

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

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

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

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Chair's foreword

As I wrote in the foreword to our second National Infrastructure Assessment in October 2023, much has changed since the Commission's first Assessment in 2018. But much has also stayed the same – particular in terms of the economic opportunities that are available, if supported by better infrastructure.

Our second Assessment – referred to as NIA2 in this report – marked a high point in the reporting period and the culmination of many strands of our work programme for the last few years.

NIA2 set out the need for clarity and consistency of policy and regulation alongside an improved planning system to get major infrastructure projects built on time.

It included a comprehensive assessment of the infrastructure costs associated with supporting economic growth and reaching net zero.

Crucially however, it showed that the results of this public and private investment should lead to lower infrastructure costs for households.

I was very pleased with the reception to the Assessment – both in terms of stakeholder reaction, but also some early policy developments reflecting our thinking and recommendations. We set out some examples of this early impact on the following pages.

The positive reception was down to incredibly hard work by the Commission's secretariat, guided by input and insights from the Commissioners. But it was also down to the quality of engagement shown by stakeholders, expert panel members and officials in government departments. I am grateful to everyone who played a part in formulating the analysis and recommendations, as we move into a new phase for the Commission.

That new phase began during the reporting period with a period of engagement to promote and explain the contents of NIA2 and is now set to evolve into advising the new government on its ten year national infrastructure strategy.

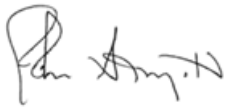
As we move towards a new institutional setting, our overriding aim remains the same as it has always been: to provide high quality advice to government on the key elements of a long term infrastructure strategy that makes life, business and the environment better for people in communities across the UK.

The new government has committed to combining the functions of the Commission and the Infrastructure and Projects Authority (IPA) in a new institution by spring 2025, the National Infrastructure and Service Transformation Authority. As we transition to NISTA, our overriding aim remains the same as it has always been: to provide high quality advice to government on the key elements of a long term infrastructure strategy that makes life, business and the environment better for communities across the UK.



But in writing that, I am acutely aware we are but one part of a very large jigsaw: one where the picture only truly emerges through the close collaboration between investors, industry, local and national government and regulators.

The scale of the opportunities and challenges ahead demand that spirit of shared mission now more than ever. But the engagement and discussions held over this year give me confidence such a spirit exists and with the right conditions in place the UK can achieve its ambitious goals.

A handwritten signature in black ink, appearing to read 'John Armitt', written in a cursive style.

Sir John Armitt, Chair, 19 November 2024

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Introduction

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

The report is set out in three chapters:

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

It is structured to:

- comply with HM Treasury's 'Financial Reporting Manual' (FreM);
- outline the Commission's main activities and performance in 2023-24 and a summary of forward plans for 2024-25; 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.

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 2023–24. 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 2023-24
- Forward Plans 2024-25

Overview

Chief Executive's Statement

During the period April 2023 – March 2024, the Commission has delivered a comprehensive programme of activity to inform infrastructure decision making with expert, impartial advice:

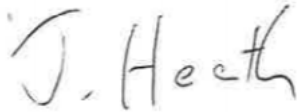
- The second National Infrastructure Assessment (NIA2) was published, setting out the Commission's recommendations for ensuring the UK has the economic infrastructure required for the coming decades. Further details about NIA2 are covered elsewhere in this report.
- In April 2023 the Commission published a study into how to speed up the planning system for nationally significant infrastructure projects. The report sought to assist government in addressing significant concerns from industry over the slow pace of the consenting regime, recommending a series of practical steps to reduce uncertainty, improve community engagement and rationalise environmental assessments.
- We have also taken other steps to inform the policy debate: in April 2023 the Commission joined the Climate Change Commission in writing jointly to government urging ministers to take steps to improve the resilience of key infrastructure services to the effects of climate change; while ahead of the Spring Budget in 2024, our Chair wrote to government setting out the need to accelerate efforts to encourage private investment in energy infrastructure pivotal to achieving net zero and energy security.

The focus on finalising NIA2 and preparing for its publication dominated our organisational planning and allocation of resources over the first half of the year, while in the second half we pivoted to responding to requests for specific studies from government.

In common with many other organisations, the Commission has continued with a hybrid working pattern with established protocols to ensure staff can perform effectively when working from different locations. Our London office relocated from Holborn to Westminster in the spring of 2023. In June 2024 our Leeds office also moved to new premises, remaining co-located with the UK Infrastructure Bank. Staff vacancies are now generally advertised on a 'Leeds first' basis, and we are targeting 40 per cent of the Commission's secretariat to be based in the Leeds office by the end of 2025.

Membership of the Commission has remained consistent over the reporting year, supplemented by the addition of Michèle Dix CBE – a former managing director of Crossrail 2 and director of planning at Transport for London – in November 2023.

The continuity of experience on the Commission, alongside the commitment and expertise of our staff, enabled us to produce an authoritative assessment of the UK's infrastructure needs in NIA2, which secured public endorsements from a large number of external stakeholders. In the months ahead, we will work with the new government to inform its ten year national infrastructure strategy, using analysis and policy work from NIA2.

A handwritten signature in black ink that reads "J. Heath". The signature is written in a cursive, slightly informal style.

James Heath, Chief Executive, 19 November 2024

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 economic infrastructure challenges and to hold the government to account for the delivery of accepted recommendations. **The Charter and Framework can be found on our website.**

The Commission advises 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 2023/24 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 10 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:

- Finalised and published the second National Infrastructure Assessment (NIA2) in October 2023. This landmark 200-page report presented 50 costed recommendations for how the UK can modernise its economic infrastructure in order to support economic growth, decarbonise the economy and protect the natural environment. During the first half of this reporting year the secretariat was heavily focused on finalising analysis, costings and completing quality assurance, as well as drafting the Assessment.
- Maintained progress on its agreed study programme, including studies commissioned by HM Treasury on how to speed up the planning system for Nationally Significant Infrastructure Projects (published in April 2023) and how the electricity distribution network needs to prepare for the future (to be published in early 2025).
- Organised wide-reaching stakeholder engagement activities to raise awareness of the publication of NIA2 and latterly to build support for its recommendations. This included further regional visits (including North Yorkshire and Cornwall) in advance of publication, launch events held simultaneously in London and Leeds with over 400 attendees in total, and over 140 senior level meetings and presentations post-publication.
- Successfully relocated to a new London site while also growing the number of staff based in Leeds as vacancies arise.
- Achieved a staff engagement score of 66% in the annual Civil Service People Survey, 2% lower than the previous year. The wider civil service average staff engagement score was 61%. The NIC recorded strong scores on organisational objectives, management, teamwork and including and fair treatment. There were no reports of bullying and harassment. Learning and development is an area where we have seen a decline and this was a focus for the organisation during 2023/24.

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 budget for 2023/24 was £5.9m, based on a carry forward of the 2022/23 budget baseline (£5.8m) plus an additional 2% on the resource budget (£5.2m) to reflect inflationary costs.

The Commission’s Statement of Financial Position at 31 March 2024 shows net liabilities of £80k. 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. The net liabilities at 31 March 2023 was £770k and the reduction to £80k at 31 March 2024 was mainly due to the cash drawdown from HM Treasury exceeding NIC cash payments in that period.

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 2023-26 set performance measures developed to track progress against our strategic priorities. The Commission’s assessment of its performance against these measures during 2023/24 is shown below.

Strategic priority	Success measure and key performance indicator	Key performance indicator or qualitative assessment
<p>Strategic priorities 1 to 3</p> <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 	<p>Number of reports delivered on time</p> <p>KPI target: 100%</p>	<p>KPI actual: Met</p> <p>100%: A National Infrastructure Assessment, one additional study and one advice note were all delivered during the year, with each of them progressing in line with their projected timeframe and being delivered within deadline.</p>

	<p>Stakeholder survey score: The Commission will take an average of key stakeholder survey responses to the following questions, gathering the % that agree or strongly agree with the following statements:</p> <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 development are taken seriously”. • Independence and expertise: “The NIC’s recommendations are expert and impartial” <p>KPI Target: average of 65% across all questions</p>	<p>KPI actual: Met</p> <p>A survey of named stakeholder organisations and Parliamentarians conducted during 2023-24 averaged 70% across the questions.</p>
	<p>% recommendations accepted: The government has committed to responding to the Commission’s recommendations setting out those which it accepts and those which it rejects.</p> <p>KPI Target: 80% of the NIC’s recommendations from the last 5 years being accepted by government</p>	<p>KPI actual: Met</p> <p>84% of the Commission’s recommendations from the previous 5 years had been endorsed by government as at year end.</p>

<p>Strategic priority 4:</p> <ul style="list-style-type: none"> • Create an organisation built on collaboration, professionalism and a high performing culture. 	<p>Staff engagement: The annual Civil Service People Survey contains a combined metric recording staff engagement. KPI Target: 70% and for the score to remain above the civil service average.</p>	<p>KPI actual: Not met</p> <p>The NIC score for staff engagement in the 2023 People Survey was 66% (68% in 2022). The wider civil service engagement score in 2023 was 61%.</p>
	<p>Diversity (representation): The Commission will set a target that the Commission’s workforce should be representative of the UK 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’s staff body will be at least:</p> <ul style="list-style-type: none"> • 50% female staff • 14% staff from diverse ethnic background • 13% staff with disabilities. 	<p>KPI actual: Not Met</p> <p>At 31 March 2024 the Commission’s staff body included:</p> <ul style="list-style-type: none"> • 38% female staff • 11% staff from diverse ethnic backgrounds • 7% staff with disabilities <p>Due to high staff turnover after NIA2 was published we have seen an impact on our gender and ethnic background diversity. We have introduced a number of new measures to help improve diversity through improved recruitment methods.</p>
	<p>Diversity (inclusion): The annual Civil Service People Survey contains a combined metric recording staff inclusion. KPI Target: 85% and for the score to remain above the civil service average.</p>	<p>KPI actual: Not met</p> <p>The Commission’s score for diversity and inclusion in the 2023 People Survey was 82%, which was the same as the wider civil service benchmark (82%). We are continuing the next phase of our diversity and inclusion action plan and are in the process of drafting a new strategy.</p>

	<p>Skills: We will continue to review our plans for learning and development and recruitment to provide skills relevant for a high performing organisation.</p>	<p>KPI actual: Not Met</p> <p>Due to the delivery of NIA2 learning and development (L&D) has been less of a priority for teams. This has resulted in a People Survey score of 39% overall. This was a 14% reduction from the previous year. Post NIA2, we have taken steps to to improve the L&D offer, refreshing our core curriculum, and launched new training modules for staff.</p>
	<p>Budget forecasting: The commission will set out the accuracy of the Commission's budget forecasting and, by extension, budget planning. The measure will note how close the Commission's actual expenditure is to its forecast</p>	<p>KPI actual: Met</p> <p>Outturn was 2% below budget. Cost pressures were managed throughout the year to deliver within the budget envelope.</p>

Achievements 2023-24

The Commission's principal achievement during the reporting year was the publication of NIA2. NIA2 sought to address the major challenges of promoting economic growth, achieving net zero greenhouse gas emissions, enhancing the natural environment and improving resilience.

NIA2 represented the culmination of two years of research, analysis and expert engagement. It set out a package of policy recommendations and concluded that modernising the UK's economic infrastructure is both achievable and affordable if the right funding, policy and regulatory steps are taken.

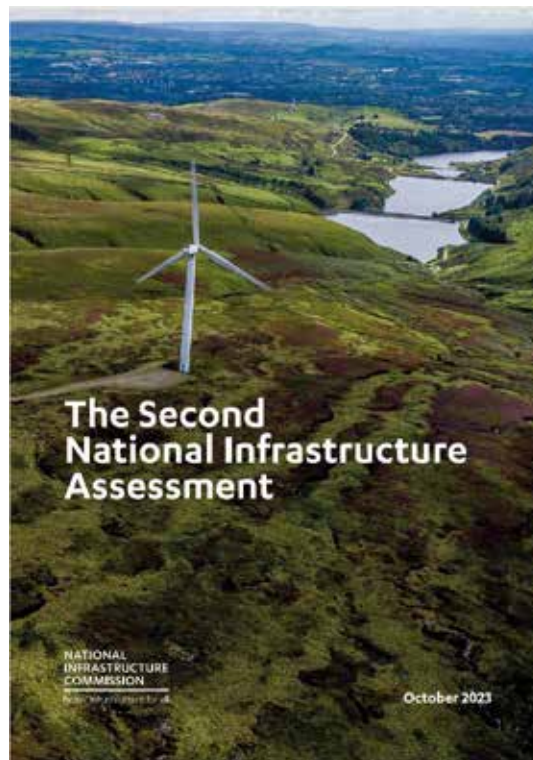
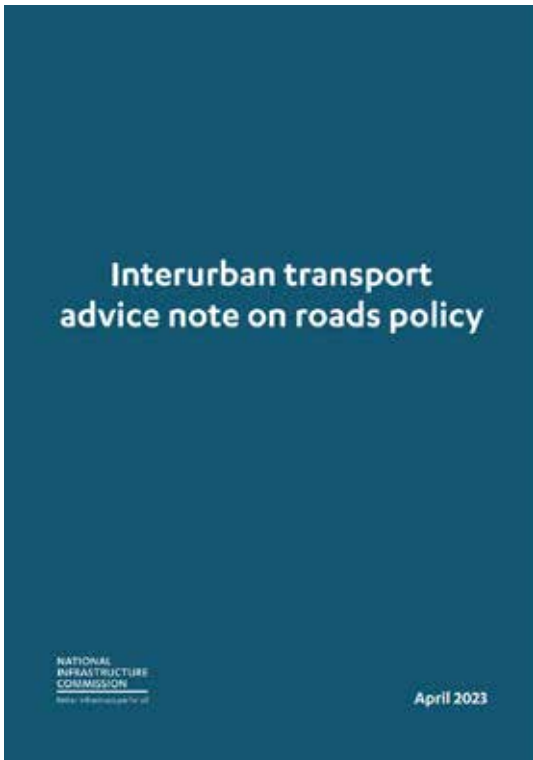
Its headline recommendations included:

- adding low carbon, flexible technologies to the electricity system to ensure supply remains reliable, and creating a new strategic energy reserve to boost Great Britain's economic security;
- taking a clear decision that electrification is the only viable option for decarbonising buildings at scale, getting the UK back on track to meet its climate targets and lowering energy bills, by covering the costs of installing a heat pump for lower income households and offering £7,000 support to all others;
- investing in public transport upgrades in England's largest regional cities to unlock economic growth, improving underperforming parts of the national road network and developing a new comprehensive and long term rail plan which will bring economic benefits to city regions across the North and the Midlands;
- ensuring gigabit capable broadband is available nationwide by 2030 and supporting the market to roll out 5G services;
- preparing for a drier future by putting plans in place to deliver additional water supply infrastructure and reduce leakage, while also reducing water demand;
- setting long term measurable targets and ensuring funded plans are in place to significantly reduce the number of properties that are at risk of flooding by 2055;
- delivering a more sustainable waste system by implementing reforms to meet the 65 per cent recycling target by 2035, and creating stronger incentives for investment in the recycling infrastructure that will be needed in the future.

NIA2 built upon the first Assessment by including a review of how its recommendations might affect people with protected characteristics, supported by distributional analysis based on current household spending on infrastructure services. This analysis is the first of its kind and has attracted professional interest from a range of public agencies. Similarly, the Commission's analysis of the impact of its NIA2 recommendations on natural capital stocks has generated interest from other analysts and will hopefully inform future decision making.

The Framework Agreement between the Commission and government envisages that the latter should respond formally to Assessments within 12 months; the general election in July 2024 has inevitably had an impact on this timeline.

The Commission published three reports and papers in the period from April 2023 to March 2024



However, official policy announcements from both the previous and current government have been informed by the Commission's recommendations. These include announcements of intended enhanced devolution of transport powers to a wider range of authorities, an increase in future funding for the Boiler Upgrade Scheme to encourage uptake of domestic heat pumps, the creation of a core hydrogen network connecting industrial hubs, moving onshore wind projects into the Nationally Significant Infrastructure Projects (NSIPs) regime, and an increase in landfill tax to ensure it remains the most expensive treatment option for waste.

In other work, at the very start of the year, the Commission published a study at the request of government identifying improvements to help speed up consenting for NSIPs. The Commission's proposals included requirements for five-yearly reviews of National Policy Statements and to make the process for updating NPS streamlined; a clear menu of direct benefits for communities hosting major infrastructure schemes; a central coordination and oversight mechanism for NSIPs reporting to the Prime Minister or the Chancellor; and the introduction of an environmental data sharing platform, with the establishment of a library of effective environmental mitigations for different kinds of infrastructure by the end of 2025.

During the year, the then government issued formal responses to this study – alongside the autumn statement in November 2023 – and the Commission's study on surface water flooding published in November 2022.

On planning reform, the previous government accepted the first three recommendations set out above in principle but did not fully adopt the Commission's recommendations on environmental assessments. The new government has since indicated it will go further, legislating for the five-yearly reviews of NPSs and bringing onshore wind into the NSIPs system, while also reviewing thresholds for energy scheme sizes in line with the Commission's proposals.

On addressing the risks of surface water flooding, the previous government accepted the principles behind a number of the Commission's recommendations but made few new commitments on steps to manage these risks more actively and failed to accelerate work in key areas. Commissioner Prof Jim Hall noted publicly: "We remain of the view that government should adopt long term risk reduction targets and are pleased that government is willing to engage with the Commission and others to identify ways of measuring flood risk reduction. The Commission sees targets as crucial to informing local plans, developed jointly between lead local flood authorities and water companies, to ensure solutions are targeted effectively and delivered more quickly."

Just before the end of the last reporting period, in March 2023, the Commission published its Infrastructure Progress Review 2023. This document sets out the Commission's assessment of government progress towards implementing Commission recommendations which it has previously accepted. Given the organisation's focus on producing NIA2, the Infrastructure Progress Review 2024 was not published until May 2024, though much of the preparatory work was undertaken within the reporting year.

Commission activities 2023-24 in numbers



The 2024 Review charted mixed progress on infrastructure policy, funding and delivery over the year, noting that a window of opportunity remains to ensure timely achievement of stated economic and environmental goals. The Review looked ahead to the big decisions facing any future government and reiterated the case for key NIA2 recommendations.

Parliamentary committees continue to seek expert evidence from the Commission: over the year, the Commission has given oral evidence to:

- the Environmental Audit Committee’s inquiry into building a renewable energy system
- the House of Lords Industry and Regulators Committee follow-up hearing into the water industry; and their inquiry into UK regulators as a whole
- the Energy Security and Net Zero Committee’s inquiry into a flexible grid for the future
- the Transport Select Committee’s inquiry on the government’s strategic transport objectives
- a special evidence hearing into UK infrastructure and the work of the Commission by the Treasury Select Committee, following the publication of NIA2.

Evidence from the Commission is routinely cited in parliamentary reports. For instance, the House of Lords Industry and Regulators Committee’s February 2024 report into UK regulation repeated the Commission’s calls for strategic guidance to regulators, and recommended that the Commission be put on a statutory footing. Similarly in March 2024 the Science and Technology Committee published its report on long duration energy storage which recommended that government commit to a strategic energy reserve, in line with NIA2 recommendations.

The Commission’s Young Professionals Panel reached the end of its term of office in summer 2023, having been able to inform the direction of NIA2 and produce an annex report setting out the Panel’s own priorities and reflections. Additionally, through its Design Group, the Commission has continued to actively support the promotion of good design in all major infrastructure projects, helping shape the design related recommendations in NIA2. The Group also developed guidance on project-level design principles, launched at the UK Real Estate Investment and Infrastructure Forum in Leeds in May 2024. Building on the Group’s high level design principles – climate, people, places and value – the new guidance sets out a structured process for applying tailored principles at every stage of a project life cycle.

The Commission’s existing People Strategy will be reviewed and reassessed due to changes to the organisational structure in the forthcoming year. The ‘Commission Way’ has continued to be an important part of driving up staff understating of organisational objectives, resulting in 98% of staff having a clear understanding of the organisation’s objectives in the latest People Survey. Learning and development will continue to be a focus as the Commission’s priorities for the forthcoming year are confirmed.

Communications and Stakeholder Engagement

Press and Publicity

The launch of NIA2 was a high point of media interest in the Commission's work over the year, supported by a media briefing the day before publication in addition to preparatory work to highlight the significance of the report to key journalists. Since its publication the Assessment has been viewed by over 15,000 users on our website. The Assessment was covered by all the UK broadsheets and most national broadcasters in some form, with The Guardian describing it as "a sober, reflective and solid piece of work that could serve as a blueprint for the UK's economy for the next crucial decade, when much of the new infrastructure that will be needed between now and 2050 must be built."

The Assessment has continued to be cited in media reports about relevant topics, such as the future of home heating or the need for greater investment in the resilience of key networks to weather extremes. In total over the year, the Commission attracted **283** pieces of coverage in national newspapers and broadcast media (with direct reference to Commission reports or quotes, including interviews and opinion pieces); this included **54** radio and TV interviews undertaken by the Chair or Commissioners. The Commission's social media following continued to grow during this period, including from **9,757** to **12,515** 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.

The Commission has also continued to send a quarterly newsletter to around 2,150 Parliamentarians and other key stakeholders with news of the organisation's latest reports, responses and data releases. Any interested party can sign up via the Commission website homepage to receive this mailing.

Stakeholder Engagement

The months leading up to and following the Assessment saw a high volume of stakeholder engagement activity across the secretariat and among Commissioners. In the months leading up to the Assessment we held six regional roundtables in partnership with combined and county authorities and a number of sector-based roundtables.

Commissioners and senior members of the secretariat attended more than 80 further meetings with key stakeholders to discuss the emerging recommendations of NIA2.

The Assessment's findings attracted broad support from external bodies, as well as experts from the sectors covered by the Commission's remit: more than 20 organisations released public statements welcoming the Assessment on its publication day, including a number of metro mayors, business bodies and environmental groups.

In the months following the Assessment, Commissioners and the secretariat arranged 60 presentations with stakeholders at a senior level to discuss NIA2. This included presentations to all relevant government department, regulators and public agencies.

Activity over the year has included:

- **126** public stakeholder engagements, including: **63** set-piece speeches by Commissioners and the senior management team, seven Commission-convened events and roundtables to launch new reports or discuss specific policy issues, participation in **39** third-party roundtables or seminars, and six regional stakeholder visits around the country.
- giving oral evidence to **six** Parliamentary committees as part of inquiries into net zero regulation, transport planning, energy planning and renewable energy, water regulation and overall infrastructure planning.
- additionally running **90** 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.

Commission Activities 2023-2024 in numbers

- Infrastructure Reports and papers published: **3**
- Policy roundtables with stakeholders and expert panels: **48**
- Speeches by Commissioners & SMT: **63**
- Broadcast interviews: **54**
- Pieces of media coverage referencing the commission work: **936**
- National media coverage: **283** (broadcast and newspapers)
- LinkedIn followers: **12,515**
- Select Committee oral evidence sessions: **6**
- External research on website: **4**

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 last 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 have given the Commission's Chief Executive Officer delegated authority to approve external appointments and procurements up to £5 million.

Following this reporting period, in June 2024 the Commission moved to a new office in Leeds, at 2 Whitehall Quay, Neville Street. Following this reporting period, in July 2024, the Commission moved its London office from Windsor House to new temporary accommodation at 10 Victoria Street.

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 – 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 second National Infrastructure Assessment.

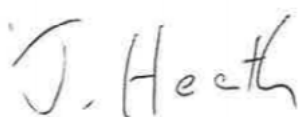
Forward Plan 2024-25

The Commission has remained focused on securing a positive response to NIA2 and continuing work on studies commissioned by government, principally on the future of electricity distribution networks. This study will be delivered in early 2025.

In May 2024 the Commission published its Infrastructure Progress Review for the year, setting out its assessment of government progress towards key infrastructure objectives. Shortly after this publication, the general election was called and Parliament was dissolved.

The new government has committed to bringing the oversight of infrastructure strategy and delivery into one organisation through the creation of the National Infrastructure and Service Transformation Authority, or NISTA. Government will do this by combining the functions of the Commission and the Infrastructure and Projects Authority (IPA). The Commission will work closely with government and the IPA on the transition to NISTA.

The Commission's future workplan will be shaped by these developments.



James Heath, Chief Executive, 19 November 2024

Chapter 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.

On 1 November 2023, the Chancellor appointed Michele Dix CBE to the Commission. Michele brings a wealth of knowledge of the transport and planning spheres and is the lead Commissioner for transport.

During the 2023-24 period the Commission had a Chair and 10 other Commissioners. These were as follows:

- Sir John Armitt CBE (Chair)
- Julia Prescott CBE (Deputy Chair)
- Professor Sir Tim Besley CBE
- Neale Coleman CBE
- Dr Michele Dix OBE (from 1 November 2023)
- Andy Green CBE
- Professor Jim Hall FREng
- Professor Sadie Morgan OBE
- Kate Willard OBE
- Nick Winser CBE

Commissioner Biographies are available on our website at <https://nic.org.uk/about/the-commission/>

Commissioner Attendance	Commission Meetings Meetings attended out of those eligible
Sir John Armitt CBE	14 of 14
Julia Prescott	13 of 14

Professor Sir Tim Besley CBE	13 of 14
Neale Coleman CBE	11 of 14
Dr Michele Dix CBE	5 of 5
Andy Green CBE	12 of 14
Professor Jim Hall FREng	14 of 14
Professor Sadie Morgan OBE	11 of 14
Kate Willard OBE	10 of 14
Nick Winser CBE	14 of 14

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.

Dennis Skinner and Katherine Easter’s terms ended in April 2024 and Kirsty Shaw and Matt Miller were appointed to the Board on 1 May 2024.

In 2023/24, the members of the Oversight Board were:

- Sir John Armit (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 are available on our website at <https://nic.org.uk/about/governance/>

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)	4 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 the Commission’s 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 2023/24 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 “moderate” assurance. This is the second 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.

In 2023/24 the independent members of the Audit and Risk Assurance Committee were:

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

Within the reporting period I note that the executive:

- published the second National Infrastructure Assessment
- published a study into how to speed up the planning system for nationally significant infrastructure projects
- 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.

In 2023/24 we undertook an external review of our Oversight Board. The report found that the Board is operating effectively.

During 2023-24, the Commission continued to prioritise work according to the organisation's four year Strategic Plan covering 2023-2026, and published the second National Infrastructure Assessment in October 2023.

In 2023-24, 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 2023 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 2024 and its financial position as at 31 March 2024.

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 2023/24 which provided a moderate 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 2023–24 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

In 2023/24 the main risks the Commission faced 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.

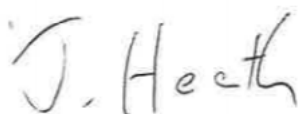
Principal risks

The key risks for the Commission during 2023/24 included the organisation's office location, and knowledge and information 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 and undertaking a programme of work to review and refresh our knowledge and information management practices. Other key risks are outlined in more detail below.

The government has announced plans to merge the Commission with the Infrastructure and Projects Authority to create NISTA. The Commission will manage any risks as we enter a transition phase.

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.

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.



James Health, Chief Executive, 19 November 2024

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.

	2023-24 £000	2022-23 £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 (to 25/05/22)	-	0-5 (20-25)
Andrew Green CBE Commissioner	20-25	20-25
Professor Sadie Morgan OBE Commissioner	20-25	20-25
Julia Prescott CBE Commissioner	20-25	20-25
Bridget Rosewell OBE Commissioner (to 02/01/23)	-	15-20 (20-25)
Neale Coleman CBE Commissioner	20-25	20-25
Nicholas Winser CBE Commissioner	20-25	15-20 (20-25)
Kate Willard OBE Commissioner	20-25	15-20 (20-25)
Jim Hall FREng Commissioner	20-25	15-20 (20-25)
Dr Michele Dix Commissioner (from 01/11/23)	5-10 (20-25)	-

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

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

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

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

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

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)

2023-24				
£000	Salary (FYE)	Bonuses/ allowances	Pension Benefits ³	Total
James Heath Chief Executive Officer	130-135	5-10	52	190-195
James Richardson Chief Economist (to 13/08/2023)	45-50 (110-115)	0-5	105	155-160
Christopher Durham Interim Chief Economist (from 31/07/2023 to 08/10/2023) ⁴	15-20 (80-85)	0-5	6	20-25
Jonathan Saks Chief Economist (from 09/10/2023)	40-45 (80-85)	-	16	55-60

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.

4 Christopher Durham acted as interim Chief Economist on a temporary promotion basis while the permanent role was vacant. James Richardson's last working day was 30/07/2023, followed by a period of annual leave.

Hannah Brown Director of Policy ⁵	50-55 (80-85)	-	30	80-85
Jen Coe Director of Policy	45-50 (80-85)	-	48	95-100
Mark Ardron Chief Operating Officer	75-80	5-10	32	120-125
Margaret Read Director of Policy	85-90	0-5	43	130-135
2022-23				
£000	Salary (FYE)	Bonuses/ allowances	Pension Benefits	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

⁵ Hannah Brown and Jen Coe work in a job share part time (0.6 FTE each). The full-time equivalent salary is £80-£85k.

Senior management – Pension benefits⁶ (audited)

2023-24					
£000	Accrued annual pension at pension age as at 31/3/24 and related lump sum	Real increase in annual pension at pension age	CETV* at 31/3/24	CETV at 31/3/23 ⁷	Real increase in CETV ⁸
James Heath Chief Executive Officer	20-25	2.5-5	299	229	33
James Richardson Chief Economist (to 19/08/23)	40-45 plus a lump sum of 110-115	5-7.5 plus a lump sum of 10 - 12.5	1,007	875	106
Christopher Durham Interim Chief Economist (from 31/07/2023 to 08/10/2023)	10-15	0-2.5	183	179	3
Jonathan Saks Chief Economist (from 09/10/2023)	20-25	0-2.5	307	292	7
Hannah Brown Director of Policy	15-20	0-2.5	297	253	20
Jen Coe Director of Policy	15-20	2.5-5	180	131	24
Mark Ardron Chief Operating Officer	35-40 plus a lump sum of 100-105	0-2.5 plus a lump sum of 0-2.5	815	727	21
Margaret Read Director of Policy (from 03/10/22)	25-30 plus a lump sum of 65-70	0-2.5 plus a lump sum of 0-2.5	537	462	29

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

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

7 Figures restated where the Civil Service Pension Scheme have made retrospective updates to the data.

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

Fair Pay and 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 £130-135,000 (2022-23: £125-130,000) plus bonus of £5-10,000 (2022-23: £5-10,000). This was 2.5 (2022-23: 2.4) times the median remuneration of the workforce, which was £57,396 (2022-23: £54,825). The movement from 2.4 to 2.5 reflects the increased banded remuneration of the highest paid director and increased proportion of staff being in lower grades.

The median pay ratio for 2023-24 reflects the remuneration policies and bonuses paid for the performance year 2022-23.

Remuneration of NIC employees ranged from £25-£30,000 to £130-135,000 (2022-23: £20-£25,000 to £125-130,000); 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	2023-24 £000	2022-23 £000	Movement %
Salary and allowances	130-135	125-130	3.92%
Performance Pay and Bonuses	5-10	5-10	0.00%

Average (mean) remuneration of other employees ⁹	2023-24 £	2022-23 £	Movement %
Salary and allowances	61,206	57,536	6.38%
Performance Pay and Bonuses	468	540	-13.24%

⁹ These figures exclude the highest paid director in line with the fair pay disclosure guidance 2.2. This reflects the earnings of staff in post on 31 March 2024.

2023-24			
Total pay and benefits	Lower quartile (25%)	Median (50%)	Upper quartile (75%)
Remuneration	43,725	57,396	69,523
Ratio	3.3	2.5	2.0
Salary only			
Remuneration	43,675	56,419	67,582
Ratio	3.0	2.3	2.0
2022-23			
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

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 £3,947k (2022-23: £3,811k).

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. Before 1 April 2015, the only scheme was the Principal Civil Service Pension Scheme (PCSPS), which is divided into a few different sections – **Classic**, **Premium**, and **Classic Plus** provide benefits on a final salary basis, whilst Nuvos provides benefits on a career average basis. From 1 April 2015 a new pension scheme for civil servants was introduced – the **Civil Servants and Others Pension Scheme or Alpha**, which provides benefits on a career average basis. All newly appointed civil servants, and the majority of those already in service, joined the new scheme.

The PCSPS and **Alpha** are unfunded statutory schemes. Employees and employers make contributions (employee contributions range between 4.6% and 8.05%, depending on salary). The balance of the cost of benefits in payment is met by monies voted by Parliament each year. Pensions in payment are increased annually in line with the Pensions Increase legislation. Instead of the defined benefit arrangements, employees may opt for a defined contribution pension with an employer contribution, the partnership pension account.

In **Alpha**, pension builds up at a rate of 2.32% of pensionable earnings each year, and the total amount accrued is adjusted annually in line with a rate set by HM Treasury. Members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. All members who switched to **Alpha** from the PCSPS had their PCSPS benefits ‘banked’, with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave **Alpha**.

The accrued pensions shown in this report are the pension the member is entitled to receive when they reach normal pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over normal pension age. Normal pension age is 60 for members of **Classic**, **Premium**, and **Classic Plus**, 65 for members of Nuvos, and the higher of 65 or State Pension Age for members of **Alpha**. The pension figures in this report show pension earned in PCSPS or **Alpha** – as appropriate. Where a member has benefits in both the PCSPS and Alpha, the figures show the combined value of their benefits in the two schemes but note that the constituent parts of that pension may be payable from different ages.

When the Government introduced new public service pension schemes in 2015, there were transitional arrangements which treated existing scheme members differently based on their age. Older members of the PCSPS remained in that scheme, rather than moving to **Alpha**. In 2018, the Court of Appeal found that the transitional arrangements in the public service pension schemes unlawfully discriminated against younger members.

As a result, steps are being taken to remedy those 2015 reforms, making the pension scheme provisions fair to all members. The public service pensions remedy¹⁰ is made up of two parts. The first part closed the PCSPS on 31 March 2022, with all active members becoming members of Alpha from 1 April 2022. The second part removes the age discrimination for the remedy period, between 1 April 2015 and 31 March 2022, by moving the membership of eligible members during this period back into the PCSPS on 1 October 2023. This is known as “rollback”.

For members who are in scope of the public service pension remedy, the calculation of their benefits for the purpose of calculating their Cash Equivalent Transfer Value and their single total figure of remuneration, as of 31 March 2023 and 31 March 2024, reflects the fact that membership between 1 April 2015 and 31 March 2022 has been rolled back into the PCSPS. Although members will in due course get an option to decide whether that period should count towards PCSPS or Alpha benefits, the figures show the rolled back position i.e., PCSPS benefits for that period.

The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member). The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

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.

¹⁰ www.gov.uk/government/collections/how-the-public-service-pension-remedy-affects-your-pension

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

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

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2024.

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 (2022-23: no payments made).

Payments to past directors (Audited)

There were no payments made to past directors in the accounting period (2022-23: no payments made).

Staff Report

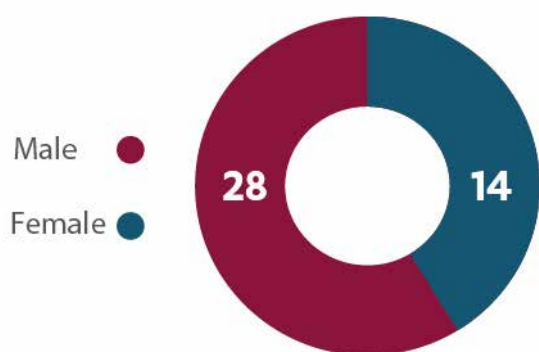
At 31 March 2024, the NIC had 42 members of staff comprising of permanent employees and temporary employees on loan from other Civil Service departments. Whilst terms and conditions differ dependent on point of origin, all staff members report to and are accountable to the Chief Executive.

As at 31 March 2024 the gender balance of NIC's 42 employees was as set out below.

The Commission's leadership team includes 1 (FTE) SCS2 staff, 3.2 (FTE) SCS1 and 1 (FTE) E2 staff. Within this the gender balance was 1 (FTE) male SCS2 members of staff, 2.2(FTE) SCS1 female, 1 (FTE) SCS1 male and 1 (FTE) E2 male.

The Commission's annualised staff turnover rate, excluding secondments, was 23.4%.

Employee Gender Balance



Sickness Absence

During the reporting period the average number of working days lost due to sickness absence was 1.9 days (2022-23: 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 £3,947k comprised £3,935k related to permanent employees, £30k related to secondees from other public and private-sector institutions less £18k related to recoveries from outward secondments.

Staff Costs

2023-24	Employees	Other Staff	Total
	£000	£000	£000
Wages and salaries	2,908	23	2,931
Social Security costs	339	3	342
Other pension costs	688	4	692
Sub total costs	3,935	30	3,965
Less recoveries in respect of outward secondments	(18)	-	(18)
Total costs	3,917	30	3,947

2022-23	Employees	Other Staff	Total
	£000	£000	£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

Average Number of Persons Employed

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

	Employees	Other staff	2023-24 Total	2022-23 Total
Total persons employed	42.5	0.3	42.8	44.3

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 41-42. 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.¹¹

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 percent 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 2023-24 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 £Nil in relation to exit packages (2022-23: £10,000 to £25,000 in relation to 1 exit package).

Off-payroll Transactions

The off payroll figures included in the table below relate to the Young Professionals Panel (YPP) who were serving a three year term on this advisory group, and members of the Commission's Design Group who are serving a five year term on this advisory group.

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 2023 and 31 March 2024.

The Young Professionals Panel was concluded in July 2023 therefore no members of the panel were engaged at 31 March 2024. Panel members engaged during the year were not Commission employees while serving on this advisory group. They were appointed in July 2020 and had therefore been off payroll for between three and four years. Two members of the panel did not receive any payments during the period.

¹¹ <https://www.civilservicepensionscheme.org.uk/media/tuxle142/csps-2016-valuation-report-final.pdf>

Ten of the remaining engagements relate to members of the Commission’s Design Group who are also not Commission employees and are serving a term of between two and seven years on this advisory group. Seven were appointed in May 2019 and one was appointed in April 2020, therefore eight been off payroll for between three and five years. One was appointed in September 2022 and one was appointed in October 2022, therefore two have been off payroll for between one and two years.

Off-payroll engagements as of 31 March 2024, earning at least £245 per day or greater

	Total
The total number of existing engagements	10
Of which:	
No. that have existed for less than 1 year at time of reporting	-
No. that have existed for between 1 and 2 years at time of reporting	2
No. that have existed for between 2 and 3 years at time of reporting	-
No. that have existed for between 3 and 4 years at time of reporting	1
No. that have existed for 4 or more years at time of reporting	7

All off-payroll engagements at any point during the year ended 31 March 2024 and earning at least £245 per day or greater

The total number of engagements	20
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	20
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 -	-
--	---

Off-payroll engagements between 1 April 2023 and 31 March 2024 for board members, and/or, senior officials with significant financial responsibility

No. of off-payroll engagements of board members, and/or senior officials with significant financial responsibility during the financial year	-
Total no. of individuals on payroll and off payroll that have been deemed “board members and/or senior officials with significant financial responsibility”, during the financial year	9

Parliamentary Accountability and Audit Report

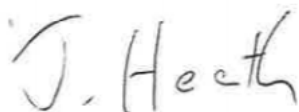
The accounts of the NIC are audited by the Comptroller and Auditor General under the Government Resources and Accounts Act 2000. The audit fee charged was £37,500 (2022-23: £35,000). The auditors did not provide any non-audit services. The auditors have been provided with all relevant audit information 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 2024 (2022-23: none) (audited).

The NIC has no remote contingent liabilities. NIC's total expenditure during the accounting period was £5,348k (2022-23: £5,662k) (audited).



James Heath, Chief Executive, 19 November 2024

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 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the National Infrastructure Commission

- Statement of Financial Position as at 31 March 2024;
- 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 2024 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. In applying the Ethical Standards, I have considered the potential implications for my audit arising from entering into a loan staff arrangement with the Office of Value for Money within HM Treasury from September 2024. The National Infrastructure Commission is an Executive Agency of HM Treasury. HM Treasury also provide administrative

support to the Commission. The loan staff arrangement concerns one of my directors and is for an initial period of 12 months. I am satisfied that appropriate safeguards have been implemented to protect my and the NAO team's independence and objectivity throughout the audit. 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 issued 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 issued 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 Responsibilities, 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;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Government Resources and Accounts Act 2000;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued 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, the 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, the 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, 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 and 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; and

- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.
- I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence 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

19 November 2024

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 2024

		2023/24	2022/23
	Note	£000	£000
Expenditure			
Staff costs	2	3,947	3,811
Other expenditure	3	1,393	1,883
		5,340	5,694
Income			
Operating income		-	(34)
Net expenditure		5,340	5,660
Finance expense		8	2
Total net expenditure		5,348	5,662

There were no items of other comprehensive income.

The notes on pages 63 to 74 form part of these accounts.

Statement of Financial Position

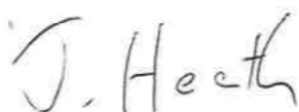
As at 31 March 2024

		2023/24	2022/23
	Note	£000	£000
Non-current assets			
Right of use Assets	4	50	239
Property, plant and equipment	5	-	21
Total non-current assets		50	260
Current assets			
Cash and cash equivalents	7	600	30
Trade and other receivables	8	37	15
Total current assets		637	45
Total assets		687	305
Current liabilities			
Payables due within one year	9	(707)	(733)
Lease liabilities within one year	11	(60)	(107)
Total current liabilities		(767)	(840)
Total assets less current liabilities		(80)	(535)

Non-current liabilities			
Provisions	12	-	(98)
Payables due after one year	9	-	-
Lease liabilities due after one year	11	-	(137)
Total non-current liabilities		-	(235)
Total assets less total liabilities		(80)	(770)
Taxpayers' equity			
General fund		(80)	(770)
Total taxpayers' equity		(80)	(770)

The notes on pages 63 to 74 form part of these accounts.

The financial statements were approved by the Board on 5 November 2024.



James Heath, Chief Executive, 19 November 2024

Statement of Cash Flows

for the period ended 31 March 2024

		2023/24	2022/23
	Note	£000	£000
Cash flows from operating activities			
Net expenditure		(5,340)	(5,660)
Changes in working capital other than cash		(48)	(106)
Movements in provisions		(98)	-
Gains and Losses from Remeasurement of Fixed Assets	3	(9)	-
Depreciation and Amortisation	3	224	338
Notional expenditure		38	35
Net cash outflow from operating activities		(5,233)	(5,393)
Cash flows from investing activities			
Purchase of non-current assets		-	(7)
Net cash outflow from investing activities		-	(7)
Cash flows from financing activities			
Capital payments against lease		(189)	(272)
Finance payments against leases		(8)	(2)
Funding from HM Treasury		6,000	5,500
Net financing		5,803	5,226

Net increase/(decrease) in cash and cash equivalents in the period	7	570	(174)
Cash and cash equivalents at the beginning of the period		30	204
Cash and cash equivalents at the end of the period	7	600	30

The notes on pages 63 to 74 form part of these accounts.

Statement of Changes in Taxpayers' Equity

for the period ended 31 March 2024

	General Reserve
	£000
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)
Total net expenditure for the period	(5,348)
Net parliamentary funding	6,000
Notional expenditure	38
Balance at 31 March 2024	(80)

The notes on pages 63 to 74 form part of these accounts.

Notes To The Accounts

1. Statement of Accounting Policies

Pursuant to the Government Resources and Accounts Act 2000 (GRAA) 7(2), these financial statements have been prepared in accordance with the 2023-24 Government Financial Reporting Manual (FReM).¹ 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 10 Victoria Street, London, SW1H 0NB. The presentational and functional currency is pound sterling.

1.3 Significant judgements and estimates

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

1.4 Standards issued but not yet effective

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:

¹ <https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>

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.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 was issued in April 2024 and applies to annual reporting periods beginning on or after 1 January 2027 (Subject to UK endorsement). NIC does not intend to early adopt IFRS 18. IFRS 18 sets out general and specific requirements for the presentation and disclosure of information in general purpose financial statements. The objective of IFRS 18 is to improve comparability of financial performance between organisations applying IFRS. Once effective, IFRS 18 will replace IAS 1 Presentation of Financial Statements. The impact of adopting this standard is still being assessed.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024 and applies to annual reporting periods beginning on or after 1 January 2027 (subject to UK and Financial Reporting Advisory Board (FRAB) endorsement). The Standard permits certain eligible subsidiaries to apply reduced disclosure requirements when preparing their financial statements. NIC does not intend to early adopt IFRS 19 Subsidiaries without Public Accountability: Disclosures.

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

1.5 Financing

During the reporting period, receipts and payments relating to NIC transactions passed through both the NIC's own bank account and a HM Treasury bank account. The NIC is financed by funding 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.

1.6 Pensions

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

1.7 Employee Benefits

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

1.8 VAT

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

1.9 Property, Plant and Equipment

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

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

1.10 Cash

Cash and cash equivalents comprise cash at bank.

1.11 Financial Instruments

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

1.12 Leases

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.

1.13 Provisions

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

2. Staff Costs

	2023-24	2022-23
	£000	£000
Wages and salaries	2,931	2,804
Social Security costs	342	339
Other pension costs	692	668
Sub total costs	3,965	3,811
Less recoveries in respect of outward secondments	(18)	-
Total costs	3,947	3,811

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 35-48).

3. Other Expenditure

	2023-24	2022-23
	£000	£000
Accommodation costs	7	2
Printing and office services	52	31
IT costs	192	241
Contracted-out services	525	867
External auditor's remuneration	38	35
Staff Support and Staff-related costs, including training and travel	67	66
Professional and office services	88	85
Accommodation related goods and services	274	218
Depreciation and amortisation	224	338
Other purchases of goods and services	33	-
Gains and losses from remeasurement of fixed assets	(9)	-
Movement in Provisions	(98)	-
Total costs	1,393	1,883

Contracted-out services were predominantly research costs of £521k (March 2022-23: £861k). Accommodation related goods and services were primarily business rates and service charges. No payments were made to the external auditors in respect of non-audit services.

4. Right of Use Assets

	2023-24	2022-23
	£000	£000
Costs		
At 1 April	516	337
Additions	139	179
Disposal	(337)	
Revaluation	(125)	
Cost at 31 March	193	516
Amortisation		
At 1 April	(277)	-
Charged in year	(203)	(277)
Disposal	337	-
Revaluation	-	-
Amortisation at 31 March	(143)	(277)
Carrying value at 31 March	50	239

On implementation of IFRS 16, the NIC has recognised a right of use asset for its lease of office space in London and Leeds.

5. Property, Plant and Equipment

	2023-24	2022-23
	£000	£000
Leasehold Improvements and ICT Equipment		
Cost		
Opening Balance	319	319
Disposal	(312)	-
Total Cost	7	319
Accumulated Depreciation		
Opening Balance	(298)	(237)
Depreciation	(21)	(61)
Released on disposal	312	-
Total accumulated Depreciation	(7)	(298)
Net book value (year end)	-	21

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

	2023-24	2022-23
	£000	£000
Balance at 1 April	30	204
Net change in cash balances – inflow/(outflow)	570	(174)
Balance at 31 March	600	30

All cash balances are held with the Government Banking Service.

8. Trade and Other Receivables

	2023-24	2022-23
	£000	£000
Trade and other receivables	11	1
VAT receivable	15	14
Other	11	-
Total trade and other receivables	37	15

9. Payables and Other Current Liabilities

	2023-24	2022-23
Amounts falling due within one year	£000	£000
Trade and other payables	150	245
Accruals	468	399
Taxation and social security	89	89
Total payables and other current liabilities	707	733

Trade and other payables is predominantly made up of trade payables £92k (2022-23: £167k) and payroll liabilities £58k (2022-23: £78k)

Accruals are made up of £142k (2022-23: £111k) annual leave accrual, £30k (2022-23: £182k) in relation to research, £54k (2022-23: £54k) for shared services, £179k for accommodation and £63k (2022-23: £52k (of which £23k for accommodation)) which relates to various other accruals.

10. Commitments

In 2023-24 NIC leased its London office space at Finlaison House from the Government Actuary's Department until June 2023. Between June 2023 and July 2024 NIC leased its London office space at Windsor House from the Government Property Agency. These leases were by means of agreements set out within a Memorandum of Terms of Occupation (MOTO) that covered both the provision of accommodation and office services.

In January 2024 NIC was given notice that the license agreement with UK Infrastructure Bank for office accommodation at One Embankment, Leeds would be terminated from June 2024

As at 31 March 2024 the non-lease commitments under the current agreements for the remaining lease period comprise:

	2023-24	2022-23
	£000	£000
Accommodation		
Within one year	-	-
Between one and five years	-	-
Later than five years	-	-
Office services		
Within one year	51	71
Between one and five years	-	114
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

	2023-24	2022-23
	£000	£000
Buildings		
No later than one year	60	113
Later than one year and not later than five years	-	145
Lease Liabilities Later than five years	-	-
Total	60	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	60	244

12. Provisions

	2023-24	2022-23
	£000	£000
Balance at 1 April	98	98
Released during the year	(98)	-

Balance at 31 March	-	98
Within one year	-	98
Between one and five years	-	-
Later than five years	-	-

Under the MOTO with the Government Actuary's Department the NIC had 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 2023-24 the provision was released.

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 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 related to office accommodation in Leeds. One being the termination of the license for One Embankment from June 2024, as per the terms of the license agreement. The other being a new license agreement with UK Infrastructure Bank for accommodation at Whitehall Quay from Between July 2024 and July 2027. This agreement will not be classified as a lease under IFRS16.

There has been one non-adjusting event relating to an agreement with the Government Property Agency for office accommodation at 10 Victoria Street, London from July 2024 to July 2025. This agreement will not be classified as a lease under IFRS16.

The new government has committed to combining the functions of the National Infrastructure Commission and the Infrastructure and Projects Authority (IPA) in a new institution by spring 2025, the National Infrastructure and Service Transformation Authority.

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.

**NATIONAL
INFRASTRUCTURE
COMMISSION**

Better infrastructure for all

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