

The Case for Infrastructure

#Commit2Infra

Introduction

High quality, high performing infrastructure is vital for economic growth and improved quality of life. Transport, communications, energy and housing are all central to spreading opportunity across the whole country. Infrastructure acts as a catalyst for social and economic inclusion, encouraging greater participation in society from people of all walks of life.

In particular, during uncertain or volatile economic times, continued investment in UK infrastructure can help provide economic stability, facilitate inward investment and drive economic growth.

Why must we continue to commit to infrastructure?

Since the financial crisis, infrastructure has enjoyed a welcome revival, with the long term strategic case for infrastructure investment and delivery being better understood across the political divide and within Government departments. However, the UK still sits just 24th in the World Economic Forum Global Competitiveness infrastructure rankings, behind a number of our economic competitors including Japan (7th), France (10th) and Germany (12th).

Public Sector Net Investment (a measure of public investment in infrastructure) totalled £34.4 billion in 2015/16, equating to just 1.9% of GDP.⁵ The OECD estimates that annual infrastructure investment of 3.5% of GDP is necessary in developed economies.⁶ Without this, the OECD states that there will be "detrimental" implications for living standards and quality of life and competitiveness would be "blunted".

Infrastructure investment has a strong economic stimulus and multiplier effect and can help to rebalance growth around the country. The UK's 10 Core Cities deliver 25% of the nation's economy and are home to 19 million people.⁷ Their importance as economic hubs has been acknowledged by successive governments; however, without sustained investment in infrastructure they are unlikely to achieve their potential.

KEY FACT



£1 of infrastructure construction¹ raises economic activity by £2.84

KEY FACT



Every 1,000 direct jobs created by the delivery of new infrastructure boosts wider employment by over 3,000 jobs²

KEY FACT



In 2014 the construction industry contributed £103bn in economic output, 6.5% of the UK total³

KEY FACT



In 2015 2.1 million jobs were in the construction industry, 6.2% of the UK total⁴

ABOUT ICE

Established in 1818 and with over 86,000 members worldwide, ICE is the independent voice of infrastructure and the leading source of expertise in infrastructure and engineering policy. Under our Royal Charter, ICE has a public duty to provide advice to all political parties and work with industry to ensure that civil engineering remains a major contributor to the UK economy.

¹ Civil Engineering Contractors Association: http://www.ceca.co.uk/media/103459/ceca_cebr_report_-_securing_our_economy_the_case_for_infrastructure_-_may_2013.pdf

² CEBR 2015

³ House of Commons Library 2015

<http://researchbriefings.files.parliament.uk/documents/SN01432/SN01432.pdf>

⁴ Ibid

⁵ House of Commons 2016 <http://researchbriefings.files.parliament.uk/documents/SN06594/SN06594.pdf>

⁶ OECD 2015 <https://www.oecd.org/daf/inw/investment-policy/Fostering-Investment-in-Infrastructure.pdf>

⁷ Core Cities 2015 <http://www.gva.co.uk/core-cities/>

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ICE RECOMMENDS



Continuing to place infrastructure investment at the heart of economic policy

ICE RECOMMENDS



Continuing to invest in long term infrastructure programmes (Figure 1)

ICE RECOMMENDS



Supporting the National Infrastructure Commission and delivering a National Infrastructure Assessment, supported by ICE's National Needs Assessment

ICE RECOMMENDS



Continuing to place infrastructure at the heart of plans for devolution, as called for in our recent State of the Nation: Devolution report

GET IN TOUCH

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BREXIT poses significant uncertainty for private investment in infrastructure in the UK. The public sector contributes one-third of the investment to the national infrastructure pipeline of projects. 59% of financing is from the private sector (worth £251 billion). By 2014, for approximately every £1 invested by the government in UK infrastructure, £1.67 was invested by the private sector. So while public sector investment should continue to be increased, it is also vital that the government increases confidence for private investors during uncertain times.

Figure 1: Long term infrastructure programmes

Current investment programmes across infrastructure sectors. All of these projects will help drive jobs, growth and quality of life:

TRANSPORT	Road Investment Strategy (2015 -20)	£15.2bn
	Rail Control Period 5 (2014 – 19)	£14.3bn
FLOODING	Investment programme (2015 – 21)	£2.3bn
ENERGY	Projects contained in National Infrastructure Delivery Plan (2015 – 21)	£118bn
WATER	Asset Management Period (2014 – 19)	£44bn
DIGITAL	Projects contained in National Infrastructure Delivery Plan (2015 – 21)	£6bn

Since 2010, the government has published six iterations of the National Infrastructure Delivery Plan (NIDP). This pipeline of work has helped to improve the environment for infrastructure by providing visibility and consistency, marking a move away from previous stop-start funding patterns. The current value of the supporting pipeline of work is £483 billion. Over 600 infrastructure projects and programmes are targeted for investment. £297 billion of this will be spent on projects and programmes to 2020-21. These must continue to ensure a stable and consistent environment for private investment in infrastructure.

How you can help

Help us make the case for infrastructure:

- Follow us on Twitter at @ICE_engineers – retweet our #Commit2Infra hashtag to be part of the debate
- Tweet #Commit2Infra to your local MP - ask them to demonstrate their support for our 4 recommendations
- Share this document with friends and colleagues