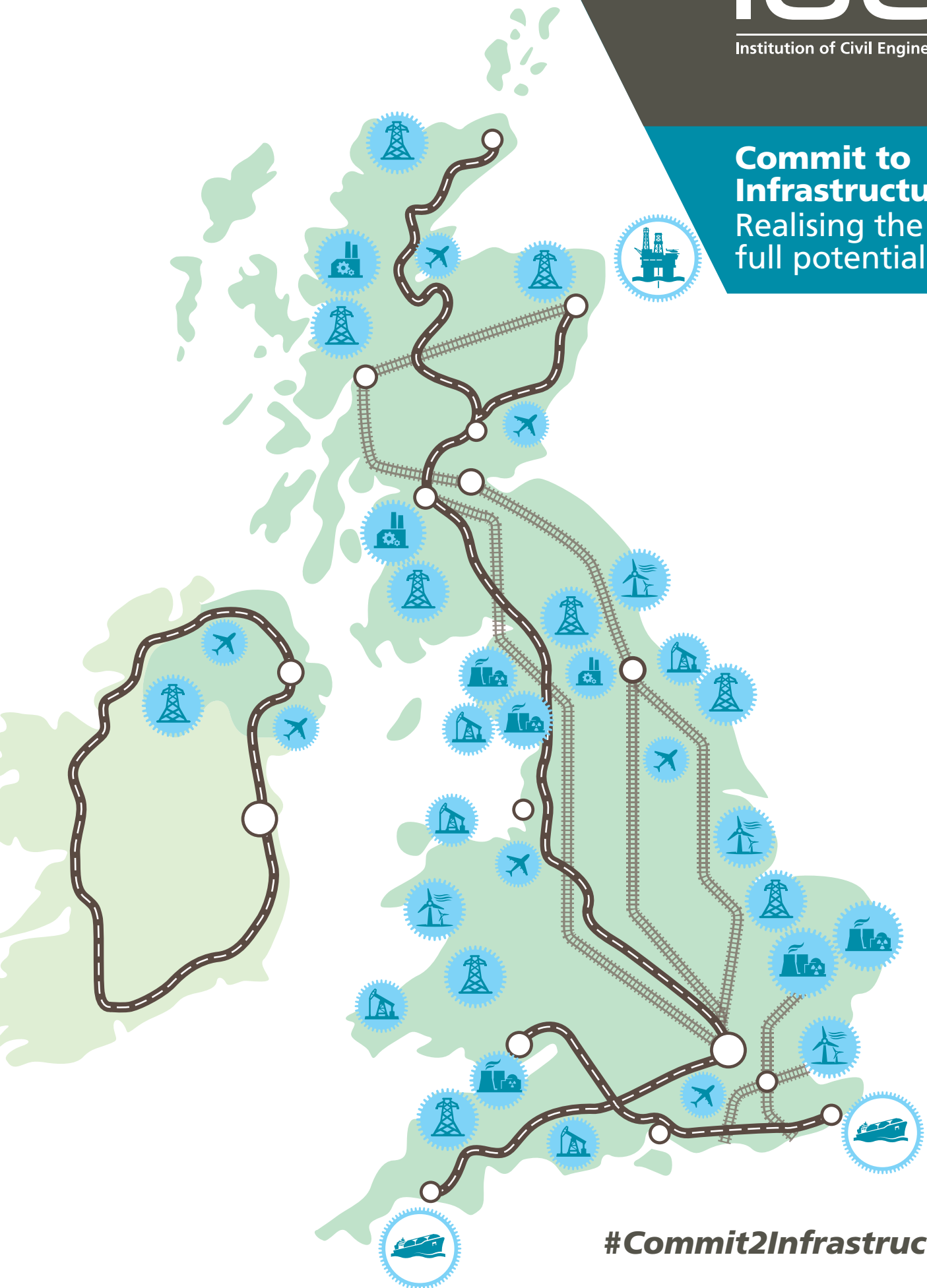


Commit to Infrastructure:
Realising the UK's full potential



#Commit2Infrastructure



ICE's 5 Step Infrastructure Challenge for politicians:

1

Give infrastructure the front row seat it deserves:

Infrastructure is well established as a driver of balanced economic growth – but it also:

- * Shapes our decisions about where to live, work and invest
- * Regenerates communities
- * Equips future generations with engineering skills
- * Improves connectivity and increases choice
- * Ultimately acts as a catalyst for social inclusion.

On that basis, political action on supporting economic infrastructure development should be seen as an urgent priority.

2

Be visionary: Articulate a clear, long-term, evidence-based strategic vision for UK infrastructure and a framework that can achieve political consensus on this vision – increasing private sector confidence and as a result, increasing investment.

3

Be bold: Political courage is key at this pivotal moment in the electoral cycle. There are tough decisions ahead – on the future of the UK's energy and aviation policy, on driving through major projects, on managing the cost and improving the resilience of our infrastructure – and now is not the time to be faint hearted.

4

Be smarter at engaging the public: Establish a proactive programme of engagement with the public to better make the case for infrastructure as well as improving the process for compensation - building increased trust, confidence and credibility into the decision making process and reducing the impacts of nimbyism and excessive bureaucracy.

5

But don't throw the baby out with the bathwater: Rather than start from scratch and risk losing momentum, build on the infrastructure policy foundation that's been laid over the past 5 years and continue to help industry develop a truly world class supply chain.



Progress made – the last 5 years

Just under 200 years ago, when ICE was first founded, public and political hostility to large scale infrastructure was often so great that one MP declared during a debate he "would rather meet a highwayman, or see a burglar on his premises, than an engineer." Today, we're far more likely to see politicians of all parties falling over themselves to make the case for the infrastructure that civil engineers plan, build and maintain.

Since the 2008 global crash, infrastructure has occupied a reasonably high, stable position on the Westminster agenda. This has been very welcome, but also not a little curious, given that politics has been so heavily dominated by the need to reduce the deficit – and the very real reductions in capital spending we saw in 2010. However, as the need to kick-start sustainable economic growth has gained the ascendancy, infrastructure's political revival has endured - and this increased interest and understanding amongst policymakers has been reflected in a range of schemes and initiatives on both sides of the House.

Since ICE's 2009 Budget submission, in which we called for a long term strategy for infrastructure, we've seen the establishment of InfrastructureUK (IUK) within the Treasury in December 2009 and four iterations of the National Infrastructure Plan (NIP) - the first launched in October 2010 and the fifth launched at ICE on 2 December 2014. The UK's 'top 40' infrastructure programmes and projects were included in the NIP for the first time in November 2011, and priority for delivering them has been the focus of each subsequent NIP.

Meanwhile, Commercial Secretary to the Treasury, former Olympics delivery heavyweight Lord Deighton has launched the Government's Capability Review of all Whitehall departments with responsibility for infrastructure delivery. We've also seen the establishment of the Major Infrastructure Tracking Unit, both intended to quell industry uncertainty around the Government's long-term strategy for investment and conversion of good intentions to activity on the ground.

And it's not just Government who have sought a more mature approach to infrastructure policy, but Opposition parties too. Sir John Armit's independent review for the Labour Party of long term infrastructure planning in the UK has made the case for the most high profile alternative to the status quo yet, a National Infrastructure Commission. There is now a growing coalition of industry and business voices in support of some form of independent body. ICE agrees with the aims of the proposal and has argued that its goals can be achieved by restructuring IUK as an independent, non-governmental body that can begin operating now.



But challenges remain

It's important to acknowledge the progress that's been made, particularly when compared with the UK's starting position of chronic under-investment in economic infrastructure and stop-start funding patterns. But this progress has been gradual and often process or input-focused - rather than turbo charged and outcome-driven.

This is in part due to infrastructure's slow electoral payback. Ministers know that the satisfaction of cutting the red ribbon on the project they've been promoting will be experienced by their replacement 10 or 20 years down the line - who is only too happy to take credit for it. Politically, it is both easier and necessary to spend more money on immediate, important needs such as the NHS, welfare or pensioners and reap the electoral rewards quickly - hence infrastructure's historic 'Cinderella' status. Yet what politicians need to recognise is that underspending on infrastructure ultimately makes delivering these key services that much harder.

This issue goes right to the heart of the fundamental weaknesses in the UK's approach to infrastructure: the mismatch between the long term nature of strategic infrastructure planning and short term political cycles. Added to this is the lack of the long-term strategic case for infrastructure being made and understood across Government departments, an often flimsy or easily contestable evidence base behind projects and still no authoritative method for evaluating the performance of infrastructure networks.

Importantly, policymakers' engagement with the public - who are, after all, the users (and ultimate funders) of our infrastructure - around the need for or the benefits of various infrastructure projects needs to be smarter: it remains reactive, parochial and lacking in consistent public confidence.

All of this has damaging consequences for infrastructure - at a time when the scale of the UK's needs are both large and growing, public finances still remain tight and policymakers must make projects appear properly attractive to investors.



Much more than a multiplier

The economic benefits of infrastructure investment are by now well established and acknowledged across political divides. Described by the Chancellor George Osborne as 'the backbone of the economy', economic infrastructure - by which we mean energy, flood defences, ICT, transport, waste and water - covers a wide array of long-term assets, from airports to wind farms, which all deliver returns over their lifecycle.

Infrastructure investment contributes to growth in a number of ways. Projects and programmes have strong stimulus and multiplier effects, which are large in relation to other sectors.

In 2012, the UK construction industry contributed £83bn in economic output - 6% of the UK's total output for that year. It created 2.15m jobs - or 6.5% of the UK total.¹

Investment in public sector expenditure on infrastructure can also lead to improvements in private sector productivity and employment expansion, creating what pundits have dubbed the 'crowding in', rather than the 'crowding out', of private investments and ultimately higher returns. This is particularly true of large-scale infrastructure projects where the risks (around planning issues, for example) are so great that only the public sector can realistically manage them without reducing the appetite of private investors to participate in the market.

We also know that investment in transport and ICT is crucial to unlocking the benefits of agglomeration in towns and cities - the economies of scale and increased speed of innovation that occurs when businesses are able to cluster together - which is why improved road and rail links are at the centre of the current Government's vision for creating a Northern Powerhouse that can compete with London.


When all of these factors combine, the results are impressive. The Civil Engineering Contractor's Association have argued that infrastructure offers a 30% boost per £1 spent as soon as the investment works its way into the wider economy and that in the longer term, £1 of infrastructure construction raises economic activity by £2.84.²

However, economic multipliers are only one side of the story - infrastructure is an enabler of far more than just higher GDP. A steady stream of infrastructure projects around the UK can help encourage the training and develop of the local population in order to meet this demand, equipping future generations with vital engineering skills. And on a basic level, infrastructure shapes our decisions about where to live, work and invest. It can regenerate and transform communities. It improves connectivity, thereby ensuring greater social and economic inclusion. It provides access to healthcare, education and increases consumer choice.

By investing in our infrastructure now, we are providing future generations with the foundations of a civilised society. In essence, infrastructure not only offers significant economic benefits but encourages greater participation in public life from all segments of society - from the most vulnerable to the most privileged. It is not only an enabler, but a catalyst for social inclusion.

¹ <http://www.parliament.uk/business/publications/research/briefing-papers/SN01432/the-construction-industry-statistics-and-policy>

² http://www.ceca.co.uk/media/103459/ceca_cebr_report_-_securing_our_economy_the_case_for_infrastructure_-_may_2013.pdf

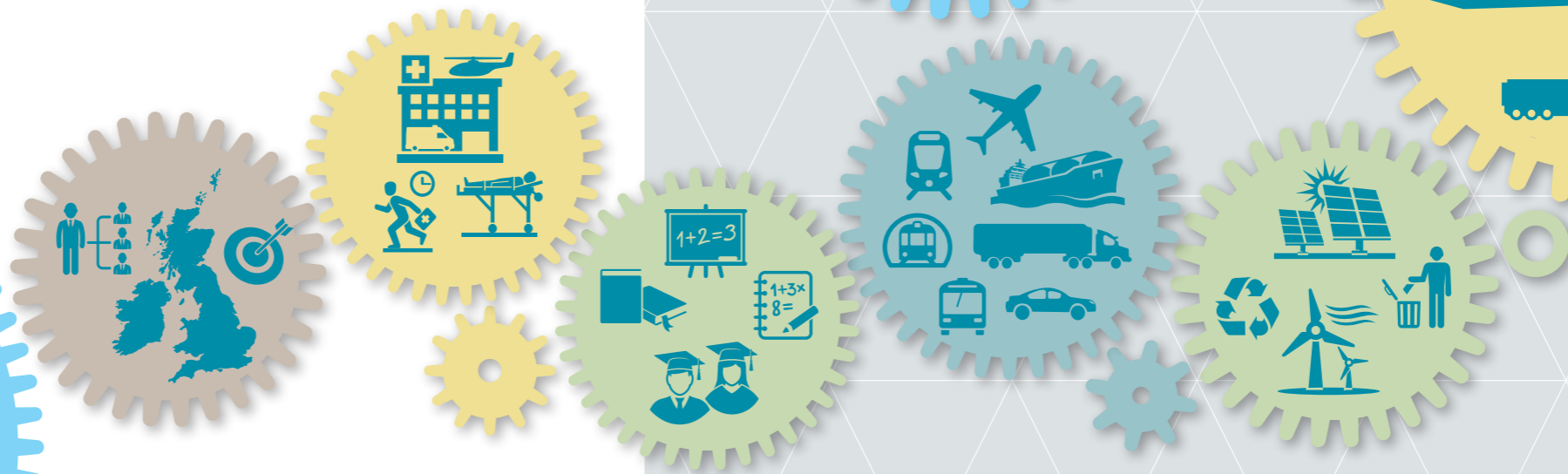
 **May 2015 – and the next 5 years**

The case for infrastructure is clear. Yet without concerted political commitment, the UK's infrastructure deficiencies will only become more apparent.

Without action, poorly maintained assets that are unable to cope with the pressures of extreme weather events brought about by climate change and the demands of a growing population, will only continue to weigh down business and individuals. Without greater political consensus on the UK's infrastructure needs, better public engagement on major projects and less bureaucratic inertia and political meddling, there is a risk that all the socio-economic benefits that infrastructure could bring about will remain unrealised. The UK still languishes at 27th (up one place from last year) in the World Economic Forum's overall quality of infrastructure rankings – behind not just the US and Japan but also Bahrain and Barbados.

Whichever party – or parties - holds power next May, all will have to deal with a severely constrained public purse for years to come and maintain some degree of commitment to deficit reduction. However, by pledging to make infrastructure a central plank in any administration's plan for improving economic growth and social well-being, politicians can build on the foundation laid over the past 5 years and fully realise the UK's infrastructure potential.

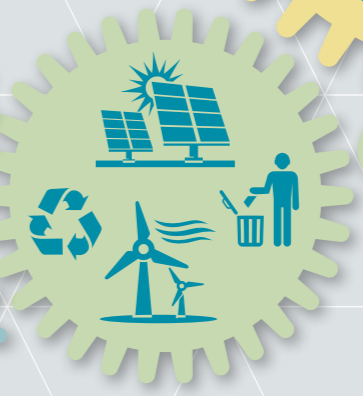
Political courage is going to be key over the next 6 months and beyond, if we are to secure the infrastructure the UK needs and deserves. ICE invites all political parties to demonstrate their commitment to infrastructure by using their upcoming manifestos to respond to our 5 Step Infrastructure Challenge - #Commit2Infrastructure.



5 Step Infrastructure Challenge – #Commit2Infrastructure



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Be visionary
Be bold
Be smarter at engaging the public
But don't throw the baby out with the bathwater



About ICE

Established in 1818 and with over 85,000 members worldwide, ICE is a leading source of expertise in infrastructure and engineering policy and is widely seen as the independent voice of infrastructure. ICE provides advice to all political parties and works with industry to ensure that construction and civil engineering remain major contributors to the UK economy.

Get in touch

For more information please contact:

Joanna Gonet, Public Affairs Manager

e joanna.gonet@ice.org.uk

t +44 (0)20 7665 2123

w www.ice.org.uk

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