

Civil Engineering Contractors Association Priorities for an incoming Government 2024/25





The Civil Engineering Contractors Association (CECA) is the representative body for companies who work day-to-day to deliver, upgrade, and maintain the country's infrastructure.

With more than 300 members based across the devolved nations of Scotland and Wales and the six English regions, CECA represents firms who together carry out an estimated 70-80 per cent of all civil engineering activity in the UK, in the key sectors of transport, energy, communications, waste, and water.

CECA members directly employ more than 250,000 people across the UK, and support supply chains that provide employment for many thousands more, generating the economic growth that businesses and communities rely upon.





#### Introduction

There is an acceptance across all political parties that the United Kingdom needs good and reliable infrastructure to thrive.

For each £1 billion increase in infrastructure investment, UK-wide GDP increases by a total of £1.299 billion and for every £1 billion of infrastructure construction increases overall economic activity by £2.842 billion. Combined with the social benefits infrastructure brings, its importance cannot be understated.

Yet, due to global economic factors, combined with political uncertainty, we are at serious risk that infrastructure investment will be substantially reduced over the next ten years, with existing projects already under threat.

This is a false economy. The impact of pauses and cancellations cannot be overstated and are casting a long shadow over the future of UK plc. There is real concern that the long fought for investment plan for the UK's public infrastructure is at serious risk of falling from favour, as it did so catastrophically in the Global Financial Crisis of 2008. Then, capital spending was cut too far and too fast, and economically viable projects were cancelled for shorttermist reasons – often to the detriment of the taxpayer, as they had to be re-procured at greater cost at a later date.

This paper seeks to balance society's continued requirement for good infrastructure with the economic climate we find ourselves in. Combined with global uncertainty and our need to meet net zero goals in an affordable way, the next Infrastructure Decade will undoubtedly be one full of challenge, excitement and innovation. Where specific monies are invested remains a matter for debate. Civil engineering contractors work across all infrastructure sectors, across the regions and nations of Great Britain. With cross-government support, we stand ready and primed to deliver the transportation and utilities we need for the next decade.

To build on this policy agenda, over the course of 2024 CECA will publish policy papers on the key themes of road, rail, water, and power.



## Invest in the future

The UK's future depends on an incoming Westminster Government sticking to the plans outlined in the National Infrastructure Strategy (NIS).

These plans - based on independent assessment and produced by a body which has cross-party support – scope UK infrastructure needs and prioritise long-term cost reduction via best practice and innovation. If some projects are no longer viable, Government must offer alternatives, including reprofiling to ensure reliability of service.

CECA calls on an incoming Westminster Government to hold its nerve and:

- Deliver existing project pipelines and maintain investment commitments.
- Reinstate plans for the delivery of HS2 in full, and accelerate delivery of Northern Powerhouse Rail and the Transpennine route.

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# **Maintain confidence**

The maintenance and delivery of our future infrastructure is now at serious threat due to current instabilities.

Pausing projects with little reference to detail and future timescales for project delivery does little to bring the confidence of delivery through the supply chain, impacting on the UK's future prosperity. Our industry stands ready to adapt, but we need further clarification on what to adapt to.

At a time at when major infrastructure investments have been thrown into doubt by economic uncertainty, it is essential that an incoming Westminster Government and industry work together to avoid catastrophic infrastructure failure in the long-term.

In order to secure growth an incoming Westminster Government must:

- Ensure the 'Star Chamber' for infrastructure announced at Autumn Statement 2023 immediately puts infrastructure back at the heart of policy making
- Revise purdah guidance to reflect that key 'gateway' project decisions can be taken during the purdah period as long as they are not publicised
- Establish an 18 month 'fix' on investment in the period before and after elections, to be agreed by all major parties.
  This would allow clients to plan their projects knowing that they will not be abandoned.

## Enabling our regions to thrive

The levelling up agenda has led to notable and welcome investment in our nations and regions. Yet recently, it has been somewhat short-termist, with critical projects subjected to last minute delay and cancellation.

A long-term infrastructure plan, as envisaged by the National Infrastructure Commission can thrive only if it is actively supported by its delivery partners working together to upgrade and maintain our networks.

An incoming Westminster Government must:

- Turbo-charge pipeline visibility at all levels of government. Combined with next level detail, action programmes and a consistent volume of work.
- Strengthen the National Infrastructure Commission by linking its plans to sub-national infrastructure bodies, which build on the work of the already established sub-national transport bodies.
- Establish industry-led local infrastructure and construction partnerships to support the evolution of Local Enterprise Partnerships. These could work with clients to coordinate funding for local training and development.
- Support industry to develop an independent and impartial advisory bank of expertise to offer local authorities advice on planning issues, unblocking projects and optimum procurements.

# World-class connectivity

The UK does not maintain a reliable and efficient transport network. While there is good connectivity in our cities, our towns and surrounding regions do not fare so well.

Some of our road and rail routes remain congested, with no viable overall plan for an integrated transport network for England which is essential for a resilient and sustainable economy seeking to achieve its carbon reduction obligations.

To ensure future mobility an incoming Westminster Government must:

Publish a high-level English Transport Strategy which supports Sub-National Transport Bodies (including Transport for London), integrates with the devolved nations and delivers firm five-year capital settlements complemented by indicative five-year funding.

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## Strengthening our resilience

UK infrastructure resilience has taken a hit over the last few years, especially in relation to waste water and water management, energy security and managing our flood defences. Our aging highway and rail infrastructure is already moving in this direction.

Without serious action - notably in our response to climate induced failure - the entirety of our infrastructure network will catastrophically fail. Yet, we remain in a period of fiscal restriction, with little appetite for additional spend. This approach will negatively impact our future society.

CECA calls on an incoming Westminster Government to:

- Publish cross-cutting National Water Strategy driving collaboration across sectors, government departments, regulators and industry.
- Drive improved ways of working in key areas such as upgrading wastewater network & reducing water demand.
- Work with industry to develop infrastructure financing opportunities that work for all.
- Maintain commitment to a balanced energy mix.

## **Supporting our SMEs**

SMEs are the lifeblood of our economy and are a vital part of construction supply chains. Yet, their viability can immediately change as a result of unfair business practices and burdensome procurement requirements. This puts the delivery of future infrastructure projects at risk.

To support SMEs an incoming Westminster Government must:

- Accelerate progress to abolish retentions.
- Publish payment value measurements alongside volume of transactions.
- Ensure social value requirements are reflective of SME needs and that they are properly measured and audited.

The UK ranked a disappointing 22<sup>nd</sup> out of 64 countries for the quality of its infrastructure in the 2023 IMD World Competitiveness Rankings.

# Maximise best practice & drive innovation

Construction innovation investment is currently at a record high. It is vital that this is maintained to ensure the UK construction industry delivers world-class schemes in line with public expectation.

Alongside this innovation drive is a firm commitment from industry to best practice and efficiency.

To secure future efficiencies and save taxpayers' money an incoming Westminster Government must:

- Encourage public and private sector clients to adopt and track progress against the utilisation of best practice models such as the Construction Sector Playbook, Project 13 and the recent Cabinet Office frameworks review.
- Link progress on meeting net zero goals to GDP, to drive innovation and long term economic growth.
- Drive consistency in carbon reduction via the procurement process.

# Skills for the 21<sup>st</sup> Century

The construction industry has struggled to attract enough skills and talent for a long time. This is impacting on the maintenance and future delivery of our infrastructure. This issue was exacerbated by the Global Financial Crisis in 2008, when contractors were forced to shed staff after the pausing or cancellation of many projects. The impact of the UK's departure from the European Union also cannot be overstated, with many companies now struggling to find the right staff at home and abroad.

While great steps have been taken to drive productivity, innovation, and attract new entrants – in part as a response to the COVID-19 pandemic – the construction industry remains in a skills crisis.

To secure growth and jobs an incoming Westminster Government must:

- Sign a joint commitment with industry to recognise and map the skills needed.
- Develop an apprenticeship system for construction employers that is supported by public sector clients.
- Recognise the value of economic migration.
- Reward the social benefit of skills investment via procurement.

CECA members deliver work worth more than £15 billion per annum to the economy, undertake 75-80% of all civil engineering activity in the UK, and employ more than 250,000 people

If you would like to contact CECA member companies in your constituency please e-mail enquiries@ ceca.co.uk or telephone 020 7340 0450.

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