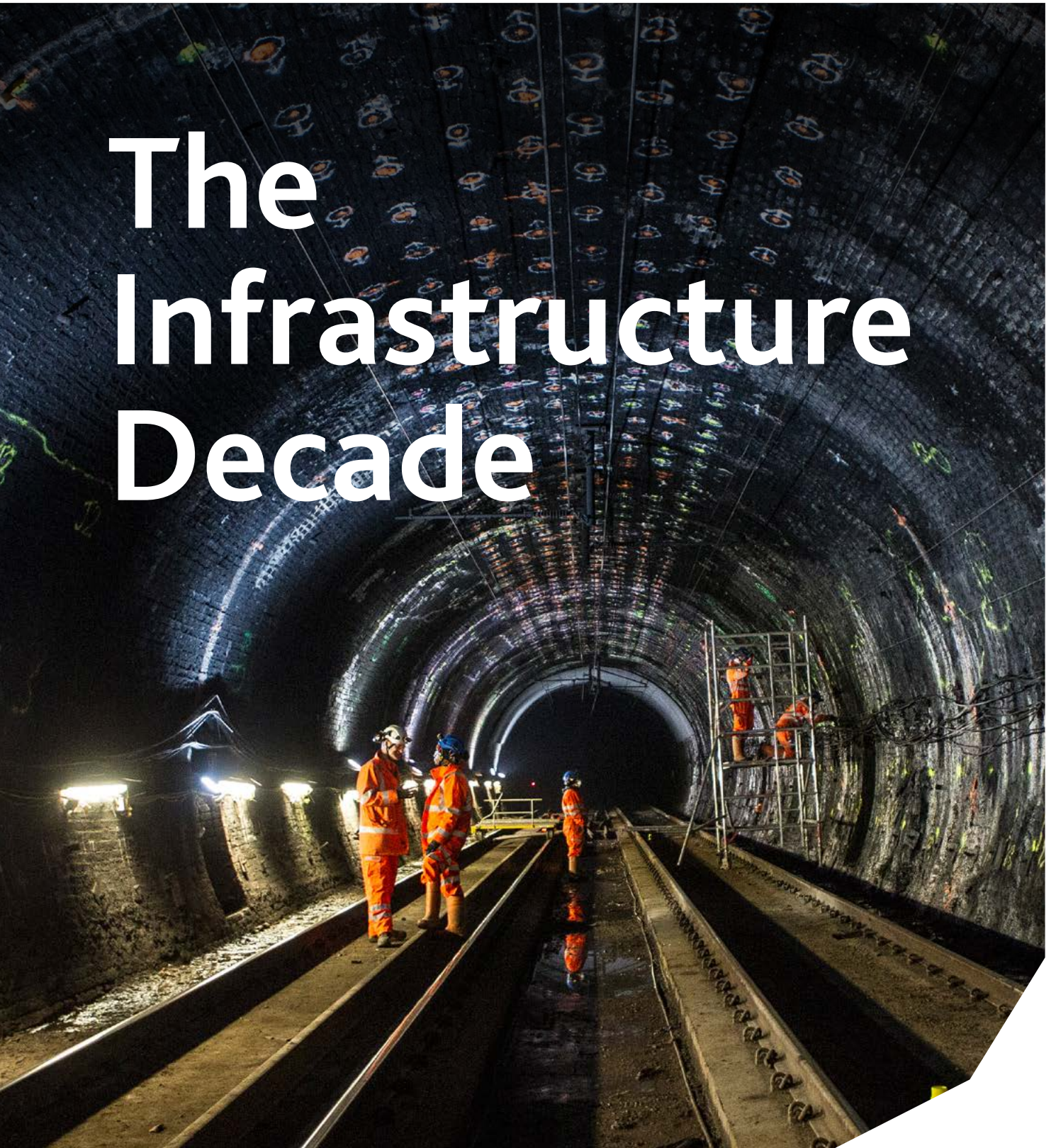


The Infrastructure Decade





Introduction

After the challenges of the downturn the UK economy is growing again. This has been achieved, in part, as a result of a renewed focus on infrastructure investment.

The evidence that infrastructure is essential for economic growth is now well established. We welcome the steps taken to date by the UK, Scottish and Welsh governments to harness this potential, with a consistent view from all main political parties about the need to invest in our vital networks.

But as we look forward, the UK faces new potential concerns. The return to growth in the economy will increase demand on our utility and transport systems. Meanwhile decarbonisation of the UK economy will require upgrades or replacement of much of our energy infrastructure.

And this must all be achieved at a time when consumers demand lower bills, and taxpayer funding is under increasing pressure.

For this reason the next 10 years represent a crucial time for the UK's infrastructure. Get it right and we could see our roads, rails and utilities acting as a springboard for a resurgent economy. But failure could see the country failing to perform at the level of our global competitors.

Our aim in this document is to identify the key policies that will help deliver the best possible outcome in this 'Infrastructure Decade' to come.

We do not claim to have all of the answers. That is why we have chosen to work collaboratively with policy makers, government agencies, our clients and our supply chains to develop these proposals. Since the start of the year we have engaged with more than 100 organisations as we tested our own ideas and asked others for their suggestions.

We have now identified what we believe are the key proposals for the future of our sector. We hope that they will inspire policies to ensure that UK infrastructure can play its vital role in the growth of our society and economy.



Creating the right environment for infrastructure development

Accessing transport and utility networks is fundamental to a civilised way of life. The latest World Economic Forum *Global Competitiveness Report* ranks the UK 27th on overall infrastructure quality and in part we continue to rely on networks developed over one hundred years ago.

This cannot last forever. In order to develop the infrastructure to support 21st century economic and social growth we need to create an environment where projects can be delivered efficiently with a minimum of waste.

It would ensure that all those affected by infrastructure: customers, developers, supply chains, and communities, get the most out of any investment.

The recommendations outlined below will help create the right environment to ensure we all fully benefit from the infrastructure of the future.

An independent commission for infrastructure

The development of infrastructure in the UK has, historically, lacked long-term strategy.

This has meant that large projects such as Crossrail and High Speed 1 have taken far too long to develop and build. Today, the delays we see in solving the problems of airport capacity reflect this challenge.

These delays, mainly caused by a lack of political consensus, have been costly for the taxpayer and UK plc.

While substantial progress has been made - most notably the development of the National Infrastructure Plan – a long-term strategy is needed to ensure the UK's infrastructure truly meets the expectations of business and the general public.

CECA recommends:

An independent commission for infrastructure, established with cross-party support to analyse the strategic opportunities and challenges facing the UK, identify the best way to respond, and then deliver projects which are on time and on budget.



Publish an annual Infrastructure Statement

Delivering the infrastructure that the UK needs over the coming decade will require sustained political and public support.

It is vital that information is provided to the public transparently to allow scrutiny of progress to deliver the infrastructure the country needs.

Review the Hybrid Bill process

Hybrid Bills are often used to enable the development of major infrastructure projects such as HS2 and Crossrail. Yet often the Hybrid Bill process acts as a constraint on the delivery of large projects. This is because Parliament is limited in the time and resources that it has available to it, meaning that the process can be lengthy and expensive to complete.

CECA recommends:

An annual infrastructure statement to Parliament by the UK government to detail progress made in the past year and set out future plans. This would sit alongside the current National Infrastructure Plan, providing improved certainty to the public and industry.

CECA recommends:

Establish a Hybrid Bill review group to look at streamlining the process, while ensuring the democratic process is not undermined by any proposed change.



Make the social case for infrastructure

Much work has been done to understand the economic impact of investment in infrastructure. Yet our industry also has a role in improving the lives of those in the communities in which we live and work.

Whether in creating employment, safeguarding public health, rebalancing the economy, improving the environment or creating a more inclusive society, we should do more to explain the positive impact our industry has.

This will help develop a better understanding of the need to invest. Current research indicates that few believe that the UK faces an infrastructure crisis, with greater concern about being asked to foot the bill for future projects. If we want to build public support, we must be better at showing what we can do to make people's lives better, rather than being associated with fears of disruption and delay.

CECA recommends:

Industry - with government support - must develop detailed evidence of the social benefits of infrastructure investment.

A more collaborative delivery model

It is now more than 15 years since the publication of *Rethinking Construction*, Sir John Egan's report on the state of the UK construction industry that highlighted the fragmented nature of the industry supply chain. Yet since then our industry has become increasingly fragmented. The *Construction 2025 Strategy* sets a goal of lowering costs by 30 per cent and time reduction by 50 per cent. In order to meet these objectives there are efficiencies to be gained through implementation of a more collaborative supply chain model for the construction industry.

CECA recommends:

Implement the recommendations of recent government work to develop more collaborative delivery models for delivery of construction projects.

***Traffic on England's roads is forecast to rise
by 43 per cent by 2040*** Department for Transport



Building a modern transport network

Transport is an integral part of our daily lives. It enables work and business development, provides access to education and other public services and encourages social interaction.

Yet while demand has increased, investment has not always kept pace.

Congestion across all modes of transport causes costly delays and discourages use of our transport network.

In the current climate, public funding for improvements is limited. The UK's dependence on fossil fuels is also problematic.

CECA believes that the recommendations outlined below will ensure that our transport network drives forward growth across the UK.

Strengthening regional transport planning

Transport provision in many city regions across the UK has become increasingly fragmented. Many transport operators and public bodies often struggle to fully coordinate their roles. This means that the provision of services is not always as efficient as it could be.

The UK economy must be rebalanced and city regions play a key role in this. CECA advocates a flexible model to integrate the provision of transport in city regions and to incentivise people and business to invest in local growth.

CECA recommends:

Introducing dedicated overarching transport bodies, to oversee the day-to-day operation of passenger services and major roads. These bodies could, in appropriate circumstances, also take over responsibility for the planning and building of new transport infrastructure, and be granted local revenue raising powers to achieve this.



Every 1,000 jobs created building infrastructure creates more than 3,000 in the wider economy CEBR

Providing sustainable funding for our major roads

Increasing efficiency and the introduction of low carbon vehicles will see fuel duty receipts fall considerably in the next decade. While there is no formal link between this duty and investment in the network, this creates a challenge for future governments seeking to fund vital maintenance and upgrades to our roads.

The Department for Transport's central forecast from 2010-2014 projects traffic in England to increase by 41 per cent for the non-Strategic Road Network, and by 46 per cent for the Strategic Road Network, which averages to a 43 per cent predicted growth for all English roads.

In order to meet this demand it is imperative that we look to new sources of investment to complement government funding to maintain and upgrade our road network.

Long-term funding reform of the roads network is politically challenging, but it is key to delivering infrastructure that is fit for the 21st century.

CECA recommends:

Creation of a cross-party commission to determine the optimum future funding model for the UK road network.

A definitive aviation strategy


The ability to fly for business and pleasure is an important part of our lives. Aviation is extremely important to UK economic growth and without it, global business opportunities would be reduced.

There is a pressing need for more airport capacity in the South East with direct links to all regional airports. The UK economy loses nearly £1.2bn a year because of a lack of major airport capacity. Unless the congestion problem is addressed, the UK will become a less attractive place to do business with and to visit.

Immediate action is required to address the capacity problem and maintain the UK's competitive advantage.

CECA recommends:

Immediate action on aviation policy to implement the final recommendations from the Airports Commission in 2015.



A lack of airport capacity costs the UK economy £1.2 billion each year CBI

A new freight route

The volume of freight on the British rail network remains relatively small. This puts pressure on the road network. In the past year 2.8 million goods vehicles travelled from Great Britain to mainland Europe causing congestion on many of our roads.

The movement of freight from the Continent and across Britain must be rebalanced. There is also a need to expand opportunities for import and export.

 **CECA recommends:**

A dedicated rail freight line linking the major industrial regions of the UK and the Channel Tunnel to form part of a growing European freight network. Such a route could be built on old track bed and under-utilised lines. As its prime users will be haulage companies and supermarkets, there is scope for key beneficiaries to contribute towards the cost of building and maintaining the line.

Improve connectivity in the north of England

The economy of the South East is the strongest of the UK regions. As such there is constant pressure on its housing, transport and energy networks. The region is approaching peak capacity, yet significant opportunities for economic and social growth will be available in the north of England if the right infrastructure is put in place. Our research has found that for each 1,000 jobs that are directly created in infrastructure construction, employment as a whole rises by 3,053 jobs. Furthermore, every £1 billion of infrastructure construction increases overall economic activity by £2.842 billion.

 **CECA recommends:**

Establishment of a body to plan and deliver a dedicated east-west infrastructure corridor in the north of England, efficiently linking all transport and other infrastructure networks across the region.

***The margin between electricity supply and demand
could fall as low as 2 per cent in 2015/16*** Ofgem



Guaranteeing the UK's energy supply

The future energy landscape of the UK will be challenging in terms of guaranteeing supply and managing demand.

Only a long-term energy strategy which has full industry and cross-party support will ensure the continuation of a safe and secure energy supply to complement our economic and social growth.

Ensuring energy market stability

The UK energy market needs both investment and stability. To achieve this effectively delivering Electricity Market Reform is vital. A clear and simple conclusion - which is free from political interference - to the Competition and Markets Authority's review into the UK energy market will also boost consumer confidence.

CECA recommends:

Complete the implementation of Electricity Market Reform to secure investment in all of the low carbon sectors – renewables, carbon capture and storage (CCS), and new nuclear - and put energy efficiency at the heart of a long-term energy strategy.

Government must provide Levy Control Framework clarity over the next decade to deliver low carbon deployment and ensure best value.

Better management of energy demand

Demand-side management adapts consumer demand for energy through various methods such as financial incentives and education. It helps to achieve substantial energy efficiency improvements through targeted policies.

It has been used in the UK since the 1990s, but does not yet meet the standard of other countries.

A strong focus on energy efficiency over the next decade is critical in order to meet energy security and affordability goals.

CECA recommends:

Demand-side management must be at the heart of all government and industry decision-making for the next decade to help control our energy costs.

Ending the skills deficit

Last year, over one in five UK vacancies were unfilled because of a poor skills base. While some sectors are affected by the current skills deficit more than others, the construction industry is one of the worst hit.

There is a substantial pipeline of work to be delivered over the next decade. It is therefore vital that UK business can easily find the right people for the job.

CECA has worked with its membership and key skills bodies to produce a series of recommendations, which, if taken together, will end the construction skills shortage once and for all.

Highlighting the value of a technical education

Developing the skillset of young people and adults is vital for their personal development and for tackling the skills shortages which are holding our economy back.

Part of the solution lies in increasing access to, and improving the perception of, vocational education. It must not be seen as a second rate option, but as a key to an interesting and rewarding career.

Improving our image to attract new talent

Delivering world class infrastructure over the next decade will require a highly skilled and diverse workforce.

Yet the industry is commonly perceived to be low-skilled, despite the reality being very different.

CECA recommends:

End the one-sized fits all presumption that the same education suits everyone and treat academic and vocational routes equally.

CECA recommends:

The construction industry, with government support, must fully embrace the opportunity to educate parents and carers, schools, colleges, universities, and the wider public, about the choice of rewarding and diverse career paths in our industry.



Strengthen the shared apprenticeship scheme

Some construction companies are unable to offer full apprenticeships because of the short duration of projects.

Following the economic downturn a series of apprenticeship schemes have been established in some regions where apprentices can be employed by a specially-created host body, and then placed with different construction companies.

This enables the apprentice to gain skills and experience and construction companies to participate in apprentice training even if they only have short placements available.

Yet provision of shared apprenticeship schemes is patchy, despite their proven benefits.

CECA recommends:

Government to support the roll-out of shared apprenticeship schemes on a UK-wide basis to develop construction's future workforce.

Safeguarding the skills for growth

Migrant workers play a vital role alongside their European counterparts in the design and delivery of large-scale construction projects.

Yet the current non-EU migration target limits the availability of skilled employees required to deliver key projects.

CECA recommends:

Abolish the net migration target, consider raising the tier 2 skilled visa cap, and deliver high service levels on visas and work permits.

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