
Mark Ardron Chief Operating Officer (from 12/04/21)	35-40 plus a lump sum of 70-75	0-2.5	596	559	2

* a definition of Cash Equivalent Transfer Value (CETV) is provided below

Fair Pay & Pay Multiples (Audited)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in the organisation and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

The banded remuneration (full year equivalent) of the highest paid director employed by the Commission in the accounting period was £120-125,000 (2020-21: £120-125,000) plus bonus of £0-5,000. This was 2.4 (2020-21: 2.4) times the median remuneration of the workforce, which was £53,000 (2020-21: £51,756).

The median pay ratio for 2021-22 reflects the remuneration policies in light of the pay freeze and bonuses paid for the performance year 2020-21.

Remuneration of Commission employees ranged from £24.5-125k (2020-21: £23.0-125k); no employees received pay in excess of the highest paid senior manager.

The remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions. Commissioners' remuneration is excluded from the fair pay and pay multiples disclosures.

⁵ This table relates to pension benefits in the Civil Service Pension Scheme.

⁶ Figures have been restated where the Civil Service Pension Scheme have made retrospective updates to the data

Highest paid director	2021-22 £000	2020-21 £000	Movement %
Salary and allowances	120-125	120-125	0
Performance pay and bonuses	0-5	0	100
Average (mean) remuneration of other employees ⁷	2021-22 £000	2020-21 £000	Movement %
Salary and allowances	52,964	52,516	0.9
Performance pay and bonuses	511	624	18.1

Total pay and benefits	2021-22		
	Lower quartile (25%)	Median (50%)	Upper quartile (75%)
Remuneration	37,000	53,000	63,500
Ratio	3.4	2.4	2.0
Salary only			
Remuneration	37,000	52,362	61,000
Ratio	3.3	2.3	2.0

Remuneration Policy

The Commission's permanent employees are civil servants and their pay arrangements are governed by the policy framework set out by the Cabinet Office and HM Treasury and the NIC specific Pay Remit agreed by the Commission's Oversight Board. Total staff costs (including those for secondees and agency staff) for NIC in the year were £3,673k (2020-21: £3,367k).

The pay of senior civil servants (SCS) including those working for the Commission is set by the Prime Minister following independent advice from the Review Body on Senior Salaries. From time to time, the Review Body advises the Prime Minister on the pay, pensions and allowances of ministers and others whose pay is determined by the Ministerial and Other Salaries Act 1975.

In making its recommendations, the Review Body considers:

- the need to recruit, retain and motivate suitably able and qualified people to exercise their different responsibilities;

⁷ These figure excludes the highest paid director ref: fair pay disclosure guidance 2.2. This reflects the earnings of staff in post on 31 March 2022. The average performance pay and bonuses reduced in 2021-22 due to a greater number of staff that received a bonus but were not in post as 31 March compared to the previous financial year

- regional and local variations in labour markets and their effects on the recruitment and retention of staff;
- government policies for improving public services, including the requirement on departments to meet the output targets for the delivery of departmental services;
- the funds available to departments as set out in the government's departmental expenditure limits; and
- the government's inflation target, wider economic considerations, and the affordability of its recommendations.

Bonuses

- Bonuses are based on performance levels achieved in 2020-21 and comparative bonuses on those achieved in 2019-20. Annual bonuses are paid following the appraisal process.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced, the Civil Servants and Others Pension Scheme (alpha), which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher).

From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS), which has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under all the above schemes are increased annually in line with Pensions Increase legislation.

The following transition arrangements were put in place for the introduction of alpha:

- members within ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015;
- members who were between ten years and 13 years and five months from their normal pension age on 1 April 2012 will switch to alpha between 1 June 2015 and 1 February 2022; and
- all members who switch to alpha have their existing PCSPS benefits 'banked'. Any earlier final salary benefits members hold will be based on their final salary upon leaving alpha.

Further details of the schemes:

- employee contributions are salary-related, and range from 4.6 to 8.05 per cent of pensionable earnings for members of classic (and those who joined alpha from classic), premium, classic plus, nuvos, and all other members of alpha;

- benefits for classic accrue at a rate of 1/80th of final pensionable earnings for each year of service; for premium, the rate is 1/60th. Classic plus is essentially a hybrid, with benefits calculated broadly as per classic in respect of service before 1 October 2002, and as per premium since that date. Benefits in nuvos are based on pensionable earnings during the period of scheme membership, with 2.3 per cent of member's pensionable earnings credited to their earned pension account at the end of each scheme year (31 March), and the accrued pension uprated in line with Pensions Increase legislation, alpha is similar to nuvos, except the accrual rate is 2.32 per cent; and
- a lump sum equivalent to three years' pension is payable on retirement for members of classic. For premium, there is no automatic lump sum. In all cases members may give up (commute) their pension for a lump sum up to the limits set by the Finance Act 2004.

Cash Equivalent Transfer Value (CETV)

CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure benefits in another scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme.

The pension figures shown relate to the benefits that the individual has accrued as a result of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the civil service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost.

CETVs are calculated in accordance with The Occupational Pension Scheme (Transfer Values) (Amendment) Regulations 2008 and do not take into account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real Increase in CETV

This is the element of the increase in accrued pension funded by the Exchequer. It excludes increases due to inflation and contributions paid by senior management. It is worked out using common market valuation factors for the start and end of the period.

Compensation for Loss of Office (audited)

There were no payments made for the loss of office during the accounting period.

Payments to past directors (audited)

There were no payments made to past directors in the accounting period.

Staff Report

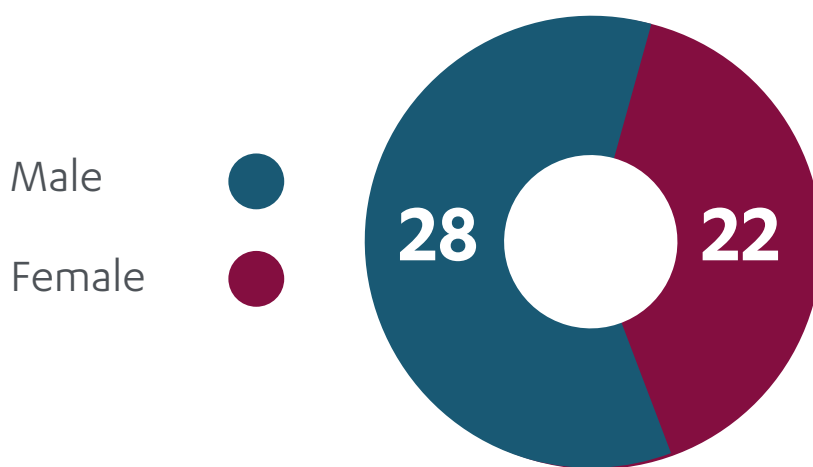
At 31 March 2022, the Commission had 50 members of staff comprising of permanent employees and temporary employees on loan from other Civil Service departments. Whilst terms and conditions differ dependent on point of origin, all staff members report to and are accountable to the Chief Executive.

As at 31 March 2022, the gender balance of the Commission's 50 employees was as set out below.

The Commission's leadership team includes 2 (FTE) SCS2 staff and 2.1 (FTE) SCS1 staff. Within this the gender balance was 2 male SCS2 members of staff, 0.9 (FTE) SCS1 male and 1.2 (FTE) SCS1 female.

The Commission's annualised staff turnover rate, excluding secondments, was 21.5 per cent.

Employee Gender Balance



Sickness Absence

During the reporting period the average number of working days lost due to sickness absence was 2.31 days (2020-21:1 day) per full-time equivalent (FTE).

Staff policies

The Commission is committed to ensuring equality of opportunity for all disabled staff. Applicants for positions at the Commission are invited to notify the organisation if special arrangements are required to enable them to participate in the recruitment process.

The Commission uses a confidential occupational health service through which staff may request reasonable adjustments to support them in the workplace in accordance with the NIC's duty under the Equality Act 2010.

The Commission is committed to the professional development of its staff. In April 2021 we developed an L&D programme which was designed for all staff based on role, specialisms and grade and sets out the key learning and development activities to be undertaken.

In 2020-21 the Commission consulted staff on both Covid-19 safety measures in its office and a new model of hybrid working post-pandemic. Consultation included staff drop-in sessions, staff surveys, and a representative staff panel.

Health, Safety and Wellbeing

The Commission actively promotes the health, safety and wellbeing of its staff. No work related accidents, near misses or ill health reports were received in the reporting period. Throughout the COVID-19 pandemic and its response to government guidelines, the majority of Commission employees have predominantly worked from home. We provided IT equipment for home working and allowed staff to claim the cost of appropriate chairs or work surfaces along with appropriate guidance. Mental wellbeing guidance and details of support available were provided to all Commission employees. Support included wellbeing materials, and access to trained Mental Health First Aiders and the Employee Assistance Programme, which provided awareness and counselling sessions as appropriate.

Trade union facilities time

No employees were relevant union officials during the period and so the Commission has nothing to disclose on payments to relevant union officials for facilities time. The Commission has no agreement in place for facilities time and therefore has nothing to disclose in relation to the percentage of time spent on facility time or paid trade union activities by employees.

Analysis of Staff Costs and Numbers (audited)

The following disclosures on staff costs (including pension costs), average number of persons employed and exit packages have been audited. Total costs of £3,673k comprised £3,614k related to permanent employees and £59k related to secondees from other public and private-sector institutions.

Staff Costs

	2021-22 £000	Employees	Other staff	Total
Salaries and wages		2,653	44	2,697
Social Security costs		314	5	319
Staff pension costs		647	10	657
Total costs		3,614	59	3,673

	2020-21 £000	Employees	Other staff	Total
Salaries and wages		2,385	115	2,500
Social Security costs		276	13	289
Staff pension costs		572	6	578
Total costs		3,233	134	3,367

Average Number of Persons Employed

The average number of full-time equivalent persons employed during the accounting period was as follows:

	Employees	Other staff	2021-22 Total	2020-21 Total
Total persons employed	44.1	0.4	44.5	40.1

Staff Pension Costs

The Civil Servants and Others Pension Scheme (alpha) was launched as a new pension scheme for civil servants from 1 April 2015. Details on the transition arrangements between alpha and Principal Civil Service Pension Scheme (PCSPS) are outlined from pages 38-39. The PCSPS scheme actuary valued the scheme as at 31 March 2016. Details can be found in the valuation report by the Government Actuary Department.⁸

For the accounting period, employers' contributions of £647k were payable to the PCSPS at one of four rates in the range 26.6 to 30.3 per cent of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021-22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Exit Packages (Audited)

During the reporting period, the Commission incurred nil costs in relation exit packages (2020-21: nil).

Off-payroll Transactions

Off-payroll arrangements are those where individuals, either self-employed or acting through a personal service company (PSC) are paid gross by the employer.

The table below shows off-payroll engagements for the Commission as at 31st March 2022.

There were no board members and/or senior officials with significant financial responsibility engaged in off-payroll between 1 April 2021 and 31 March 2022. Ten of the above off-payroll engagements relate to the Young Professionals Panel who are not Commission employees and are serving a two year term on this advisory group. They were appointed in July 2020 and have therefore been off payroll for between one and two years. One member of the panel did not receive any payments during the period. Eight of the remaining engagements relate to members of the Commission's Design Group who are also not Commission employees and are serving a three year term on this advisory group. seven were appointed in May 2019 and have therefore been off payroll for between three and five years. One was appointed in April 2020 and therefore has been off payroll for between one and two years. The remaining engagement was a secondee, charged to the Commission on a day-rate basis.

⁸ <https://www.civilservicepensionscheme.org.uk/media/tuxle142/csps-2016-valuation-report-final.pdf>

All off-payroll appointments engagements as at 31 March 2022 and earning at least £245 per day	
The total number of engagements	18
Of which:	
Not subject to off-payroll legislation ⁹	-
Subject to off-payroll legislation and determined in-scope of IR35	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	18
No. of engagements reassessed for compliance or assurance purposes during the year	-
Of which:	
No. of engagements that saw a change to the IR35 status following review	-

All off-payroll appointments engaged at any point during the year ended 31 March 2022 and earning at least £245 ¹⁰ per day	
The total number of engagements	1
Of which:	
Not subject to off-payroll legislation ¹¹	-
Subject to off-payroll legislation and determined in-scope of IR35	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	1
No. of engagements reassessed for compliance or assurance purposes during the year	-
Of which:	
No. of engagements that saw a change to the IR35 status following review	-

9 The £245 threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant

10 A worker that provides their services through their own limited company or another type of intermediary to the client will be subject to off-payroll legislation and the Department must undertake an assessment to determine whether that worker is in-scope of Intermediaries legislation (IR35) or out-of-scope for tax purposes

11 The £245 threshold is set to approximate the minimum point of the pay scale for a Senior Civil Servant

Parliamentary Accountability and Audit Report

The accounts of the National Infrastructure Commission ('the Commission') are audited by the Comptroller and Auditor General under the Government Resources and Accounts Act 2000. The audit fee charged was £32,000 (2020-21: £26,500). The auditors did not provide any non-audit services. The auditors have been provided with all relevant audit information necessary to complete their audit and the Accounting Officer has taken all of the necessary steps to ensure that the auditors are aware of any relevant information.

All expenditure was applied to the purpose intended by Parliament (audited).

No fees or charges were charged by the Commission (audited).

The Commission has not incurred any losses or special payments in excess of £300k during the reporting period to 31st March 2022 (2020-21: none) (audited).

The Commission has no remote contingent liabilities. The Commission's total expenditure during the accounting period was £5,477k (2020-21: £5,138k) (audited).



James Heath, Chief Executive, 27 October 2022

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the National Infrastructure Commission for the year ended 31 March 2022 under the Government Resources and Accounts Act 2000. The financial statements comprise: the National Infrastructure Commission's

- Statement of Financial Position as at 31 March 2022
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statements of Changes in Taxpayers' Equity for the year ended; and
- the related notes, including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the National Infrastructure Commission's affairs as at 31 March 2022 and its net expenditure for the year then ended; and
- have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the National Infrastructure Commission in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Infrastructure Commission's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Infrastructure Commission's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for National Infrastructure Commission is adopted in consideration of the requirements set out in HM Treasury's Government Reporting Manual, which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

Other Information

The other information comprises information included in the Annual Report, but does not include the financial statements and my auditor's certificate and report.

The Accounting Officer is responsible for the other information. My opinion on these financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, the parts of the Accountability Report to be audited have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;

- the information given in the Performance and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Infrastructure Commission and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual have not been made or parts of the Remuneration and Staff Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- the preparation of the financial statements and Annual Report in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- ensuring that the Annual Report and accounts as a whole is fair, balanced and understandable;
- internal controls as the Chief Executive as Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the National Infrastructure Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Executive as Accounting Officer anticipates that the services provided by the National Infrastructure Commission will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the National Infrastructure Commission's accounting policies and performance incentives.
- Inquiring of management, National Infrastructure Commission's internal audit function and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Infrastructure Commission's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Infrastructure Commission's controls relating to the National Infrastructure Commission's compliance with the Government Resources and Accounts Act 2000 and Managing Public Money.
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Infrastructure Commission for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the National Infrastructure Commission's framework of authority as well as other legal and regulatory frameworks in which the National Infrastructure Commission operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Infrastructure Commission. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, employment law, tax legislation and pensions legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- expenditure testing which included consideration of the regularity of expenditure against the National Infrastructure Commission's remit.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

3 November 2022

Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

3. Financial Statements

Statement of Comprehensive Net Expenditure

for the year ended 31 March 2022.

	Note	2021-22 £000	2020-21 £000
Expenditure			
Staff costs	2	3,673	3,367
Other expenditure	3	1,804	1,771
		5,477	5,138
Income			
Other operating income		(29)	(50)
Net expenditure		5,448	5,088

There were no items of other comprehensive income.

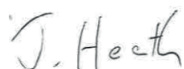
The notes on pages 55 to 62 form part of these accounts.

Statement of Financial Position

As at 31 March 2022.

	Note	2021-22 £000	2020-21 £000
Non-Current assets			
Property, plant and equipment	4	82	139
Total non-current assets		82	139
Current assets			
Cash and cash equivalents	6	204	274
Trade and other receivables	7	9	191
Total current assets		213	465
Total assets		295	604
Current liabilities			
Payables due within one year	8	(840)	(767)
Total current liabilities		(840)	(767)
Total assets less current liabilities		(545)	(163)
Non-current liabilities			
Provisions	10	(98)	(93)
Total non-current liabilities		(98)	(93)
Total assets less total liabilities*		(643)	(256)
Taxpayers' equity			
General fund		(643)	(256)
Total taxpayers' equity		(643)	(256)

The notes on pages 55 to 62 form part of these accounts. The financial statements were approved by the Board on 27 October 2022.



James Heath, Chief Executive, 27 October 2022

* Net liabilities and future commitments are met through funding commitments from HM Treasury (note 1.5).

Statement of Cash Flows

for the year ended 31 March 2022.

	Note	2021-22 £000	2020-21 £000
Cash flows from operating activities			
Net operating cost		(5,448)	(5,088)
Changes in working capital other than cash		248	(64)
Movement in provisions		5	(2)
Depreciation		64	61
Notional expenditure		32	27
Net cash outflow from operating activities		(5,099)	(5,066)
Cash flows from investing activities		-	-
Cash flows from financing activities			
Funding from HM Treasury		5,029	5,032
Net financing		5,029	5,032
Net (decrease)/increase in cash and cash equivalents in the period	6	(70)	(34)
Cash and cash equivalents at the beginning of the period		274	308
Cash and cash equivalents at the end of the period	6	204	274

The notes on pages 55 to 62 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the year ended 31 March 2022.

	General Reserve £000
Balance at 31 March 2020	(227)
Net operating expenditure for the period	(5,088)
Net parliamentary funding	5,032
Notional expenditure	27
Balance at 31 March 2021	(256)
Net operating expenditure for the period	(5,448)
Net parliamentary funding	5,029
Notional expenditure	32
Balance at 31 March 2022	(643)

The notes on pages 55 to 62 form part of these accounts.

Notes to the Accounts

1. Statement of Accounting Policies

Pursuant to the Framework Document¹² between the National Infrastructure Commission (NIC) and HM Treasury, these financial statements have been prepared in accordance with the 2021-22 Government Financial Reporting Manual (FReM).¹³ The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of the NIC has been selected. The particular policies adopted by the NIC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.1 Accounting Convention

These accounts have been prepared on an accruals basis under the historical cost convention.

1.2 Basis of Preparation

The NIC was established as an Executive Agency on 24 January 2017. Its functions transferred from HM Treasury on this date along with net liabilities of £822k. These liabilities along with the costs incurred during successive accounting periods are met by a funding-through-supply arrangement with HM Treasury. It has accordingly been considered appropriate to adopt a going-concern basis for these financial statements.

The NIC is domiciled in the United Kingdom and is located at Finlaison House, 15-17 Furnival Street, London. The presentational and functional currency is pound sterling.

1.3 Significant judgements and estimates

The preparation of accounts statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts in the accounts. We consider there to be no areas of critical judgment used in applying the accounting policies. There are no significant sources of estimation uncertainty.

1.4 Standards issued but not yet effective

Two new standards are effective for annual periods beginning after 1 April 2022. The NIC does not intend to early-adopt any of those standards. The expected financial impact of adopting these standards is summarised below:

¹² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/585374/NIC_framework_document_web.pdf

¹³ <https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>

IFRS 16 Leases

IFRS 16 will be effective for reporting periods beginning on or after 1 April 2022 for the public sector. IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

On adoption of IFRS 16 at 1 April 2022, the NIC will recognise a right-of-use asset in respect of the existing accommodation lease at Finlaison House, with a value of £338k. A lease liability (representing the obligation to make future lease payments) recognised on transition by the NIC will be £338k. At the time of adoption of IFRS 16, NIC's lease contract will have 15 months left on the lease term.

IFRS 17 Insurance contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on, or after, 1 January 2023 subject to endorsement by the UK Endorsement Board (UKEB). IFRS 17 is not expected to have a material impact on the NIC financial statements as NIC does not enter into insurance contracts.

There are no other IFRS or IFRIC interpretations not yet effective that would be expected to have a material impact on the NIC financial statements.

1.5 Financing

During the reporting period, receipts and payments relating to NIC transactions passed through both the NIC's own bank account and a HM Treasury bank account. The NIC is financed by funding from HM Treasury, where the regular method of financing is by transfer of requested funds to NIC's bank account by HM Treasury. This ensures that the NIC has direct management of its funding requirements and enables the NIC to settle liabilities as they fall due. These transfers from HM Treasury, whether to settle directly in certain circumstances on the NIC's behalf or more regularly to fund the NIC's bank account, are recorded as funding through from HM Treasury within the primary statements.

1.6 Pensions

The provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Service and Other Pension Scheme (CSOPS), which are described in the Remuneration and Staff Report, cover past and present employees who are participants in the schemes. The defined benefit schemes within the PCSPS and CSOPS are contributory, and the NIC's expenses are treated similarly to defined contributions since scheme liabilities are held by central government. The NIC recognises the expected costs of the scheme on a systematic and rational basis over the period during which it benefits from employees' service by payments of amounts calculated on an accruing basis.

1.7 Employee Benefits

The NIC has accrued for the cost of the outstanding employee paid holiday entitlement. It is estimated based on pay and Employers' National Insurance Contributions.

1.8 VAT

Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets.

1.9 Property, Plant and Equipment

Property, plant and equipment consist of capitalised leasehold improvements, which are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future unavoidable costs of dismantling and removing items. The corresponding liability is recognised as a provision. Items of property, plant and equipment with a value below £5k are not capitalised and are expensed in the year of purchase.

Depreciation is provided on property, plant and equipment so as to write off their carrying value over their expected useful economic lives. For leasehold improvements, depreciation is provided on a straight-line basis over the lease term. ICT equipment is depreciated on a straight-line basis for 3 to 10 years.

1.10 Cash

Cash and cash equivalents comprise cash at bank.

1.11 Financial Instruments

Trade receivables and payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

1.12 Leases

Operating leases are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis over the term of the lease.

1.13 Provisions

Provisions are carried in respect of certain known or forecast future expenditure. Provisions are recognised when there is a present obligation arising from past events, it is probable that a transfer of economic benefits will be required, and a reliable estimate can be made. In calculating provisions, future payments may be subject to discount rates depending on the expected timing of cash flows. Provisions are calculated using the best available information, but the actual future outcomes of items provided for may differ from expectations.

2. Staff Costs

	2021-22	2020-21
	£000	£000
Wages and salaries	2,697	2,500
Social Security costs	319	289
Other pension costs	657	578
Total costs	3,673	3,367

Staff costs comprise permanent staff, secondees and agency staff from other public and private-sector institutions. Further details of staff costs and numbers are disclosed in the Remuneration and Staff Report.

3. Other Expenditure

	2021-22	2020-21
	£000	£000
Accommodation costs	268	267
Printing and office services	75	20
IT costs	255	181
Contracted-out services	737	819
External auditor's remuneration	32	27
Staff Support and staff-related costs, including training and travel	35	33
Professional and office services	150	175
Accommodation related goods and services	183	190
Depreciation	64	61
Movement in Provisions	5	(2)
Total	1,804	1,771

Contracted-out services were predominantly research costs of £735k (March 2020-21: £812k). Accommodation related goods and services were primarily business rates and service charges.

No payments were made to the external auditors in respect of non-audit services.

4. Property, Plant and Equipment

	2021-22	2020-21
	£000	£000
Leasehold improvements		
Cost		
Opening balance	312	312
Additions	-	-
Total cost	312	312
Accumulated depreciation		
Opening balance	(173)	(112)
Depreciation	(61)	(61)
Total accumulated depreciation	(234)	(173)
ICT equipment		
Opening balance		
Additions	7	-
Total cost	7	-
Accumulated depreciation		
Opening balance	-	-
Depreciation	(3)	-
Total accumulated depreciation	(3)	-
Net book value (year end)	82	139

The capitalised leasehold improvements value include £37k, which represents the estimate of related future reinstatement costs. This has been recognised as a provision.

5. Financial Instruments

The cash requirements for NIC are met by funding through Supply provided by HM Treasury. For this reason, financial instruments play a limited role in creating and managing risk than would otherwise be the case for a non-public sector body. Most of NIC's financial instruments relate to contracts to buy non-financial items in line with the expected purchase and usage requirements which limit the NIC's exposure to credit, liquidity or market risks.

6. Cash and Cash Equivalents

	2021-22	2020-21
	£000	£000
Balance at 1 April	274	308
Net change in cash balances – (outflow)/inflow	(70)	(34)
Balance at 31 March	204	274

All cash balances are held with the Government Banking Service.

7. Trade and Other Receivables

	2021-22	2020-21
	£000	£000
Trade and other receivables	-	86
VAT receivable	9	105
Balance at 31 March	9	191

8. Payables and Other Current Liabilities

	2021-22	2020-21
Amounts falling due within one year	£000	£000
Trade and other payables	245	41
Accruals	507	647
Taxation and social security	88	79
Balance at 31 March	840	767

Accruals are made up of £114k (31 March 2021: £109k) which relates to annual leave, £177k (31 March 2021: £252k) in relation to research, £78k (31 March 2021: £86k) for shared services and £138k (31 March 2021: £200k) which relates to various other accruals.

9. Commitments and Leases

The NIC has not entered into any new capital commitments or non-cancellable contracts.

The NIC leases its current office space from the Government Actuary's Department by means of an agreement set out within a Memorandum of Terms of Occupation (MOTO). This covers both the provision of accommodation and office services. The agreement runs for a period of five years from February 2018 until June 2023.

As at 31 March 2022 commitments under the current MOTO for the remaining lease period comprise:

	2021-22	2020-21
	£000	£000
Accommodation		
Within one year	275	268
Between one and five years	64	340
Later than five years	-	-
IT and office services		
Within one year	178	178
Between one and five years	42	220
Later than five years	-	-

Additional IT services are provided by HM Treasury and charged to the NIC for the recovery of costs incurred in relation to providing IT service under the Memorandum of Understanding (MOU) between the two parties.

10. Provisions

	2021-22	2020-21
	£000	£000
Balance at 1 April	93	95
Released during the year	-	(2)
Additions	5	-
Balance at 31 March	98	93
Within one year	-	-
Between one and five years	98	93
Later than five years	-	-

Under the MOTO with the Government Actuary's Department the NIC has an obligation to reinstate its office space to the satisfaction of the head lease terms. During 2018-19 alterations were made to the NIC's office space and accordingly a provision was recognised for future reinstatement costs. The NIC also recognised a provision in respect of reinstatement of common areas.

During the period to March 2022, the provision value was reviewed, and a revised estimate was provided by the landlord. This resulted in an upward revision of that provision by £5k to a slightly higher value of £98k for financial year 2021-22.

11. Related Party Transactions

The sponsoring department of the NIC is HM Treasury. HM Treasury is regarded as a related party with which the NIC has had various material transactions during the period, including the provision of HR, IT and financial services to the NIC.

The NIC has a MOTO with the Government Actuary's Department. The lease relates to provision of office accommodation and associated management services to be provided for the NIC.

Other government departments also enter into arrangements to provide staff on secondment or loan to the NIC.

Board member remuneration is disclosed in the Remuneration Report. No Board member, key manager or other related party has undertaken any other material transactions on preferential terms with the NIC or other entities within the HM Treasury group.

12. Events after the Reporting Period

There were no adjusting or non-adjusting post balance sheet events after the reporting period.

13. Date Authorised for Issue

The financial statements were authorised for issue on the date of the Comptroller and Auditor General's signature.

There were no changes to the accounts between the date when the Accounting Officer signed the accounts and the date they were authorised for issue.

NATIONAL INFRASTRUCTURE COMMISSION

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