**MAKING PUBLIC INVESTMENT SMART: RECOMMENDATIONS**

1 The 2019 Spending Review (*2019SR*) should increase the NIC’s current Fiscal Remit funding envelope and disentangle it from unitary cash-based fiscal targets, in accordance with *recommendations 4 and 5 below*.

2. The NIC should provide evidenced assessment of the future volume need for public investment and its sequencing to the Treasury.

3. A reformed fiscal rule framework should put public procurement and PPP’s on a level playing field. Consistent with that:

4. Capital spending on both conventional and PPP’s should be freed from year-to-year financial cash-limits, but their modelled future revenue liabilities included in future government debt projections used to assess future debt sustainability.

5. The choice of procurement route for publicly-supported procurements should strictly and wholly be determined by relative whole-life project efficiency; the NIC and IPA should ensure that business cases, options appraisals, and contract documentation should reflect that requirement, through the development of standardised documentation, project audits, and wider assurance activity.

6 The NIC should assist each government department to publish an annual Departmental Investment Plan (DIP).

7. Each DIP should prioritise projects according to their estimated economic and social return, incorporating auditable information on the methodology applied to rank projects according to their expected whole project-life return.

8. The IPA should be specifically tasked and resourced to expand the pool of personnel skilled and experienced enough to conduct the project appraisals underpinning DIP’s.

9. Partnerships with universities and the private sector could also be developed in order to develop the methodological base and to enlarge and deepen the skill set of appraisers.

10. The National Audit Office (NAO) should periodically audit DIP’s and their methodological bases.

11. The future availability and planning of labour and material inputs critical to the requirements of the Infrastructure Pipeline should be subject to joint IPA-NIC review, in partnership with the private sector.

12. The definition of infrastructural investment should be widened to cover social infrastructure, including housing.

13 Sectoral and Departmental infrastructure strategies should identify, address, foster, and link to joined-up policy efforts to make public investment less costly in net public expenditure terms. This should be done, within the DIP process, by addressing market failures, inducing greater competition, and identifying innovative public funding mechanisms, with the support of the IPA and NIC.

14.A dedicated funding intermediary should be established that could take equity stakes in economic and social infrastructure, where long-term return (for example, linked to revenue streams, such as rents rising with inflation, interest on loans, profit-shares) could be realized and recycled across the lifetime of the project.