

ICE representation to Spring Budget 2024

January 2024

About ICE

The Institution of Civil Engineers (ICE) is a 95,000-strong global membership organisation with over 200 years of history.

It is a centre of engineering excellence, qualifying engineers and helping them maintain lifelong competence, assuring society that the infrastructure they create is safe, dependable and well designed.

Its network of experts offers trusted, impartial advice to politicians and decision makers on how to build and adapt infrastructure to create a more sustainable world.

Key points

- On infrastructure spending: **The government's decision at last year's fiscal events to maintain capital budgets in cash terms from 2025/26 effectively means a cut in infrastructure spending due to the ongoing impact of inflation. The ICE urges HM Treasury to provide details on the forthcoming Spending Review in order to reduce uncertainty about whether the UK's infrastructure ambitions will be met.**
- On infrastructure planning and prioritisation: **The ICE recommends that the Budget commits to a review, in partnership with local leaders, of rail schemes in the North and Midlands to ensure that the strategic gap that has been left by the cancellation of the northern leg of HS2 will be filled.**
- On decarbonisation: **More focus is needed on public engagement and behavioural change in reducing overall demand and mitigating the risk of over-relying on technological pathways to net zero. The government must outline its plans for public engagement and net zero, particularly as the Climate Change Committee has warned the UK is off track to meet its 2030 Nationally Determined Contributions and the sixth carbon budget.**
- On climate adaptation and resilience: **The UK Government should undertake a national review of the economics of adaptation, to ensure resilience and adaptation are better valued in spending decisions.**
- On transport: **A national transport strategy for England should be developed to enable long-term planning and maximise the wider benefits of transport investment.**

Infrastructure spending

- The government's decision last year to freeze capital budgets in cash terms from 2025/26 in place of increasing them in line with inflation effectively means cuts to public investment in infrastructure.
- The Resolution Foundation has indicated that capital investment is now set to decline as a share of GDP by one-third between 2023–24 and 2028–29, when it will reach just 1.8%. That decline is equivalent to a £20 billion annual reduction in investment.¹

¹ Resolution Foundation (2023) [A Pre-Election Statement: Putting the Autumn Statement 2023 in Context](#)

- This comes at a time when advisory bodies such as the National Infrastructure Commission (NIC) and Climate Change Committee have clearly identified that investment in infrastructure (from both the public and private sectors) can solve many of the economic, social and environmental challenges the UK faces, and result in reduced overall household spending on infrastructure by the mid-2030s.²
- The ICE urges HM Treasury to provide details on the forthcoming Spending Review in order to reduce uncertainty about whether the UK's infrastructure ambitions will be met.
- The British public wants to see networks and services transformed for their benefit. Reducing uncertainty must be a priority going forward.
- The ICE would also urge the government to publish the next iteration of the National Infrastructure and Construction Pipeline, which has not been updated since 2021.

Infrastructure planning and prioritisation

- The UK must change how it approaches planning and delivering infrastructure to reduce delays and uncertainty across key infrastructure systems. The stop/start approach to major infrastructure drives up costs, makes it harder to build up and retain skilled workers, and delays businesses and communities from benefitting from infrastructure investment.
- Industry, businesses and the public need long-term plans, supported by evidence, long-term thinking on financing options, and robust and consistent policy to achieve desired outcomes.
- With the NIC publishing its second National Infrastructure Assessment (NIA2) in October 2023, the ICE encourages HM Treasury to carefully consider the NIC's evidence-based recommendations and findings in developing the next National Infrastructure Strategy (NIS). The Spring Budget coming less than five months after the publication of NIA2 means the ICE recommends HM Treasury take a measured approach to responding to the NIC's advice.
- Crucially, NIA2 states that there will be lower costs for the public in the long term if decisive action is taken. The cost of inaction is greater: these challenges are not going away.
- A more detailed NIS would provide the long-term visibility and confidence that investors in infrastructure and the construction supply chain need, while providing assurance to the public on the country's infrastructure ambitions. As the NIS will set the direction for the next five years and beyond, it is important that the government learns the lessons from the development of the first NIS and takes the time to develop an approach that is truly strategic to planning and prioritising the UK's infrastructure.
- More generally, ICE supports giving statutory underpinning to the NIC to provide additional certainty. In advance of that, giving statutory underpinning to the publication of a NIS every five years is a practical first step.
- Regarding the government's decision last year to cancel the northern leg of HS2, there is currently a strategic gap to fill on improving connectivity and capacity between some of the UK's major cities.
- The ICE recommends that the Budget commits to a review of the rail schemes for the North and Midlands (in partnership with local leaders) announced both as part of Network North and previously in the Integrated Rail Plan to ensure that this gap is addressed.

² National Infrastructure Commission (2023) [The Second National Infrastructure Assessment](#)

- As the [ICE has explored](#), the Covid-19 pandemic has caused many uncertainties about future travel patterns.
- However, the underlying demand drivers behind transport usage remain: a growing and ageing population, the need to decarbonise transport infrastructure, and the need to address regional inequalities.
- The scrapping of the northern leg of HS2 means that the much-needed connectivity, capacity and decarbonisation improvements required on Britain's transport networks – and the benefits for people, communities and businesses that these create – won't be seen for quite some time. However, if the collection of rail schemes in the North and Midlands is robustly scoped with clear delivery timelines these objectives can still be achieved.
- The stop/start approach the UK takes to major infrastructure benefits no one. The country needs long-term plans, supported by evidence, long-term thinking on financing options, and robust and consistent policy. Changing direction and switching projects delays businesses and communities from benefitting from infrastructure investment.
- Without clear timeframes for delivery and an outline of what objectives are being pursued by these schemes, the public will rightly be sceptical as to whether the reallocated Network North funding will make a difference to them, or will even see the light of day.

Delivering net zero

- To ensure the UK stays on track to achieve net zero, the following risks to delivery need to be addressed:
 - High-level targets urgently need to be translated into stable policy frameworks and detailed delivery plans supported by long-term funding certainty to achieve the scale and pace of change required.
 - To mitigate the risk of over-relying on too many unproven technological solutions the government needs to make 'strategic bets' on fewer options and focus on areas it can make the most difference.
 - More focus is needed on public engagement and the role of behavioural change in reducing overall demand and mitigating the risk of over-relying on new infrastructure and technological pathways to net zero.
- Progress towards delivering net zero has slowed in the past year.³ The UK is on track to meet the fourth and fifth carbon budgets (2023-27 and 2028-32). However, it is slightly off track for meeting its legally binding sixth carbon budget (2033-2038).
- The decisions to delay, water down or scrap several targets on electric vehicles, phasing out gas boilers and energy efficiency make it harder to see how those targets will be met. Delaying action will also likely cost the economy more in the long term.
- It is right to say that public support is integral in meeting the UK's net zero ambitions. But, the reality is that the public will still need to make changes and will need government support to do so.
- Public support for net zero is strong, though ICE polling has shown that people would find it difficult to take specific actions.⁴ Understanding what's holding people back from making low-carbon choices and shifts in

³ Climate Change Committee (2023) [2023 Progress Report to Parliament](#)

⁴ ICE (2022) [How easily does the British public find it to take action on climate change?](#)

behaviour is vital. The government needs to establish its public engagement strategy and set out what work will get done to ensure the existing carbon budgets are met.

- The transition to electric vehicles will also require finding new revenue models to replace lost funding as more vehicles become exempt from fuel duty and vehicle excise duty. With the uptake in EVs occurring faster than expected, the OBR has forecast that the impact on the £36bn revenue currently raised from motoring taxes will become apparent a lot sooner than anticipated.⁵

Climate adaptation and resilience

- The UK's infrastructure is facing pressures that, for the most part, it was not designed to withstand. Without adaptation and improved emergency response to build greater resilience, the UK's infrastructure will lose its value, damage repairs will be costly and increasingly frequent, and infrastructure users will face high levels of disruption.
- The ICE recommends that the UK Government undertake a national review of the economics of adaptation. To incentivise investment in infrastructure climate resilience and adaptation, the government must first understand the value it provides. One of the challenges with making infrastructure climate resilience and adaptation a priority is that it does not have a market value – currently, it is not measured or rewarded.
- In addition, it is unclear how the regulatory framework that sets out the parameters for funding these investments values resilience. This requires an economic review of resilience and adaptation, led by HM Treasury – this can then feed into developing the resilience standards the government has already committed to in its National Resilience Framework.⁶

Transport

- England's current fragmented system of responsibilities for transport planning and delivery means its transport network is not perceived as a whole or planned as an integrated, multi-modal system. It makes it difficult to ensure transport investment is linked to delivering wider societal benefits and meeting long-term strategic objectives.
- The ICE has made the following recommendations to strengthen decision-making about transport investment⁷:
 - **A national transport strategy for England should be developed to set out an overarching vision of a sustainable transport network.** This should establish a 'golden thread' of desired outcomes across modes and levels of government by drawing together the existing array of strategies into a coherent framework, and identifying and addressing policy gaps and areas of need. It should set out how transport will contribute to delivering net zero and an equitable transition. It should also identify other long-term economic, environmental and social priorities, such as economic growth, reducing inequalities and climate resilience. This should clarify the role of transport in delivering them and the appropriate level of investment between modes and regions.
 - **A future review should assess whether a UK-wide strategy is needed and how it could be developed.** A strategy for England is a pragmatic starting point and will address an existing gap in transport planning. However, this strategy needs to set out the wider national context in which it sits and an assessment of

⁵ OBR (2022) [What does faster take-up of electric cars mean for tax receipts?](#)

⁶ ICE (2023) [ICE policy position statement: how can the UK's infrastructure system be made more climate resilient?](#)

⁷ ICE (2023) [ICE policy position statement: a national transport strategy for England](#)

which transport issues can best be addressed at a UK-wide level. Further reviews could then assess both the effectiveness of the English strategy and whether and how a UK-wide strategy should be developed.

- **The strategy needs to establish a set of principles derived from its overarching vision that enable prioritisation of transport projects.** This should allow decision-makers at the appropriate levels to develop transport interventions that deliver outcomes linked to wider strategic objectives. A strategy should not be a wish list of projects – but it should be supported by a pipeline of projects and long-term funding commitments.
- **The strategy should clarify the roles and responsibilities required of key stakeholders to deliver its overarching vision.** Bodies responsible for delivery must be appropriately empowered and supported with long-term funding settlements. Central government should be accountable for identifying outcomes, policy formulation, funding allocation and legislation/regulation. The Department for Transport (DfT) should own the strategy. National agencies and Subnational Transport Bodies (STBs) should inform the strategy and have the appropriate powers and resources to develop and deliver projects within their remit based on the overarching principles and within agreed constraints. The NIC should also have a role in advising the government about specific infrastructure requirements.
- **A strategy has to be a long-term process which is agile and manages uncertainty.** A strategy is not just a document. It should set out a long-term vision of 20–30 years but needs to be dynamic to manage uncertainty. There should be five-yearly reviews, enabling politicians to influence it once in a political cycle. A further ‘trigger point’ mechanism would allow a response to significant changes in the external context.