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Editorial

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Editorial

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It gives me great pleasure to welcome readers to the October 2018 issue of *Management, Procurement and Law*. Themed or special issues are an important and integral part of the canon of any journal and *Management, Procurement and Law* is no different. They provide an opportunity to bring together work on a common theme, a current-interest theme and, in our field, allow the advancement or even acceleration of investigation into issues that matter to the built environment.

In a wider sense, infrastructure is a matter of national and international interest and the recognition of infrastructure as being integral to human civilised life is growing all the time. When infrastructure does what it should, we rarely notice – it simply facilitates the day-to-day activities we all do and is often taken for granted. When it fails, we notice. And failure is not just the large catastrophic events that stop infrastructure from working. There are plenty of examples of this: the closure of the Forth Road Bridge in Scotland, UK in December 2015 highlighted the necessity of infrastructure to that region's economy; the ramifications of the tragedy of the Morandi Bridge Collapse in Genoa, Italy in August 2018 are immediately obvious. But failure is manifested in many ways and to the owners of infrastructure the financial viability of a project in either its development and construction or operation and maintenance is crucial – in spite of its importance, infrastructure cannot be delivered at any cost. The financing of infrastructure requires care, planning and innovation to ensure success. Established forms of procurement and delivery do not necessarily fit for every project.

In this issue we are able to present current developments in the financing of infrastructure, with investigations and case studies of what are essentially best practice. We are fortunate that these four articles are not focussed on one region and can see two examples from the UK, one being focussed on Northern Ireland, the other in the south-east of England; we have a study considering the development of water infrastructure in South Africa; and another that looks at general infrastructure financing in the United States and Europe.

In the paper by Muller (2018), we see a South African perspective of how private finance might be mobilised for public sector infrastructure projects by way of a detailed consideration of the Trans-Caledon Tunnel Authority (TCTA). This special-purpose vehicle was set up to deliver projects on the South African side of

the Lesotho Highlands Water Project. The paper describes that the pipeline of projects in the infrastructure delivery programme was impacted by political uncertainty, making planning difficult, but also describes that there are a number of externalities that add to its cost while not contributing to its financial value. Private financing of water infrastructure is therefore problematic – if water supply and delivery is influenced by factors outside of an investor's control then attracting investors is not easy. Nevertheless, South Africa's TCTA offers an example of how funding of, in the author's own words, 'large and lumpy' projects can be successfully achieved, though within limits.

Rubio (2018) provides a detailed case study of how infrastructure maintenance can be funded while at the same time considering the role of private finance. The UK's Private Finance Initiative (PFI) has declined considerably in recent years and while this paper does not get trapped in that funding model's political and philosophical debates, it nevertheless shows that it can be an attractive procurement route for infrastructure. It considers the M25 motorway, London's orbital highway, in a very detailed case study of its maintenance funding. As the author writes, real case studies on PFI projects are scarce. This paper therefore provides a very useful contribution to the consideration of the value for money (VfM) of PFI projects and provides a commentary on the future of private finance in infrastructure delivery.

In this issue's third paper, McArdle and Gunning (2018) give an insight into public procurement in Northern Ireland from the perspective of both vendor (public bodies) and purchaser (contractors). Using a combination of semi-structured interviews and questionnaire data they have attempted to explore the achievement of VfM in public construction projects. The results are interesting and should inform those in any region, not just Northern Ireland and the UK, which is engaged in attempting to achieve VfM, providing as it does a number of influences on and barriers to this goal. A key finding was that the client's aim to gain VfM places increased pressure on contractors to reduce their costs, thus impacting a project in a number of different ways. Their paper provides a critical view of the interface between the private financing of public projects and considers the conflict between VfM and public value, highlighting that the two are not necessarily mutually compatible.

Our final paper, by Medda and Cocconcelli (2018), provides a reflection, in light of the long-lasting effects of the global financial crisis, on how funding can be raised for infrastructure investment and how local authorities can explore flexible financial options. They report how many central and local government authorities worldwide have slashed their infrastructure budgets and have struggled to secure loans to fund those projects that are planned. The consequences of low infrastructure investment are hinted at rather than explicitly explored, though the paper is timely considering the very obvious effects of 2018 infrastructure failures in Europe and worldwide. Against this backdrop the paper considers how municipal bonds have and can be used to fund infrastructure, highlighting the limitations and advantages of municipal bonds in a US context. It emphasises the role of risk and how that often hinders infrastructure investment; and explores alternative models of funding, taking examples from European collective funding approaches.

Overall, this issue considers not just how infrastructure can be funded but, more fundamentally, how infrastructure can continue to be delivered and maintained reasonably within huge financial

constraints. The many real examples that this issue includes from our six authors starkly highlight the importance of infrastructure and the potential impact of both failed delivery and failed infrastructure.

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