

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023

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Accounts presented to the House of Commons pursuant to Section 7(3)(c) of the
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Annual Report presented to the House of Commons by Command of His Majesty

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Chair's foreword

After three years, it is a relief to be able to write this foreword without needing to focus on the impact of the Covid pandemic.

The period covered by this report was free of any pandemic related restrictions on business activity and as a result we have been pleased to get out and meet stakeholders face-to-face again – indeed, we have embarked on a series of regional visits and have been able to return to conference platforms across the country over the year.

That has been particularly welcome as we turned in earnest to work on the next National Infrastructure Assessment, analysing the biggest long term infrastructure challenges and opportunities facing the country.

The second National Infrastructure Assessment was published in October 2023. You will see numerous references to 'NIA2' throughout this report: it is the Commission's landmark product, and we are keen to ensure the second Assessment achieves at least the same level of endorsement and adoption as the first in 2018.

A range of work has been underway over the year to lay firm foundations. In June 2022 we published an interim report on how local authorities, sub regional transport bodies and central government can work together to unblock congestion holding back the economic growth of city regions. The paper explored how to enable a greater number of valuable journeys while reducing carbon emissions, and to do so against the backdrop of uncertainty about future patterns of demand.

We continued to build upon this interim report in the final NIA2, which also included proposals on longer distance transport links, steps to transform our energy and heating networks, and ways of boosting the country's resilience to various shocks and strains.

Such pressures are mounting in the face of both population growth and an increase in extreme weather from climate change. NIA2 set out infrastructure improvements that seek to mitigate climate risks, and more widely reverse negative impacts on the natural environment.

In addition to preparatory work for NIA2, during 2022/23 we also published new reports on important areas of policy – the first of which relates directly to the impact of climate change.

That report looked at how to reduce the risk of surface water flooding, particularly in urban areas of England. Currently around 325,000 properties are in areas at the highest risk – meaning there is a more than 60 per cent chance they will flood in the next 30 years. Without action, up to around 300,000 more properties could be put at risk.

Our report set out how to better identify the places most at risk and reduce the number of properties at risk there. Alongside other recommendations, we called for devolution of funding to local areas at the highest risk, and support for them to make long term strategies to meet local targets for risk reduction.



Towards the end of the year we were asked by government to consider how the current system of National Policy Statements could be improved alongside wider measures to speed up the planning and consenting process for major infrastructure projects.

We finalised our report in April 2023, concluding that National Policy Statements need to be reviewed at least every five years as a statutory requirement to provide clarity on government's position regarding the national need for certain types of infrastructure. We also proposed a national database of effective environmental mitigations, and a clearer menu of benefits for local communities which host key schemes.

The report received endorsement from a broad range of organisations and we await government's formal response.

Those two reports sat alongside a range of other policy interventions over the course of the year, charted in the following pages.

At the start of the year we were pleased to welcome Kate Willard, Jim Hall and Nick Winser as new Commissioners. They have made an immediate and impressive impact on our policy formation, analytical firepower and stakeholder outreach. This has been bolstered further by the appointment of Julia Prescott as Deputy Chair. Julia has offered hugely valuable insights from the investor community since her appointment as a Commissioner in 2017 and I am delighted that she will now fulfil this additional responsibility.

The constitution of the Commission changed again in early 2023, as Bridget Rosewell stood down to take up a role as non executive director of the UK Infrastructure Bank. I would like to thank Bridget both for her valuable service to the Commission since 2015, and for agreeing to stay on as a temporary adviser to the Commission on the transport sector while the process to appoint her successor continued. I am delighted that as of 1 November 2023, Michèle Dix CBE joined the Commission. Michèle brings a wealth of knowledge of the transport and planning spheres, and her experience in developing world class public transport systems will help inform the Commission's ongoing work advising government on how best to promote economic growth across all regions.

Commissioners rely on the quality of research and analysis undertaken by our secretariat and we are fortunate to be supported by an excellent team, who share the Commissioners' dedication to making the UK's infrastructure 'better for all'. That dedication, and the expertise behind it, will be tested considerably over the coming year as we draw together the thematic strands of our NIA2 work programme and finalise our detailed, costed recommendations to government.

It is a responsibility the Commission takes very seriously and we look forward to continuing to engage with stakeholders across both the public and private sector following the publication of NIA2 – as we know it is only through broad consensus and collaborative partnerships that our proposals will be delivered on the ground.



Sir John Armitt, Chair, 24 November 2023

Contents

Introduction	
Chapter 1 - Performance report.....	8
Overview	9
Chief Executive's Statement	9
Statement of Purpose and Activities	11
Performance Summary.....	13
Risk Management Strategy	13
Adoption of Going Concern.....	14
Performance analysis.....	14
Achievements 2022-23	18
Forward plans 2023-24.....	24
Chapter 2 - Accountability report.....	28
Corporate Governance Report.....	29
The Statement of Account Officer's Responsibilities	36
Accounting Officer's Governance Statement	37
Remuneration and Staff Report.....	40
Parliamentary Accountability and Audit Report.....	52
THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS	53
Chapter 3 - Financial Statements	59
Notes to the Accounts.....	65

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 the Commission’s main activities and performance in 2022-23 and a summary of forward plans for 2023-24; 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).

Chapter 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 the organisation's purpose, the way it is structured, the Commission's key risks and the manner in which it has managed to achieve its objectives during 2022-23. 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 2022-23
- Forward Plans 2023-24.

Overview

Chief Executive's Statement

During the period April 2022 – March 2023, the Commission has delivered a comprehensive programme of activity to inform infrastructure decision making with expert, independent advice:

- We have continued to provide analysis and recommendations covering some of the most significant long term challenges facing economic infrastructure, including publishing a major report on how to address the increasing risk of surface water flooding in England, and undertaking a study on how to speed up the planning process for nationally significant infrastructure projects (published in April, just after this reporting period).
- We have embarked on an extensive programme of engagement activity to inform our work on the second National Infrastructure Assessment (NIA2), including a series of regional visits, sector roundtables and discussions with expert advisory panels.
- We have published a range of material setting out our approach to key topics to be addressed in NIA2, including a discussion paper on how we interpret our objective to improve quality of life, a similar paper on how we will address future uncertainty in the Assessment, and an interim report on how the Commission will approach strategic questions on enabling more journeys in city regions while achieving decarbonisation goals. An advice note to government on future policy for the interurban road network was also published in April 2023.
- We published a constructive critique of government's progress on infrastructure delivery, consolidating a new format for our annual monitoring report.

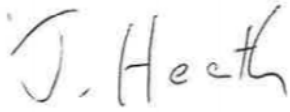


The focus on preparation for NIA2 has dominated our organisational planning and allocation of resources over the year, while we have remained agile to respond to requests for specific studies from government (such as the report on the planning system mentioned above).

In common with many other organisations, the Commission has settled into a hybrid working pattern with established protocols to ensure staff can perform effectively when working from different locations. This stood us in good stead for the opening of a second office in Leeds in January 2023, co-locating with the UK Infrastructure Bank. Vacancies are now generally advertised on a 'Leeds first' basis, and it is envisaged that up to 40 per cent of the Commission's secretariat will be based in the Leeds site in future.

As the secretariat has turned to focus on delivering NIA2, the board of Commissioners we support has been strengthened further with new appointments. Jim Hall, Kate Willard and Nick Winser were all appointed by the Chancellor for five year terms from April 2022, and in January Sir John Armitt was reappointed as Chair for a further two years while Julia Prescott was appointed Deputy Chair.

With this balance of experience and fresh perspectives on the Commission, alongside the commitment and expertise of our staff, I am confident we have the team in place to continue to deliver the best possible advice to Ministers on the questions within our remit. The development and synthesis of our various NIA2 workstreams over the coming months will be the strongest testament to that, and I look forward to sharing our Assessment with government, industry and wider stakeholders in the coming year.

A handwritten signature in dark ink, appearing to read 'J. Heath'. The signature is written in a cursive, slightly stylized font.

James Heath, Chief Executive, 24 November 2023

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: 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.

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.

The Commission must be able to demonstrate that its recommendations for economic infrastructure are consistent with gross public investment in economic infrastructure of between 1.1% and 1.3% 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 and gathering evidence, policy development, 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: a report on addressing Surface Water Flooding in England, and undertaken work commissioned by HM Treasury on how to speed up the planning system for Nationally Significant Infrastructure Projects (published just after the reporting period, in April 2023).
- Undertaken extensive research and analysis as part of the various projects constituting NIA2. This included publishing an interim report on the future of urban transport, setting out the Commission's approach to strategic questions on encouraging valuable journeys while decarbonising local transport; and producing discussion papers on how the Commission interprets its formal objective to improve quality of life, and how it will address future uncertainty in NIA2.
- Organised wide reaching stakeholder engagement activities to gain insights to inform NIA2 and test emerging recommendations. This has included a series of regional visits across the country, sector based roundtables, and convening expert advisory panels. This is in addition to extensive working level engagement with relevant bodies being undertaken by policy teams in specific areas.
- Published the Commission's sixth Annual Monitoring Report, now known as the Infrastructure Progress Review, in March 2023. This concluded that that government has ambitious goals for infrastructure, but in many areas, it is not delivering fast enough. The report attracted considerable attention from media, Parliamentarians and other stakeholders.
- 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" were developed and included in the Corporate Plan 2022-25 for the first time. Performance against these success measures is reported in the Performance Analysis section of this report.
- We achieved a staff engagement score of 68 per cent in the annual Civil Service People Survey which was one per cent lower than the previous year. This was positive in context of the wider civil service average staff engagement score of 65 per cent.

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 2023 shows net liabilities of £770k. 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

The Commission's Corporate Plan for 2022-25 set out a new set of performance measures developed to track progress against our strategic priorities.

The Commission's assessment of its performance against these measures during 2022/23 is shown below.

Strategic priority	Success measure and key performance target indicator	Key performance indicator or qualitative assessment
Strategic priorities 1 to 3 <ul style="list-style-type: none"> Set the agenda for economic infrastructure Promote and enable better infrastructure decisions Secure positive responses to our recommendations and support their delivery 	Number of reports delivered on time KPI target: 100%	KPI actual: Met 100%: One study and four reports and discussion papers were delivered during the year, with each of them progressing in line with their projected timeframe and being delivered within deadline.
	Stakeholder survey score: The Commission will take an average of key stakeholder survey responses to the following questions, gathering the percentage that agree or strongly disagree with the following statements: <ul style="list-style-type: none"> Performance: "The NIC is successful in its role of advising the government on the UK's infrastructure needs" Impact: "The NIC's recommendations on infrastructure developments are taken seriously" Independence & expertise: "The NIC's recommendations are expert and impartial" KPI target: average of 65% across all questions	KPI actual: Met A survey of named stakeholder organisations conducted during 2022-23 Stakeholder survey score: 67% 2022/23
	% recommendations accepted: The government had committed to responding to the Commission's recommendations setting out those which it accepts and those which it rejects. KPI target: 80% of the NIC's recommendations from the last five years being accepted by government.	KPI actual: Met 85% of the Commission's recommendations from the previous five years had been endorsed by government as at year end.

Strategic priority	Success measure and key performance target indicator	Key performance indicator or qualitative assessment
Strategic priority 4: <ul style="list-style-type: none"> Create an organisation built on collaboration, professionalism and a high performing culture. 	Staff engagement: The annual Civil Service People Survey contains a combined metric recording staff engagement. KPI target: 70% and for average score to remain above the Civil Service average	KPI actual: Partly met The NIC score for staff engagement in the 2022 People Survey was 68% (69% in 2021). The wider Civil Service engagement score was 65%.
	Diversity (representation): The Commission will set a target that the Commission's workforce should be representative of the UK's population as a whole in terms of % of staff by gender, % diverse ethnic background of staff, and % of staff with disabilities. KPI target: the Commission staff body will be at least: <ul style="list-style-type: none"> 50% female staff 14% staff from diverse ethnic backgrounds 13% staff with disabilities. 	KPI actual: Partly met At the end of 2022/23, the Commission's staff body included: 49% female staff 19.6% staff from diverse ethnic backgrounds 7.8% staff with disabilities. The Commission had an almost equal number of male and female staff at the end of 2022/23. The number of staff from diverse ethnic backgrounds is well above target. The number of staff with disabilities is below target and we will continue to review what steps we can take to attract staff with disabilities.
	Diversity (inclusion): The annual Civil Service People Survey contains a combined metric recording staff inclusion. KPI target: 85% and for the score to remain about the Civil Service average	KPI actual: Not met The Commission's score for diversity and inclusion in the 2022 People Survey was 76%, which was below the Civil Service benchmark (81%). We have implemented a new diversity and inclusion plan which we hope will have a positive impact during 2023/24

Strategic priority	Success measure and key performance target indicator	Key performance indicator or qualitative assessment
	Skills: We will continue to review our plans for learning and development and recruitment to provide skills relevant for a high performing organisation	KPI actual: Met We have improved our learning and development (L&D) offer, including offering structured learning tailored to roles and grades. This resulted in a 5% year on year improvement in the 2022 People Survey score for L&D (from 48% to 53%).
	Budget forecasting: The Commission will set out the accuracy of the Commission's budget planning. The measure will note how close the Commission's actual expenditure is to its forecast.	KPI actual: Met Outturn was 2% below budget. Cost pressures were managed throughout the year to deliver within the budget envelope.

Achievements 2022-23

As the Commission has continued work towards NIA2, the strategic challenges outlined in the Baseline Report published in November 2021 have continued to hold saliency and the specific workstreams identified have received extensive support from stakeholders, including expert panels convened to challenge emerging thinking. A summary report of feedback received from more than 100 stakeholders through a Call for Evidence exercise on NIA2 was published in June 2022. This indicated the priorities identified by the Commission were sensible, with three quarters of responses expressing support for the main projects identified.

An interim report on urban transport published in June 2022 and a discussion paper on how the Commission will interpret its formal objective to enhance quality of life, also published in June, both helped establish and clarify the Commission's approach for NIA2. This was built upon in April 2023, just outside the reporting period, with an advice note to ministers on how to identify and enable targeted enhancements to the interurban road network in a way that is consistent with climate obligations.

In November 2022 the Commission published a major study into how surface water flooding should be better managed in England. It found that over three million properties are currently at risk of suffering surface water flooding, and 325,000 are at high risk with at least a 1 in 30 chance of flooding every year. The study further found that, over the coming decades, the number of properties in areas that are high risk could increase by up to around 300,000 due to growing risks from climate change, new developments increasing pressure on drainage systems and the spread of impermeable surfaces from paving over gardens.

The report set out the need to better identify the places most at risk and reduce the number of properties at risk. A first step to avoid adding to the problem, the Commission argued, would be to introduce stricter control on new property developments and to encourage wider uptake of sustainable drainage systems. The Commission also called for devolved funding to local areas at the highest risk and support for those areas to develop long term strategies to meet local targets for risk reduction. The Commission expects government to respond formally to these recommendations during 2023.

At the end of the year, the Commission undertook a study at the request of government to identify improvements to the system for reviewing National Policy Statements (NPSs) and wider reforms that could help speed up consenting for Nationally Significant Infrastructure Projects (NSIPs). This was published in April 2023 and recommended a legal requirement for NPSs to be reviewed every five years, the creation of a national database of effective environmental mitigations, and a clearer menu of direct benefits that could be offered to local communities which host infrastructure projects. The Commission also recommended that government should amend legislation to bring onshore wind back into the NSIPs regime as soon as possible, to unlock more such schemes. Government is due to respond to these recommendations formally in the near future.

The Commission published five reports and papers from April 2022 to March 2023



During the year, government issued formal responses to a number of previous Commission studies, namely those on engineered greenhouse gas removals, on how infrastructure can support towns in England, and a further response to our 2020 report on resilience. In each case, the Commission's work was commended and the vast majority of recommendations were at least broadly endorsed.

In March 2023, the Commission published its Infrastructure Progress Review 2023. 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 Review noted that government has ambitious goals for infrastructure, but in many areas, it is not delivering fast enough.

The Review stressed the crucial role of infrastructure in supporting economic growth and achieving net zero; it highlighted positive progress towards nationwide coverage of gigabit broadband and continued growth in renewable electricity. The report however criticised "negligible advances in improving the energy efficiency of UK homes, the installation of low carbon heating solutions or securing a sustainable balance of water supply and demand," which have been subject to a more short term and changeable approach in recent years.

The Review also set out a number of principles the Commission proposes government should adopt to "get back on track", including developing stronger staying power and focus on fewer, bigger, better targeted initiatives to deliver the infrastructure needed to meet its long term goals for economic growth and a lower carbon economy. The report was well received, with more than 2,000 views on the NIC website within the first week of publication. A roundtable discussion with the All Party Parliamentary Group on Infrastructure also helped disseminate the Commission's findings with Parliamentarians.

Parliamentary committees continue to seek expert evidence from the Commission: over the year, the Commission has given oral evidence to the House of Lords Committee on Land Use in England, the BEIS Select Committee (now Business Select Committee) inquiry on decarbonisation of the power sector, and the House of Lords Science and Technology Committee inquiry on delivering nuclear power. As a result, evidence from the Commission is routinely cited in parliamentary reports. For instance, in October 2022 the Joint Committee on the National Security Strategy highlighted Commission calls to enhance regulatory oversight of resilience, and co-ordination between different regulators, in a report critical of government's current approach to ensuring security of key national infrastructure. In February 2023, the House of Lords' Built Environment Committee published a letter to government following its inquiry into infrastructure policymaking and implementation, praising the "intellectual calibre" of the Commission and its "focused and rigorous work [alongside the IPA] in improving infrastructure planning and delivery in recent years".

The Commission's policy work is complemented by input from its Young Professionals Panel, who have continued to offer additional perspectives on infrastructure challenges. Over the course of the year the Panel has also held a number of events, including a discussion on net zero specifically to inform NIA2. Additionally, through its Design Panel, the Commission

has continued to actively support the promotion of good design in all major infrastructure projects, including through direct engagement with relevant ministers and through organising a series of roundtable events which took place in spring 2023.

The Commission's existing People Strategy will be reviewed during 2023/24 in line with the organisation's strategy and future work plans. The People Strategy seeks to support the Commission in its development and objectives, and one of the aims is to help retain staff for longer. Steps have been taken to embed the values of the '**Commission Way**', including through building it into annual appraisal objectives. Learning and development will continue to be a focus as the Commission's priorities for the forthcoming year are confirmed.

During the year, the Commission refocused efforts to improve diversity and inclusion within the organisation through a new action plan. This is a staff led initiative seeking to improve diversity in areas such as recruitment, where job adverts are now checked for gendered language to make them more attractive to a wider group of candidates. Staff appraisals have also been updated to ensure all staff have diversity objectives. Roll out of the action plan will continue over the coming year.

Communications and Stakeholder Engagement

Press and Publicity

Over the course of the year the Commission's communications team has worked with a range of media to help promote the organisation's perspective on topical infrastructure issues, most notably during the widespread drought measures introduced in the summer of 2022. Commissioners responded to a large number of broadcast and print media requests to comment on the long term measures required to address the UK's drought resilience. The Commission similarly offered expert comment on topics ranging from the progress of the HS2 project to the rollout of electric vehicle charging infrastructure.

Both the main policy reports published during the year (surface water flooding and the Infrastructure Progress Review 2023) received national broadsheet and broadcast coverage, while these and other reports and discussion papers also attracted specialist press coverage. Over the year, the Commission attracted **791** pieces of coverage in national newspapers and broadcast media (placed articles, direct quotes, interviews and briefings, and through references to Commission work); this included **70** radio and TV 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 **7,267** to **9,757** followers on LinkedIn.

The Commission has continued to develop its website to make available publicly all policy reports and supporting data, as well as regular updates on the Commission's work and responses to external developments. Web traffic inevitably reflects interest in particular new publications, and over the course of the year monthly web traffic has again averaged around 16,000 unique users.

The communications team have continued to trial the use of an animated storyboard tool to highlight the key messages of reports for a general audience, using this feature for both the surface water flooding report and the Infrastructure Progress Review 2023.

The Commission has continued to send a quarterly newsletter to 2,250 Parliamentarians and other key stakeholders with news of the organisation's latest reports, responses and data releases, with signups growing by around 900 over the previous year. Any interested party can sign up to receive this mailing via the Commission website homepage.

Stakeholder Engagement

As noted variously above, this reporting year saw the Commission embark on a major programme of strategic engagement with a wide range of stakeholders to help inform and test NIA2.

With restrictions resulting from the Covid pandemic lifted entirely by the start of the reporting year, the Commission was able to plan a number of visits across the country as well as participate in a large number of conferences and other external events. The former series of regional events typically took the form of one-to-one meetings between the Chair and the relevant mayor, followed by a roundtable with senior local government officials and industry figures, often followed by a visit to a local infrastructure site of significance. A number of the regional visits included further engagement activities with local business leaders – organised in conjunction with the regional Chamber of Commerce – and meetings with community groups.

Speaking engagements were chosen to reflect the Commission's strategic priorities of setting the agenda for economic infrastructure and securing positive responses to our recommendations. Typically, conference topics reflected the findings of our recent reports – on surface water flooding, for instance – or to build engagement with our NIA2 themes.

Both the Commission's major policy reports published during the year were marked with online launch events, each attended by around 150 delegates.

Activity over the year has included:

- 80 public stakeholder engagements, including: 45 set-piece speeches by Commissioners and the senior management team, six Commission-convened events to launch new reports or discuss specific themes, participation in 11 third-party roundtables or seminars, and seven regional stakeholder visits around the country.
- giving oral evidence to four Parliamentary committees as part of inquiries into infrastructure planning, nuclear power, decarbonisation and land use in England.
- additionally running 21 working level workshops or roundtables hosted either by policy teams or in partnerships with external stakeholders
- 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.

Commission Activities 2022-23 in numbers

- Infrastructure Reports and papers published: 5
- Policy roundtables with stakeholders and expert panels: 57
- Speeches by Commissioners & SMT: 45
- Broadcast interviews: 70
- Pieces of media coverage referencing the commission work: 791
- National media coverage: 255 (broadcast and newspapers)
- LinkedIn followers: 9,759
- Twitter followers: 6,691
- Select Committee oral evidence sessions: 4
- External research published on website: 4

Below are selected images from some of the Commission's regional engagement.



Commission activities 2022-23 in numbers



Corporate Services, Accommodation, Finance and Human Resources

The Commission's financial management and oversight arrangements are established in the Framework Document. 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.

In January 2023 the Commission opened an additional office in Leeds, at One Embankment on Neville Street. Following this reporting period, in June 2023, the Commission moved its London office from Finlaison House on Furnival Street to a new interim office at Windsor House on Victoria Street. The Commission is seeking a suitable long term solution for its London office.

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

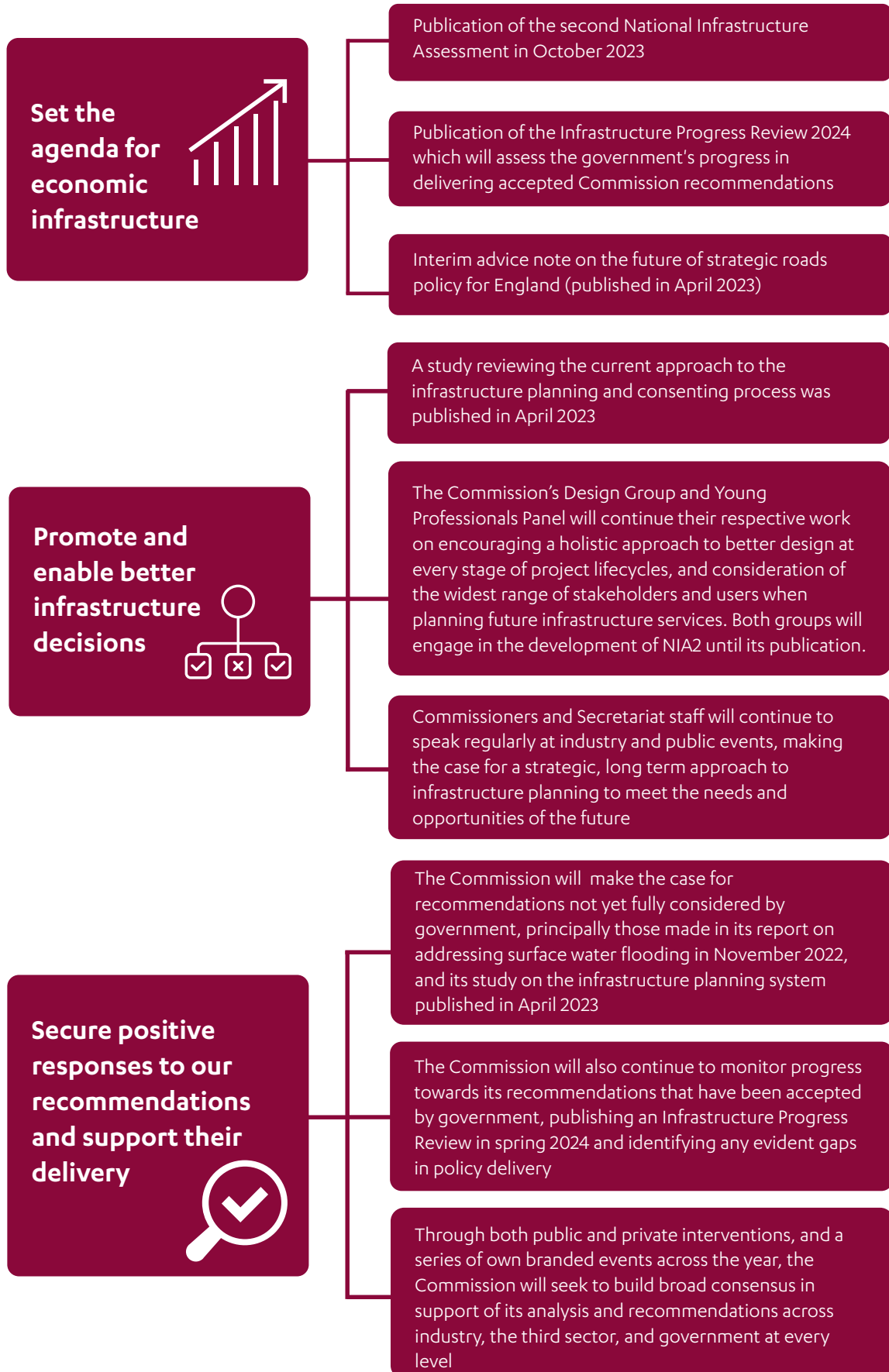
The Commission received a multi-year settlement covering 2022 to 2025 in the autumn 2021 Spending Review. This will enable us to undertake future planning that reflects the nature of its workflow in the run up to, and beyond, the next National Infrastructure Assessment.

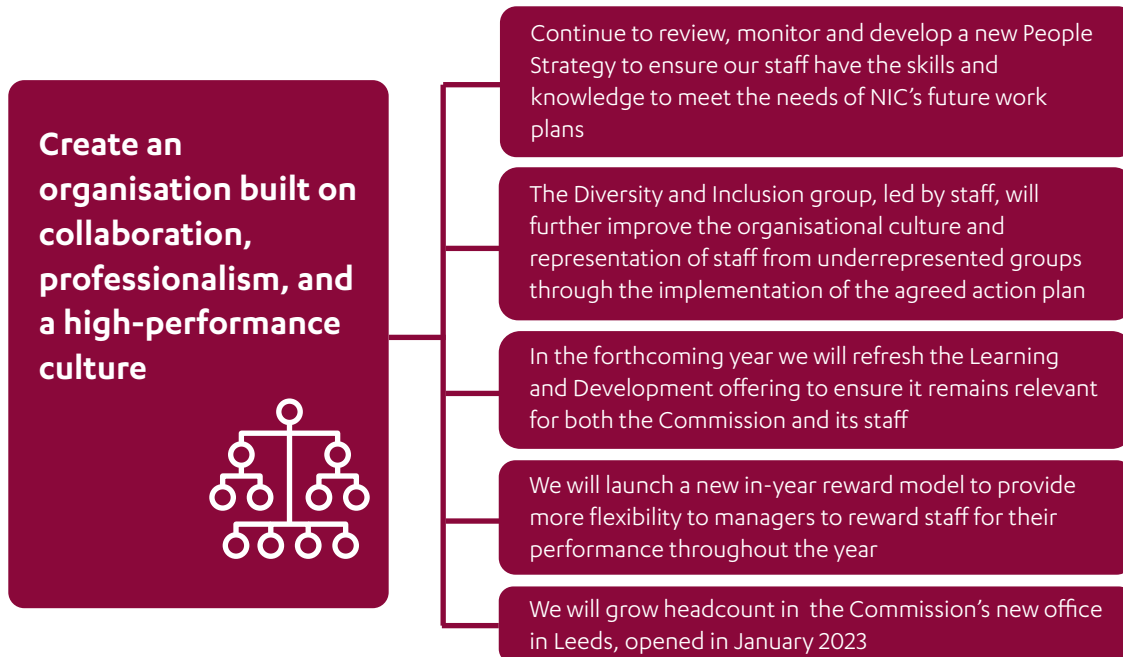
Forward Plan 2023-24

The Commission is focused on the delivery of its four strategic priorities for 2023-24 set out in its corporate strategy published in July 2023:

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
4. Create an organisation built on collaboration, professionalism, and a high-performance culture.

The Commission's strategic objectives





J. Heath

James Heath, Chief Executive, 24 November 2023

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 Responsibilities;
- 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.

Bridget Rosewell stood down from the Commission in January 2023 and acted as an adviser to the Commission on a temporary basis until June 2023. To replace Bridget’s expertise in the transport sector, the Chancellor appointed Michèle Dix CBE. Michèle will commence her role as a Commissioner on 1 November 2023.

During the 2022-23 period the Commission had a Chair and ten 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
- Jim Hall FrEng
- Professor Sadie Morgan OBE
- Julia Prescott
- Bridget Rosewell CBE (until January 2023)
- Kate Willard OBE
- Nick Winser CBE.

The Commission’s members

The National Infrastructure Commission comprises a Chair and between four and 12 additional non-executive Commissioners.

The current members of the Commission are:



Sir John Armitt CBE (Chair) published an independent review on long term infrastructure planning in the UK in September 2013, which resulted in the National Infrastructure Commission. Sir John was Chief Executive of Costain from 1997 until 2001, after which he served as Chief Executive of Railtrack (later Network Rail) until 2007. From 2007 he was Chair of the Olympic Delivery Authority.



Julia Prescott (Deputy Chair) is Co-Founder of Meridiam Infrastructure, a member of the UK Investment Council and Co-Chair of the Global Infrastructure Facility, a G20, World Bank and multilateral bank promoted organisation. She is also Chair of the Fulcrum Infrastructure Group and Neuconnect Limited, Deputy Chair at the Port of Tyne and a non executive director of Allego NV, an electric car charging company.



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



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.



Andy Green CBE holds several Chairman, 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 for the Digital Catapult, an initiative to help grow the UK digital economy.



Professor Jim Hall FrEng is Professor of Climate and Environmental Risks in the University of Oxford and Director of the University's Environmental Change Institute. He is internationally recognised for his research on risk analysis and decision making under uncertainty for water resource systems, flood and coastal risk management, infrastructure systems and adaptation to climate change.



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 is a Mayor's design advocate for the Greater London Authority. She sits on the boards of the Major Projects Association and Homes England.



Kate Willard OBE is the Thames Estuary Envoy and chairs the Thames Estuary Growth Board. Since 2017 she has served as Chair for the Arts Council England's Area Council North. In addition, she is an independent consultant working on a diverse portfolio of infrastructure and growth projects. In March 2022 she was appointed Chair of Teesside International Airport.



Nick Winser CBE has had a 30-year career in the energy sector, including serving as UK and European CEO of the Board of National Grid and President of the European Network of Transmission System Operators for Electricity. He currently serves as Chair of the Energy Systems Catapult.

Commissioner Attendance	Commission Meetings
	Meetings attended out of those eligible
Sir John Armitt CBE	11 of 11
Professor Sir Tim Besley CBE	10 of 11
Neale Coleman CBE	10 of 11
Andy Green CBE	10 of 11
Professor David Fisk CB	1 of 1
Professor Sadie Morgan	7 of 11
Julia Prescott	10 of 11
Bridget Rosewell OBE	6 of 8
Professor Jim Hall	10 of 10
Kate Willard OBE	8 of 10
Nick Winser CBE	10 of 10

At the start of the 2022-23 year the Commission 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. In January 2023, Sir John Armitt was reappointed for two years, and Julia Prescott was appointed as Deputy Chair.

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 HM Treasury, appropriate executive members including the Chief Executive and Chief Operating Officer, 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)

The Board is also attended by:

- Linda Timson (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 Pension 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 CBE (Chair)	4 of 4
James Heath (Executive)	4 of 4
Mark Ardron (Executive)	4 of 4
Katherine Easter (Non-Executive)	2 of 4
Dennis Skinner (Non-Executive)	4 of 4
David Finlay (Non-Executive)	4 of 4

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 with the Commission's performance reporting. The Oversight Board ensures that the performance reporting data, provided by HM Treasury and subject to internal and external audit, is complete and accurate.

In 2022/23 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).

Delivery of 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.

Member and Executive Attendance	Audit and Risk Assurance Committee Meetings Meetings attended out of those eligible
James Heath (Executive Member)	3 of 4
Mark Ardron (Executive Member)	4 of 4
Dennis Skinner (Non-Executive Member)	4 of 4
David Finlay (Non-Executive Member)	4 of 4
Katherine Easter (Non-Executive Member)	3 of 4

Register of Interests

The register of interests for each of the Commissioners, non-executive directors and senior management team is maintained online. Details can be found at the following on our website: <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: <https://nic.org.uk/about/corporate-reports/>.

Chair'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 a discussion paper on Quality of Life, an interim report on urban transport and a report on Surface Water Flooding
- published its sixth 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 2022-23, the Commission continued to prioritise work according to the organisation's four year Strategic Plan covering 2023-2026, and started the process leading up to the publication of the second National Infrastructure Assessment in October 2023.

In 2022-23, the Commission has continued to maintain its governance and control environment, focussing on organisational efficiency and reducing operational risks. The organisation continued to use a full suite of formal corporate governance policies covering conflicts of interest, gifts and hospitality, fraud, bribery and whistleblowing, use of social media, and complaints and compliments.

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

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

The 2022 staff survey showed that the organisation continues a strong trajectory in many areas with good levels of engagement, teamwork and understanding of organisational objectives and purpose. We did see lower scores on pay and benefits which was common across all of the Civil Service and not surprising given the wider economic environment. 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.

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 National Infrastructure 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 CEO 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 2023 and its financial position as at 31 March 2023.

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 CEO 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 throughout 2022/23 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 overseeing any 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 the period of the 2022–23 accounts 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.

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 members 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.

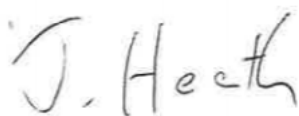
Principal risks

The key risks facing the Commission in 2022/23 included the organisation's office location, recruitment and retention and project management. We put in place mitigations and managed these risks satisfactorily throughout the year which included the opening of the new Leeds office and the identification of a new interim London office. Other key risks are outline in more detail below.

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 and stakeholders 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 CEO-chaired Programme Board overing key reports and studies, supported by a dedicated Programme Manager who oversees our project management arrangements, including training for all staff.



James Health, Chief Executive, 24 November 2023

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.

	2022-23 £,000	2021-22 £,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 CBE Commissioner (25/05/22)	0-5 (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 (to 02/01/23)	15-20 (20-25)	20-25
Neale Coleman Commissioner	20-25	20-25
Nicholas Winser CBE Commissioner (from 01/05/22)	15-20 (20-25)	-
Kate Willard OBE Commissioner (from 01/05/22)	15-20 (20-25)	-
Jim Hall FREng Commissioner (from 01/05/22)	15-20 (20-25)	-

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

Payment is reflective of 3 days a week for the Chair and 2 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 and are subject to the deduction of appropriate taxes via the PAYE system.

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

No benefits in kind have been paid to Commissioners. The NIC 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.

Senior management – single total figure of remuneration² (audited)

2022-23 £000				
	Salary (FYE)	Bonuses/ allowances	Pension Benefits ³	Total
James Heath Chief Executive Officer	125-130	5-10	50	180-185
James Richardson Chief Economist	105-110	5-10	-10	100-105
Giles Stevens Director of Policy (to 03/06/22)	10-15 (105-110)	-	-2	10-15
Hannah Brown Director of Policy	45-50 (75-80)	-	10	55-60
Jen Coe Director of Policy	40-45 (75-80)	-	35	80-85
Mark Ardron Chief Operating Officer	75-80	10-15	-7	75-80
Margaret Read Director of Policy (from 03/10/22)	35-40 (80-85)	-	3	40-45

2 Salary, full year equivalents (FYE) and totals are presented in £5,000 bands. FYE and FTE for part-time staff is shown in brackets.

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.

2021-22 £000				
	Salary (FYE)	Bonuses/ allowances	Pension Benefits ⁴	Total
James Heath Chief Executive Officer	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

4. 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.

Senior management – Pension benefits⁵ (audited)

	2022-23 £000				
	Accrued annual pension at pension age as at 31/3/23 and related lump sum	Real increase in annual pension at pension age	CETV* at 31/3/23	CETV at 31/3/22 ⁶	Real increase in CETV ⁷
James Heath Chief Executive Officer	15-20	2.5-5	193	151	25
James Richardson Chief Economist	40-45 plus a lump sum of 65-70	0-2.5	796	735	-25
Giles Stevens Director of Policy (to 03/06/22)	35-40 plus a lump sum of 60-65	0-2.5	572	566	-4
Hannah Brown Director of Policy	15-20	0-2.5	188	168	2
Jen Coe Director of Policy	10-15	0-2.5	104	84	14
Mark Ardron Chief Operating Officer	40-45 plus a lump sum of 70-75	0-2.5	650	596	-16
Margaret Read Director of Policy (from 03/10/22)	25-30 plus a lump sum of 40-45	0-2.5	396	383	-3

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

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.
7. Taking account of inflation, the CETV funded by the employer has decreased in real terms where the value is negative

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 NIC in the accounting period was £125-130,000 (2021-22: £120-125,000) plus bonus of £5-10,000 (2021-22: £0-5,000). This was 2.4 (2021-22: 2.4) times the median remuneration of the workforce, which was £54,825 (2021-22: £53,000).

The median pay ratio for 2022-23 reflects the remuneration policies and bonuses paid for the performance year 2021-22.

Remuneration of NIC employees ranged from £20-25k to £125-130k (2021-22: £20-25k to £120-125k); no employees received pay in excess of the highest paid senior manager/commissioner.

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.

Highest paid director	2022-23 £000	2021-22 £000	Movement %
Salary and allowances	125-130	120-125	2.00%
Performance Pay and Bonuses	5-10	0-5	63.44%

Average (mean) remuneration of other employees ⁸	2022-23 £	2021-22 £	Movement %
Salary and allowances	57,536	52,964	8.63%
Performance Pay and Bonuses	540	511	5.66%

⁸ 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 2023.

2022-23			
Total pay and benefits	Lower Quartile (25%)	Median (50%)	Upper quartile (75%)
Remuneration	40,819	54,825	64,974
Ratio	3.2	2.4	2.0
Salary only			
Remuneration	39,880	53,409	64,498
Ratio	3.2	2.4	2.0

2021-22			
Total pay and benefits	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 NIC'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 NIC's Oversight Board. Total staff costs (including those for secondees and agency staff) for NIC in the year were £3,811k (2021-22: £3,673k).

The pay of senior civil servants (SCS) including those working for the NIC 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;
- 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

In-year bonuses are awarded on an ad-hoc basis to staff to recognise an exceptional contribution, or piece of work during the year. Annual bonuses are paid in respect of performance in the previous year, following the year-end 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 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015;
- members who were between 10 years and 13 years and 5 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 using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

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 (2021-22: no payments made).

Payments to past directors (Audited)

There were no payments made to past directors in the accounting period (2021-22: no payments made).

Staff Report

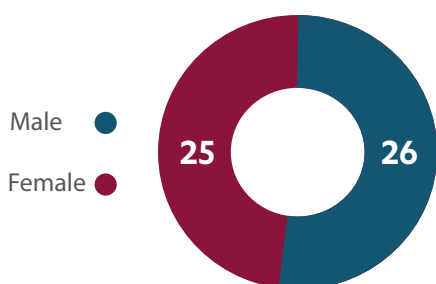
At 31 March 2023, the NIC had 51 members of staff comprising of permanent employees and temporary employees on loan from other Civil Service departments. Whilst terms and conditions differ dependent on point of origin, all staff members report to and are accountable to the Chief Executive.

As at 31 March 2023, the gender balance of NIC's 51 employees was as set out below.

The Commission's leadership team includes 2 (FTE) SCS2 staff, 2.2 (FTE) SCS1 and 1 (FTE) E2 staff. Within this the gender balance was 2 male SCS2 members of staff, and 2.2(FTE) SCS1 female and 1 (FTE) E2 male.

The Commission's annualised staff turnover rate, excluding secondments, was 19%.

Employee Gender Balance



Sickness Absence

During the reporting period the average number of working days lost due to sickness absence was 3.6 days per full-time equivalent (FTE).

Staff policies

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

The NIC 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. Our L&D programme was designed for all staff based on role, specialisms and grade and sets out the key learning and development activities to be undertaken.

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. 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 £3,811k comprised £3,774 related to permanent employees and £37k related to secondees from other public and private-sector institutions.

Staff Costs

2022-23	Employee £000s	Other Staff £000	Total £000
Wages and salaries	2,776	28	2,804
Social Security costs	335	4	339
Other pension costs	663	5	668
Total costs	3,774	37	3,811

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

Average Number of Persons Employed

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

	Employees	Other staff	2022-23 Total	2021-22 Total
Total persons employed	44.0	0.3	44.3	44.5

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 46-47. 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.⁹

For the accounting period, employers' contributions of £660k 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 2022-23 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 NIC incurred between £10,000 to £25,000 in relation to 1 exit package (2021-22: nil).

⁹ [Civil Service Pension Scheme 2016 valuation report](#)

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. There were no board members and/or senior officials with significant financial responsibility engaged in off-payroll between 1 April 2022 and 31 March 2023. There was a total of twenty two off-payroll engagements during the year 2022-23. Ten of the off-payroll engagements relate to the Young Professionals Panel (YPP) and are serving a three year term on this advisory group. They were appointed in July 2020 and have therefore been off-payroll for between two and three years. Three members of the panel did not receive any payments during the period.

Ten of the remaining engagements relate to members of the Commission's Design Group who are serving a five 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 two and three years. Six members of the Design Group did not receive any payments during the period and one member of the Design Group left in August 2022. The remaining engagements were secondees, charged to the Commission on a day-rate basis, one of whom left during the year.

Off-payroll engagements as of 31 March 2023, earning at least £245 per day or greater

	Total
The total number of existing engagements	20
Of which:	
No. that have existed for less than 1 year at time of reporting	3
No. that have existed for between 1 and 2 years at time of reporting	-
No. that have existed for between 2 and 3 years at time of reporting	11
No. that have existed for between 3 and 4 years at time of reporting	6
No. that have existed for 4 or more years at time of reporting	-

All off-payroll engagements at any point during the year ended 31 March 2023 and earning at least £245 per day or greater

The total number of engagements	22
Of which:	
Not subject to off-payroll legislation -	-

Subject to off-payroll legislation and determined in-scope of IR35 -	-
Subject to off-payroll legislation and determined as out-of-scope of IR35	22
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 -	-

Parliamentary Accountability and Audit Report


The accounts of the NIC are audited by the Comptroller and Auditor General under the Government Resources and Accounts Act 2000. The audit fee charged was £35,000 (2021-22: £32,000). 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 NIC (audited).

The NIC has not incurred any losses or special payments in excess of £300k during the reporting period to 31st March 2023 (2021-22: none) (audited).

The NIC has no remote contingent liabilities. NIC's total expenditure during the accounting period was £5,662k (2020-21: £5,448k) (audited).



James Heath, Chief Executive, 24 November 2023

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 2023 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 2023;
- Statement of Comprehensive Net Expenditure, Statement of Cash Flows and Statement of Changes in Taxpayers' Equity for the year then 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 2023 and its total 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 (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 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 the National Infrastructure Commission is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is 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 thereon. The Accounting Officer is responsible for the other information.

My opinion on the 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.

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 part of the Remuneration and Staff Report to be audited has 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 Reports 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:

- Adequate accounting records have not been kept by the National Infrastructure Commission or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Accountability Report subject to audit 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 Responsibility, the Chief Executive as Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the National Infrastructure Commission from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- ensuring that the financial statements give a true and fair view and are prepared in

accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000;

- ensuring that the annual report, which includes the Remuneration and Staff Report, is prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; 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 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 regulations, 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, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Infrastructure Commission's accounting policies.
- inquired of management, National Infrastructure Commission's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Infrastructure Commission's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of 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;
- inquired of management, National Infrastructure Commission's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with 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 required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the National Infrastructure Commission's framework of authority and other legal and regulatory frameworks in which the National Infrastructure Commission operates. I focused 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 Government Resources and Accounts Act 2000, Managing Public Money, Supply and Appropriation (Main Estimates) Act 2023 and employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed 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, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated 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 risks of fraud to all engagement team

members including 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 expenditure and income 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.

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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

29 November 2023

Comptroller and Auditor General

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

Chapter 3 – Financial Statements

Statement of Comprehensive Net Expenditure

for the period ended 31 March 2023

	Note	2022/23 £000	2021/22 £000
Expenditure			
Staff costs	2	3,811	3,673
Other expenditure	3	1,883	1,804
		5,694	5,477
Income			
Operating income		(34)	(29)
Net expenditure		5,660	5,448
Finance expense		2	-
Total net expenditure		5,662	5,448

There were no items of other comprehensive income.

The notes on pages 65 to 76 form part of these accounts.

Statement of Financial Position

As at 31 March 2023

	Note	2022/23 £000	2021/22 £000
Non-current assets			
Right of use assets	4	239	-
Property, plant and equipment	5	21	82
Total non-current assets		260	82
Current assets			
Cash and cash equivalents	7	30	204
Trade and other receivables	8	15	9
Total current assets		45	213
Total assets		305	295
Current liabilities			
Payables due within one year	9	(733)	(840)
Lease liabilities within one year	11	(107)	-
Total current liabilities		(840)	(840)
Total assets less current liabilities		(535)	(545)

Non-current liabilities			
Provisions	12	(98)	(98)
Payables due after one year	9	-	-
Lease liabilities due after one year	11	(137)	-
Total non-current liabilities		(235)	(98)
Total assets less total liabilities		(770)	(643)
Taxpayers' equity			
General fund		(770)	(643)
Total taxpayers' equity		(770)	(643)

The notes on pages 65 to 76 form part of these accounts.

J. Heath

James Heath, Chief Executive, 24 November 2023

Statement of Cash Flows

for the period ended 31 March 2023

	Note	2022/23 £000	2021/22 £000
Cash flows from operating activities			
Net expenditure		(5,660)	(5,448)
Changes in working capital other than cash		(106)	248
Movements in provisions		-	5
Depreciation		338	64
Notional expenditure		35	32
Net cash outflow from operating activities		(5,393)	(5,099)
Cash flows from investing activities			
Purchase of non-current assets		(7)	-
Net cash outflow from investing activities		(7)	-
Cash flows from financing activities			
Cash transferred on absorption		-	-
Capital payments against lease		(272)	-
Finance payments against leases		(2)	-
Funding from HM Treasury		5,500	5,029
Net financing		5,226	5,029

Net increase/(decrease) in cash and cash equivalents in the period	7	(174)	(70)
Cash and cash equivalents at the beginning of the period		204	274
Cash and cash equivalents at the end of the period	7	30	204

The notes on pages 65 to 76 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the period ended 31 March 2023

	General Reserve £000
Balance at 31 March 2021	(256)
Total net expenditure for the period	(5,448)
Net parliamentary funding	5,029
Notional expenditure	32
Balance at 31 March 2022	(643)
Total net expenditure for the period	(5,662)
Net parliamentary funding	5,500
Notional expenditure	35
Balance at 31 March 2023	(770)

The notes on pages 65 to 76 form part of these accounts.

Notes To The Accounts

1. Statement of Accounting Policies

Pursuant to GRAA 2000 7(2), these financial statements have been prepared in accordance with the 2022-23 Government Financial Reporting Manual (FReM).¹⁰ 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 Windsor House, Victoria Street, London, SW1H 0TL. 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 Adoption of new accounting standards

IFRS 16 Leases

IFRS 16 is applicable for reporting periods beginning from 1 January 2019. Due to the ongoing COVID-19 pandemic, HM Treasury delayed mandatory application of IFRS 16 by government departments until 1 April 2022. The FReM permits departments to opt to apply the standard a year earlier from 1 April 2021, however NIC did not exercise this option and has therefore applied IFRS 16 from 1 April 2022.

¹⁰ [Government financial reporting manual](#)

IFRS 16 represents a significant change in lessee accounting by removing the distinction between operating leases (off-statement of financial position financing) and finance leases (on-statement of financial position financing) and introducing a single lessee accounting model. IFRS 16 requires recognition of assets and liabilities for all leases in the Statement of Financial Position (SoFP), with exemption given to low value leases and short-term leases, i.e. those with lease terms of less than 12 months. The adoption of the standard results in the recognition of a right-of-use asset, representing a right to use the underlying leased asset and a lease liability, representing an obligation to make lease payments.

The NIC has made the following transitional arrangements:

- To adopt IFRS 16 retrospectively, without restatement of comparative balances. Consequently, the Statement of Comprehensive Net Expenditure and the Statement of Financial Position for 2021-22 reflect the requirements of IAS 17.
- As a practical expedient, not to reassess the classification of contracts previously classified as leases or service contracts under IAS 17 and IFRIC 4. However, new contracts have been classified using the IFRS 16 criteria.
- For leases previously treated as operating leases:
 - To measure the liability at the present value of the remaining payments, discounted by the incremental cost of borrowing as at the transition date.
 - To measure the asset at an amount equal to the liability, adjusted for any prepayment or accrual balances previously recognised for that lease.
 - As a practical expedient, to exclude leases whose term ends within twelve months of first adoption.
 - As a practical expedient, to use hindsight in assessing remaining lease terms.

On the date of the initial application of 1 April 2022, the Statement of Financial Position has been adjusted to increase both right of use assets and leases liabilities by £337k.

A reconciliation between the prior year's closing lease commitments and opening lease liability is presented below.

2022-23	£000
Commitment at 31 March 2022	559
Exclusion of rates and service charges	(220)
Impact of discounting	(2)
Lease liability at 1 April 2022	337

1.5 Standards issued but not yet effective

One new standard is effective for annual periods beginning after 1 April 2024. The NIC does not intend to early-adopt any of this standard. The expected financial impact of adopting this standard is summarised below:

IFRS 17 Insurance contracts

IFRS 17 was issued in May 2017 and applies to annual reporting periods beginning on, or after, 1 January 2025 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.

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. Once effective, IFRS 17 will replace IFRS 4 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.

1.6 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 through 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 from HM Treasury within the primary statements.

1.7 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.

1.8 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.

1.9 VAT

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

1.10 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.

1.11 Cash

Cash and cash equivalents comprise cash at bank.

1.12 Financial Instruments

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

1.13 Leases

IFRS 16 has been applied to the NIC from 1 April 2022. Under this policy, at the inception of each contract, the NIC assesses whether the contract is, or contains a lease, where a lease is any arrangement which conveys the right to control an asset for a period of time in exchange for consideration. The NIC recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost and is depreciated on a straight-line basis over the residual lease term. The lease liability is initially measured at the present value of remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, a rate determined by HM Treasury and based on government's incremental borrowing rate. See also Note 1.4 for further detail on the first time adoption of this standard.

1.14 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

	2022-23 £000	2021-22 £000
Wages and salaries	2,804	2,697
Social Security costs	339	319
Other pension costs	668	657
Total costs	3,811	3,673

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 (see pages 40-52).

3. Other Expenditure

	2022-23 £000	2021-22 £000
Accommodation costs	2	268
Printing and office services	31	75
IT costs	241	255
Contracted-out services	867	737
External auditor's remuneration	35	32
Staff Support and Staff-related costs, including training and travel	66	35
Professional & office services	85	150

Accommodation related goods and services	218	183
Depreciation	338	64
Movement in Provisions	-	5
Total costs	1,883	1,804

Contracted-out services were predominantly research costs of £861k (March 2021-22: £735k). Accommodation related goods and services were primarily business rates and service charges.

The increase in depreciation is due to largely due to the introduction of right of use asset following the adoption of IFRS16. The adoption of IFRS16 has also reduced the level of operating leases and the related accommodation cost.

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

4. Right of Use Assets

	2022-23 £000	2021-22 £000
Costs		
At 1 April	337	-
Additions	179	-
Cost at 31 March	516	-
Depreciation		
At 1 April	-	-
Charged in year	(277)	-
Depreciation at 31 March	(277)	-
Carrying value at 31 March	239	-

On implementation of IFRS 16, the NIC has recognised a right of use asset for its lease of office space at Finlaison House.

5. Property, Plant and Equipment

	2022-23 £000	2021-22 £000
Leasehold Improvements & ICT Equipment		
Cost		
Opening Balance	319	312
Additions	-	7
Total Cost	319	319
Accumulated Depreciation		
Opening Balance	(237)	(173)
Depreciation	(61)	(64)
Total Accumulated Depreciation	(298)	(237)
Net book value (year end)	21	82

6. 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.

7. Cash and Cash Equivalents

	2022-23 £000	2021-22 £000
Balance at 1 April	204	274
Net change in cash balances – inflow/(outflow)	(174)	(70)
Balance at 31 March	30	204

All cash balances are held with the Government Banking Service.

8. Trade and Other Receivables

	2022-23 £000	2021-22 £000
Trade & other receivables	1	-
VAT receivable	14	9
Total trade and other receivables	15	9

9. Payables and Other Current Liabilities

	2022-23 £000	2021-22 £000
Trade & other payables	245	245
Accruals	399	507
Taxation and other social security	89	88
Total payables and other current liabilities	733	840

Trade and other payables is predominantly made up of trade payables £167k (2021-22: £174k) and payroll liabilities £78k (2021-22 £71k).

Accruals are made up of £111k (2021-22: £114k) which relates to annual leave, £182k (2021-22: £177k) in relation to research, £54k (2021-22: £78k) for shared services and £52k (2021-21: £138k) which relates to various other accruals.

10. Commitments

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

In 2022-23 the NIC leased its London 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. In January 2023 the NIC acquired an additional office space in Leeds under a license agreement with UK Infrastructure Bank (UKIB). This agreement runs for a period of five years to January 2028.

As at 31 March 2023 commitments under the current MOTO for the remaining lease period comprise:

	2022-23 £000	2021-22 £000
Accommodation		
Within one year	-	275
Between one and five years	-	64
Later than five years	-	-
Office services		
Within one year	71	178
Between one and five years	114	42
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.

11. Lease Liabilities

	2022-23 £000	2021-22 £000
Buildings		
No later than one year	113	-
Later than one year and not later than five years	145	-
Lease liabilities later than five years	-	-
Total	258	-
Less interest element:		
No later than one year	(6)	-
Later than one year and not later than five years	(8)	-
Total interest	(14)	-
Present value of obligations	244	-

12. Provisions

	2022-23 £000	2021-22 £000
Balance at 1 April	98	93
Additions	-	5
Balance at 31 March	98	98
Within one year	98	-
Between one and five years	-	98
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. No change was made to the estimate in the financial year 2022-23.

13. 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's office in London.

The NIC has a license agreement with UK Infrastructure Bank (UKIB). The license relates to the provision of office accommodation and associated management services to be provided for the NIC's office in Leeds.

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.

14. Events after the Reporting Period

There were no adjusting post-balance sheet events after the reporting period. There have been two non-adjusting events after the reporting period:

- **Leeds office** - NIC has been notified by the licensor of their intention to terminate the license agreement for the Leeds office from June 2024, as per the terms of the license agreement.
- **London office** - In June 2023 NIC moved from its existing London office to a new location. The expected occupancy period is less than one year, therefore in-line with IFRS16, associated costs (£21k per month) will be recognised as an expense in 2023-24 and will not be capitalised.

15. 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.

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