# Mind the Investment and Energy Gap

## MWH Director, Simon Bimpson reflects on the investment needed to make the UK's new Energy Infrastructure Plans a reality…

*The good news is that the Chancellor's Autumn Statement and the New National Infrastructure Plan shows that almost everyone now accepts the need for new and improved infrastructure in the UK's key areas of energy, transport, telecoms, water and waste. We also have some great UK companies in the wings with the skills and expertise to design, manage and build these projects. So the opportunity is huge. Commentators are talking about £200bn of infrastructure investment particularly in the utilities over the next decade.*

*The bad, or at least difficult news, is delivery of these massive infrastructure projects will require similarly large investment, at a time when investors can't be blamed for being jittery. And in terms of generating returns, it will be years before the projects come to fruition. Exposure to infrastructure debt is usually reserved for sophisticated institutional investors, although there has been talk about issuing a bond to enable both pension investors and others to invest directly in specific infrastructure projects, similar to PFIs in the 1990s.*

*But whatever the financial arguments, what's absolutely clear is that never before has proactive and transparent programme management been as crucial as it is today. Both new and traditional backers of public and private infrastructure will not just be looking for stable, well managed programmes, they will actively be scrutinising every aspect to ensure as much risk has been removed as possible. This is why pension funds have traditionally preferred investing in built infrastructure – when the initial high risk phases of bidding, commissioning, planning and design are resolved. Even those familiar with investing in higher risk projects, with large debt ratios and long timescales, will be demanding very tight programme planning and design. Therefore, the onus really will be on us, as the independent partners of our clients and vendors in the development of these projects, to get it right. Programme managers can play a vital role in securing the ongoing support, confidence and commitment of government and investors. At MWH we seek to provide a seamless experience for clients and investors by providing the strategic planning and programme management which helps to avoid costly disconnects. We also utilise our change management expertise to advise on all of the unexpected challenges that emerge through the transition phases of the programme.*

*It's only by having the right programme management team on board that the client can demonstrate to investors that excellence in risk mitigation, project planning, and world class programme management has been assured, and that delivery will be on time, on budget and of the expected quality. Achieving this will not only reap huge benefits and help to increase confidence in the infrastructure sector but will actively assist the UK getting back on its feet.*

*Within the energy sector, there is relief that the Chancellor has pledged investment for new nuclear, as well as transmission and distribution. The gap between our available supplies and the ability to deliver power to consumers grows ever wider at an increasing pace, as fossil fuels dwindle and renewable energies alone cannot meet demand. Our ageing infrastructure is in serious need of upgrading because of old generation plant, environmental constraints and the need to de-carbonise power generation.*

*What that investment will entail remains to be seen but with experts now warning that without significant spending to create home-grown generation, industry could be facing daily and seasonal uncertainty around the availability of continuous power as early as 2019. To ensure a secure supply of energy for the UK in the next few years and close the gap, the UK must build and deliver an intelligent mix of non-traditional sources of energy which will also require reinforcement of existing transmission networks as well as new corridors. I include new nuclear as one of these non-traditional sources. But it takes many years to build a facility – especially nuclear. So in addition to attracting investors, we need government to give national clarity around planning consents for these vital facilities. Many are concerned that the move to localism could cause long delays, not only detrimental to the economy but preventing the energy gap we face from being met. The new Cabinet Committee on Infrastructure really needs to live and breathe its remit of 'showing decisive leadership' if we are to overcome this challenge.*

*Get it underway, safely but quickly, and UK nuclear new build alone could be a 15 to 20-year programme of investment that creates not just new power stations but a large supply chain of related industries, skills and production that would give a massive boost to the UK workplace. This is not just an opportunity for the economy, the investment community and UK consumers – it's the only viable option. If we get it right it will deliver both more sustainable energy and economic growth. Wise planning has never been more necessary.*