

Blueprint for Growth

Boosting the UK's growth and productivity through
the construction and infrastructure industry

June 2024

This Blueprint for Growth outlines several key measures to boost the UK's growth and productivity. It has been produced by 13 tier one UK infrastructure and construction contractors and consultants which have a collective annual UK turnover of over £25 billion and directly employ over 100,000 people across the UK.

Summary of our key recommendations:

- 01 Depoliticise infrastructure
- 02 Appoint a Cabinet Minister responsible for infrastructure
- 03 Increase private investment in public infrastructure
- 04 Timely, holistic decision-making on key areas
- 05 Improve budget setting for infrastructure schemes
- 06 Efficient risk allocation
- 07 Investment continuity
- 08 Simplify the judicial review process
- 09 Mandate consideration of the national interest
- 10 Self-certification system to accelerate delivery of infrastructure projects
- 11 Transform the Apprenticeship Levy
- 12 A flexible immigration system

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Blueprint for Growth: infrastructure and construction sector priorities ahead of the UK general election

This Blueprint for Growth has been produced by 13 tier one infrastructure and construction contractors and consultants in the UK. We contribute to the finance, design, construction, operation and maintenance of the UK's Nationally Significant Infrastructure Projects. Our sector is one of the engines of the UK economy. It generates substantial employment, plays a critical role in shaping sustainable communities and improving quality of life, drives innovation and attracts investment, making it a cornerstone of the UK's daily life. It is also central to the delivery of the unprecedented 244 projects within the current Government's Major Projects Portfolio.

Collectively, we have an annual UK turnover of over £25 billion and are proud to directly employ over 100,000 people across the length and breadth of the UK. Our collective turnover can be factored by at least a three-fold economic impact, as infrastructure investment generates significant wider economic benefit in the wider supply chain and communities, we operate in.

All of our businesses are deeply invested in supporting the UK's sustainable growth and prosperity. As a group, we actively encourage, foster, and support many tier 2 and tier 3 entities and start-ups, with increasing digitalisation and an unrelenting pursuit of greater environmental acceptability.

This document sets out our collective view of some of the key measures which, if implemented, would result in a significant boost to the UK's growth and productivity.

Introduction

There is an established and clear correlation between investment in infrastructure and GDP growth¹. Investing in infrastructure is also one of the most effective, efficient and sustainable ways of spreading jobs and skills across the country, in addition to the equalising impact of enhancing transport connectivity and improving energy and communication networks, for example. Strategically, it is therefore imperative to improve the commissioning and delivery of these schemes in order to drive the UK's growth. Doing so requires alignment on a number of key areas:

Stability, continuity, certainty and action in infrastructure investment and policy, and visibility of a secure pipeline.

Setting clear objectives and realistic budgets from the outset and planning in contingencies for inflation and potential future macroeconomic events.

Reforming and streamlining the planning and consenting processes relating to major infrastructure.

Supporting skills and capability.

¹ Infrastructure Progress Review 2023, National Infrastructure Commission

Stability, continuity, certainty and action in infrastructure investment and policy and visibility of a secure pipeline

Ensuring stability, continuity, certainty, and a steady flow of investment in infrastructure is crucial. These factors not only attract investment and reduce the costs associated with delivering infrastructure, but also foster economic growth by ensuring both the timely delivery of essential services and a strong UK construction and infrastructure sector – a key UK employer. Additionally, these factors enhance competitiveness and demonstrate a commitment to long-term development, ultimately benefiting both the economy and citizens' quality of life.

In the UK, infrastructure investment is often characterised by a stop-start funding approach and delays to major schemes. Responsibilities for infrastructure are divided among various departments, adding complexity to delivery. To streamline this process and reduce politicisation, we propose adopting recommendations from the National Infrastructure Assessment². We also propose a commitment to 30% government funding for critical national infrastructure and collaboration with the private sector for the remaining investment. Empowering the National Infrastructure Commission to lead the strategy implementation over a 10–20-year horizon, supported by parliamentary legislation, would provide the necessary long-term commitment to drive significant economic and societal benefits. We also propose the appointment of a Cabinet Minister responsible for Infrastructure with a coordinating role across the Government and a specific focus on ensuring delivery of both the 10–20-year strategy and the addressing of barriers to the delivery of critical national infrastructure.

Stability is complemented by momentum and a holistic approach to infrastructure. We therefore encourage timely decisions on key areas such as new nuclear, Carbon Capture, Utilisation and Storage (CCUS) and offshore wind to ensure project feasibility, attract investment and preserve capability by enabling the transfer of skilled teams, for example, from Hinkley Point C to Sizewell C. Additionally, we recommend strategic investments in supporting infrastructure, for example, ports, where some manufacturing and fabrication will take place and which will act as construction sites for assembling structures and integrating components; and upgrading key highways which act as arteries to major infrastructure hubs.

Relatedly, clear, and consistent policies and regulations are vital for the construction and infrastructure sector, especially in the development of infrastructure required for the energy transition. They offer the certainty that investors and businesses require for making long-term investments in projects, which often demand substantial capital and involve extensive planning and construction processes. With confidence in the regulatory framework and a stable policy environment, investors and financiers are more inclined to allocate resources to such projects. This stability instills confidence, ultimately facilitating a smoother transition to new energy technologies and systems.

Increasing private investment in UK infrastructure is essential, but obstacles such as policy instability and the planning system create uncertainty for investors. Despite the UK's sophisticated finance models and attractiveness to pension funds, challenges persist in attracting foreign investors due to unclear infrastructure policies. Addressing these issues is vital to fully leverage private sector contributions to enhance infrastructure.

² <https://nic.org.uk/studies-reports/national-infrastructure-assessment/>



Currently, around half of the UK's infrastructure is financed and delivered by the private sector, but there is potential for further growth with a new financing model. To meet national objectives like achieving net zero emissions and improving infrastructure, new financing mechanisms are necessary to replace outdated schemes like the Private Finance Initiative (PFI). We welcome ongoing discussions to explore alternative options.

Our recommendations:

1. Depoliticise Infrastructure: Adopt the recommendations from the National Infrastructure Assessment undertaken by the National Infrastructure Commission, commit to 30% government funding for critical national infrastructure, and empower the National Infrastructure Commission to lead the implementation of the strategy with a 10–20-year horizon, underpinned by an act of Parliament.

2. Appoint a Cabinet Minister responsible for infrastructure: with a coordinating role across the Government and a specific focus on ensuring delivery of both the 10–20-year strategy and the addressing of barriers to the delivery of critical national infrastructure.

3. Increase private investment in public infrastructure: Address obstacles such as policy stability and uncertainties in the planning system to attract more private investment in UK infrastructure and consult on the development of a new financing mechanism to sustainably replace PFI.

4. Timely, holistic decision-making on key areas: such as new nuclear, Carbon Capture, Utilisation and Storage (CCUS), and offshore wind, to maintain momentum and give industry and investors confidence, with strategic investments in supporting infrastructure such as ports and key highways undertaken simultaneously.

Setting clear objectives and realistic budgets from the outset and planning in contingencies for inflation and potential future macroeconomic events

Improving estimates for major infrastructure projects is crucial to ensuring both affordability and that schemes are not set up from the outset with unrealistic budgets which will be exceeded, resulting in the loss of public support. However, this requires a rethink of decision-making processes: current practices often lead to cost escalations and delays due to over-optimistic budgeting. There are a number of approaches that should be used more to improve estimates for major infrastructure projects. Early Supplier Involvement (ESI) as early as possible in the development cycle, and 'Should Cost Models' offer promising solutions, yet are underutilised due to inadequate planning. Accurate pricing hinges on a clear understanding of project scope and constraints, reducing risks and fostering collaboration. Projects should not be given the go-ahead, and budgets and contingencies should not be set, until their design reaches a far greater level of maturity than is often the case at the moment.

Efficient risk allocation, real-time adjustments, and transparent reporting further enhance project delivery. Embracing whole-life decision-making and regularised investment in critical projects such as Rail Electrification are vital for sector stability and efficiency.

Consistent implementation of best practices, such as those outlined in the Construction Playbook, is essential. Finally, Modern Methods of Construction (MMC) offer significant efficiency gains, but standardisation and long-term planning are needed for widespread adoption and private investment attraction. Prioritising these measures will drive productivity and ensure sustainable infrastructure for the future.

Our recommendations

5. Improve budget setting for infrastructure schemes: Re-evaluate decision-making practices to ensure accurate estimations of costs, benefits, and completion times for major projects, avoiding over-optimistic projections through:

- ⇒ **Early Supplier Involvement (ESI):** Increase the use of collaborative procurement models such as ESI, as early as possible in the development cycle, to enhance project planning, reduce disruptions, and mitigate budget risks.
- ⇒ **Whole-life decision making:** Adopt a holistic approach to infrastructure investment, considering the entire lifespan of projects to promote sustainability and efficiency.
- ⇒ **Rolling programmes of infrastructure enhancements:** Invest in continuous infrastructure enhancements to regularise costs and improve predictability.
- ⇒ **Consistent implementation of the Construction Playbook:** Strengthen efforts to ensure consistent implementation of the Construction Playbook across all government agencies and extend its application to local authorities.
- ⇒ **Support Modern Methods of Construction (MMC) and a digital way of working:** Promote the use of MMC and a digital way of working to enhance project efficiency and sector performance, emphasising standardisation and creating a clear pipeline of MMC-compatible projects.

6. Efficient risk allocation: Allocate risks efficiently during project procurement to avoid prolonged negotiations and ensure fair distribution of risk ownership.

7. Investment continuity: Avoid delaying investments in projects such as HS2 and Lower Thames Crossing to prevent increased costs and uncertainty in the infrastructure sector.

Reforming and streamlining the planning and consenting processes relating to major infrastructure

Streamlining planning processes and fostering collaboration between local and national interests is essential for the timely delivery of infrastructure projects and the UK's prosperity. However, current planning and consenting processes for UK infrastructure projects and the subsequent delays in commencing construction are frequently compared unfavourably internationally, frustrating contractors involved in delivering Nationally Significant Infrastructure Projects (NSIP). This unfavourable comparison hampers external investment in the UK and is directly linked to the high costs leading up to execution and the prolonged planning bureaucracy involved.



The construction sector excels when it has a clear view of its forward pipeline of work. However, the current planning system often impedes this, resulting in major schemes experiencing starts and stops due to planning challenges and permitting issues. Delays in obtaining consents can quickly escalate costs into the tens of millions, as seen in projects including the M25 Junction 10 and the A303 Stonehenge schemes.

Furthermore, delays not only impact project costs but also lead to a loss of capability within the industry which it can ill afford as skilled teams are disbanded or redeployed, causing a significant loss of expertise.

One significant improvement could be the implementation of a self-certification system for post-consent non-material changes in NSIPs. This system, modelled on successful tax return self-certification processes, would expedite project timelines while ensuring adherence to necessary standards.

In terms of Judicial Review, while important for democracy, many cases lack merit and are often used by those who oppose the scheme to delay projects. More diligence must be applied to follow processes correctly, and resources should be allocated to resolve legitimate reviews promptly.

Local politics often contribute to delays in delivering critical national infrastructure, sometimes over minor issues that take considerable time to resolve. Local authorities should prioritise local needs but also consider the overall economic well-being of the UK, as our collective fortunes are interdependent.

The Winser Review advocates strategic spatial planning for delivery of upgrades and extensions to the electricity transmission grid. There is a case for expanding this approach to other areas, while increasing the number and capabilities of specialists in planning departments (and the Inspectorate) and in the key regulators such as the Environment Agency, a key practical measure that would speed up the planning process.

Our recommendations

We are calling for an ambitious overhaul of planning and consenting processes which has the national interest at its heart and better supports the growth agenda. This would include:

8. Simplify the judicial review process: Simplify the process for automatically refusing Judicial Reviews where a high-quality examination has already occurred during the DCO (Development Consent Order) consultation and scrutiny, and establishing set timescales for resolving Judicial Reviews and their redetermination processes to avoid delays.

9. Mandate consideration of the national interest: Giving local authorities and other relevant public bodies a responsibility to consider the overall economic well-being of UK plc as well as those of their own specific areas, as our collective fortunes are interdependent.

10. Self-certification system to accelerate delivery of infrastructure projects: Bringing in a self-certification system on post-consent non-material changes in Nationally Significant Infrastructure Projects (as was previously used by the Environment Agency on HS2), with spot-check audits and any scheme found not to be adhering to the requirements receiving increased scrutiny.

If used with software supporting self-certification recording and tracking, this would provide guarantees on authenticity of records and immediate access to anyone who is authorised.



Supporting skills and capability

Skills and capability are vital for delivering major infrastructure projects, yet they remain a key challenge for the sector. Despite significant commitment and investment from businesses, there is a need for additional support.

Investing in infrastructure acts as a nationwide equaliser: by directing resources into essential projects such as transportation and energy, jobs and apprenticeships are generated in communities across the country, stimulating local economies. The resulting growth not only enhances regional connectivity but also ensures a more equitable distribution of opportunities, contributing to a more inclusive and balanced national economy, uplifting communities, and fostering long-term prosperity.

However, in the global competition for infrastructure talent, skilled professionals are increasingly drawn to countries including the US, Saudi Arabia, and Australia, which heavily invest in infrastructure. This was highlighted by the Public Accounts Committee in May 2024³, which outlined that shortages in technical and engineering disciplines will worsen as gaps in the UK's workforce are compounded by competition from major global development projects. In our experience, this trend is being exacerbated by uncertainties in the UK's project pipeline and negative narratives surrounding schemes, which is encouraging our workforce to explore opportunities abroad, and deterring new entrants to the sector.

To address these challenges, additional measures are needed:

11. Transform the Apprenticeship Levy: Transforming the Apprenticeship Levy into a more flexible 'Skills Levy' would allow employers to allocate funds efficiently to bridge skill gaps, prioritising upskilling and shorter technical courses.

12. A flexible immigration system: Implementing a responsive immigration system is crucial for meeting infrastructure ambitions. This includes bringing in experts from other countries to train the UK workforce on specific skills needed for key projects. Simplifying bureaucratic processes for bringing in short-term workers would ensure the timely delivery of infrastructure schemes.

Conclusion

Our Blueprint outlines a number of key measures to boost the UK's growth and productivity, including stabilising infrastructure investment, realistic budgeting, and streamlining planning processes.

We are committed to collaborating with policymakers, industry stakeholders, and government agencies to help develop these recommendations and realise our shared vision of a thriving infrastructure sector which continues to drive sustainable growth, create jobs, and build a brighter future for the UK.

³ <https://committees.parliament.uk/publications/44716/documents/222122/default/>

Blueprint for Growth



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