

# Autumn Budget 2024; ACE & EIC Stakeholder Representation

## 1 About ACE and EIC: our members' contribution to the economy

- 1.1 The Association for Consultancy and Engineering (ACE) is the association for the UK's professional consultancies and engineering companies operating in the social and economic infrastructure sectors. We champion infrastructure and the built environment to government and other stakeholders, representing the views of around 400 members.
- 1.2 Our members employ over 420,000 people, contributing more than £15 billion to the UK economy. The buildings they create actively contribute over £570 billion a year of GVA.
- 1.3 The Environmental Industries Commission (EIC) champions new environmental markets to Government and other stakeholders. We work to ensure environmental policies are thoughtful and progressive, regulations clear and enforced, innovation rewarded, and finance and export opportunities are available. We represent the views of around 70 members - companies, large and small, working in the environmental technologies and services sector. Multi-nationals, technology start-ups and consultancies can all be found within our broad membership base. EIC members have created £28 billion GVA over six years and make a contribution of 3.9% to GDP. EIC members support around 349,000 jobs.
- 1.4 Together, our members provide insight and guidance on infrastructure projects at all scales and stages of development. Leveraging insight from global best practice, they bring innovation, cost effectiveness and challenge to the built environment across the UK.
- 1.5 Engineering, design, programme management and cost consultants bring unique expertise and insight. Our work in pre design ensures schemes can secure funding at the critically early stage of all investments.

## 2 Supporting the governments Missions

- 2.1 Our members specialist insight is uniquely placed to focus, challenge and shape the cross departmental missions of kickstarting economic growth, making the country a clean energy superpower and, through these goals, breaking down barriers to opportunity.
- 2.2 To support the government's ambitions, the following issues need to be addressed to support the governments Missions.
- **Kickstarting Economic Growth and Making Britain a Clean Energy Superpower;**
    - o **A funded pipeline of projects**
    - o **A refreshed infrastructure strategy alongside a long-term funding settlement**
    - o **Sensible insurance limits and limits on liability**
    - o **A review of the economics of climate change adaptation including nature-based solutions**
  - **Good jobs and productivity growth in every part of the country, breaking down barriers to opportunity.**
    - o **Stopping competitive tendering for allocating regional funding, and empowering local decision making**
- 2.3 Further context is provided on each of these headline asks below.

### **Kickstarting Economic Growth and Making Britain a Clean Energy Superpower.**

## 3 Context: A funded pipeline of projects

- 3.1 In July 2024 HM Treasury announced the outcome of an audit into public spending in 'Fixing the foundations: Public spending Audit 2024-2025'. As a result, the Government took immediate measures to end the 'Restoring Your Railways' programme, end the A303 Stonehenge tunnel project and cancel the A27 scheme.
- 3.2 Whilst it is important for schemes to be reviewed to represent value for money for the public purse, a clear, consistent pipeline of funded projects is essential. Published alongside the budget and in collaboration with industry, the pipeline should provide long-term demand visibility. Shifting to portfolios and longer-term contracts will foster investment certainty. This certainty can help keep costs down and foster private investment in skills and innovation. The lack of certainty can have the biggest detrimental impact on SMEs.
- 3.3 Prioritising climate change and nature, the pipeline must showcase major projects to be completed by 2035, demonstrating the full range of water resilience, energy generation, and carbon removal technologies, including offshore wind, CCUS (carbon capture, use, and storage), grid-scale energy storage, hydrogen, and nuclear.
- 3.4 Meeting 2050 climate change and biodiversity net gain targets will be challenging and this means that ensuring early stage design including strategic outline business cases are

completed in a timely way. We would highlight in particular the need for early decisions and support for:

- Sellafeld Infrastructure Delivery Partnership
- Water: the AMP7 to AMP8 determinations
- The nuclear waste depository (Geological Disposal Facility)
- Fusion (the STEP programme: STEP - Spherical Tokamak for Energy Production)

3.5 As part of the pipeline, we would recommend that there is funding to strengthen financial and practical incentives for innovation, including allowing for demonstrator projects and pre-project simulations to allow businesses a safe space to test their innovations. This allows the best of private sector innovation to benefit projects for public good.

#### 4 **Context: A refreshed infrastructure strategy alongside a long-term funding settlement**

4.1 We agree with the National Infrastructure Commission's 2024 assessment that 'Government needs to provide policy stability, making faster decisions and committing to them for the long term'<sup>1</sup>

4.2 We welcome the Chancellor's ambition to unlock growth, boost investment and address long standing issues with the planning system following the Kings Speech.

4.3 '*Change: Labour Party Manifesto 2024*', set out plans for a new 10-year infrastructure strategy to '*guide investment plans and give the private sector certainty about the project pipeline*'<sup>2</sup>.

4.4 Industry supports this strategic view as it would align project delivery, investor confidence, skills and employer investment and allow business to plan and implement projects effectively. The strategy should provide a deliverable roadmap for the built environment and consultants up to 2050.

4.5 This strategy should include methods to source, de-risk and grow private investment as part of the funding mix. We welcome the Governments renewed interest in public private funding models – this is an area where ACE members have considerable expertise. We would welcome the opportunity to support the development of Government thinking and endorse the recommendations of the Rail and Urban Transport Review including the development of an infrastructure investment playbook.

4.6 This strategy would empower Skills England to work with education providers in planning and funding curricula, delivering skilled individuals and growing our domestic workforce. This

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<sup>1</sup> <https://nic.org.uk/app/uploads/NIC-IPR-2024-Final.pdf>

<sup>2</sup> <https://labour.org.uk/updates/stories/labour-manifesto-2024-sign-up/>

support the college sectors call for a national skills strategy that would underpin delivery of renewed economic growth<sup>3</sup>.

- 4.7 We also call for ownership of this strategy through the role of a Department for Infrastructure, achieved through the National Infrastructure and Service Transformation Authority (NISTA). We offer our support and insight to develop this strategy and provide industry insight.
- 4.8 Alongside this, we call on the Treasury to support planning reforms including by using fiscal incentives to improve the economic viability of brownfield sites, in line with Government manifesto commitments. HMT should proactively consider fiscal changes, including land remediation tax relief, and the introduction of a greenfield surcharge and funding opportunities such as renewed use of the Housing Infrastructure Fund model to unlock private investment and ensure infrastructure and housing development are aligned. HMT should also ensure adequate funding for local authorities to rebuild critical planning capability.

## **5 Context: Sensible insurance limits and limits on liability**

- 5.1 In addition, we call attention to the fact that minimum limits of indemnity are set at a level very significantly higher than elsewhere.
- 5.2 For example, we are seeing that firms with total income of £1m seeking to buy £5m, £10m or even £20m of Liability cover. Even with such cover in place, the firm would not be able to survive a claim at this scale reputationally.
- 5.3 SME and micro firms facing multiple million pound claims in a single year are likely to see their premium costs rise so significantly that maintaining a reasonable level of cover will be extremely difficult. This adds to the overall cost for a project, whilst simultaneously making the market less accessible to SMEs. Even for large global consultancies rising and disproportionate insurance costs are a critical issue.
- 5.4 This adds unnecessary risk, cost and delay to project delivery. In order to foster innovation, encourage SME and micro firm engagement and timely and delivery of projects, we join others in the construction sector calling for sensible Insurance limits, and limits on liability.
- 5.5 We call on government to support construction and the insurance market to create these changes.

## **6 Context: A review of the economics of climate change adaptation including nature-based solutions**

- 6.1 The Met Office has set out that more frequent extreme temperature events, with maximum temperatures in summer increasing from 3.8 °C to 6.8 °C under high emissions scenarios<sup>45</sup>. Unseasonal heat and extended and deeper heatwaves are due to be more prevalent in our

<sup>3</sup> <https://www.ft.com/content/8422f5ae-8be5-443c-a2f7-481ea6b68cbe>

<sup>4</sup> [Rail and urban transport review - An assessment and ambition for a new government | Urban Transport Group](#)

<sup>5</sup> [https://www.metoffice.gov.uk/binaries/content/assets/metofficegovuk/pdf/research/ukcp/ukcp18\\_headline\\_findings\\_v4\\_aug22.pdf](https://www.metoffice.gov.uk/binaries/content/assets/metofficegovuk/pdf/research/ukcp/ukcp18_headline_findings_v4_aug22.pdf)

future with the number of cities exposed to extreme temperatures set to nearly triple by 2050.<sup>6</sup>

- 6.2 We must also consider more frequent extreme heat events alongside flooding. Precipitation, and the intensity of perception will increase, with the associated increased flooding risk as existing water management infrastructure is overwhelmed. Recent reporting has highlighted increased food insecurity and flooding risks linked directly to warming<sup>7</sup>.
- 6.3 Existing work by JLL<sup>8</sup> and McKinsey<sup>9</sup> set out the risks to the built environment due to climate degradation, and how critical it is in addressing carbon and net zero ambitions. We call for the government to work with our members in setting out the business and investment case for embedding climate resilience in new and existing infrastructure.
- 6.4 The ongoing loss and degradation of nature is one of the greatest risks to the global economy. More than half of the world's GDP – an estimated \$44 trillion of economic value generation – is moderately or highly dependent on nature and its services<sup>10</sup> The World Economic Forum estimates that 50% of the economy is threatened from biodiversity loss, with 80% of threatened species directly impacted by economic activity<sup>11</sup>.
- 6.5 It is of critical economic importance therefore, that solutions that prioritise nature are promoted and prioritised in climate change adaptation.
- 6.6 The review, released alongside the budget, should assess the long-term costs of the risks outlined in the Climate Change Risk Assessment. The review should define the level of risk the UK is prepared to tolerate.
- 6.7 Alongside this, our members have the insight and expertise to decarbonising our buildings - reducing costs for occupiers and reducing pressure on the national grid.

<sup>6</sup> <https://www.c40.org/what-we-do/scaling-up-climate-action/adaptation-water/the-future-we-dont-want/heat-extremes/>

<sup>7</sup> <https://www.bbc.co.uk/news/articles/cp992nxxe7do>

<sup>8</sup> <https://www.jll.co.uk/en/trends-and-insights/investor/value-in-a-time-of-climate-risk-how-owners-can-adapt>

<sup>9</sup> <https://www.mckinsey.com/industries/real-estate/our-insights/climate-risk-and-the-opportunity-for-real-estate>

<sup>10</sup> <https://www.weforum.org/publications/nature-risk-rising-why-the-crisis-engulfing-nature-matters-for-business-and-the-economy/>

<sup>11</sup> <https://www.weforum.org/agenda/2023/02/biodiversity-nature-loss-cop15/>

## **Good jobs and productivity growth in every part of the country, breaking down barriers to opportunity.**

### **7 Context: Stopping competitive tendering for allocating regional funding, and empowering localities decision making**

- 7.1 The Government's proposed '*English Devolution Bill*' includes the aspiration to put '*a more ambitious standardised devolution framework into legislation*'.
- 7.2 This is commendable. We fully support the democratic accountability that devolved regions bring to a region and work alongside local leaders in scoping cost effective solutions that address local issues and create growth.
- 7.3 Any industrial strategy will take into account the needs and opportunities of places across the UK. Involving communities in the decisions about the places they live in empowers community cohesion and a sense of pride in where they live. Devolved growth funding can help in tying placemaking to job creation, and the education opportunities that this brings.
- 7.4 Devolved growth funding should unlock alignment between net zero and local growth. In line with European best practice<sup>12</sup>, the government should outline an integrated approach to investment, aligning net zero with locally accountable local growth missions and nature-led solutions to climate resilience.
- 7.5 We also support the National Audit Office and DLUHC evidence that '*the competitive bidding process for LUF was more demanding than other applications for government funding*' – and push for government to allocate multi annual funding settlements based on regional need, removing further blockages to investment and growth.
- 7.6 This would build on recent National Infrastructure Commission recommendations<sup>13</sup> to devolve funding and decision making to local areas, supporting their recommendation that '*cities with high levels of government quality and local autonomy but low horizontal fragmentation tend to be the most productive*'<sup>14</sup>.

### **8 Contact Details**

For further information on any of the above points, please contact Andrew Gladstone-Heighton, Policy Manager at ACE [agladstone-heighton@acenet.co.uk](mailto:agladstone-heighton@acenet.co.uk)

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<sup>12</sup> <https://www.eea.europa.eu/publications/scaling-nature-based-solutions>

<sup>13</sup> <https://nic.org.uk/app/uploads/IPR-2023-Final.pdf>

<sup>14</sup> [https://www.oecd-ilibrary.org/urban-rural-and-regional-development/a-comprehensive-approach-to-understanding-urban-productivity-effects-of-local-governments\\_5ebd25d3-en](https://www.oecd-ilibrary.org/urban-rural-and-regional-development/a-comprehensive-approach-to-understanding-urban-productivity-effects-of-local-governments_5ebd25d3-en)