Budget Analysis 2014

Creating a resilient economy

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Introduction

Following the publication of the Budget, the update to the National Infrastructure Plan by HM Treasury and the economic and fiscal outlook by OBR, this document looks in more detail at the measures announced and provides some feedback in light of ACE's experiences within the infrastructure sector. Within this the report will explore the potential impact of the measures announced and will look at their significance both nationally and regionally.

ACE has been actively involved in campaigning on the importance of infrastructure as a driver for economic growth.

As part of this lobbying, ACE has developed its research series to help Government drive growth, and increase investment into infrastructure. This series of papers includes reports on:

- Performance of PFI
- Public Private Finance Models (PPFM)
- Procurement in PPFM
- Pensions and infrastructure
- Green Investment Bank
- State Investment Bank
- The housing gap
- Revolutionising housing
- Funding roads

Given the importance government has placed on infrastructure investment, the Budget continues to be of significant interest to the construction and engineering sector.

Measures announced

Infrastructure

- Budget 2014 provides £140 million of new funding to repair and restore the condition of vital flood defences that have suffered damage.
- Budget 2014 provides an extra £200 million, across the UK, to set up a potholes challenge fund.
- The government welcomes the creation of the UK Regulators' Network (UKRN), with its focus on key issues including facilitating efficient multi-sector infrastructure investment projects and action on customer engagement and switching in regulated markets. The government intends to consult on whether further measures would support and embed the work of the UKRN.
- The Budget announces approval of a guarantee of up to £270 million to support the Mersey Gateway Bridge.
- The government will provide £20 million for a grant scheme for repairs to cathedrals.

Property and housing

- Budget 2014 announces the Government Property Unit will increase its work with local areas on better use of public sector assets.
- To help a further 120,000 households purchase a home and to continue to support house building as the market improves, the government will extend the equity loan scheme to March 2020.
- To support SME access to finance, the government will create a £500 million Builders Finance Fund. This will provide loans to developers to unlock 15,000 housing units stalled due to difficulty in accessing finance.
- For people who want to build their own home, the government will consult on creating a new 'Right to Build', giving custom builders a right to a plot from councils, and a £150 million repayable fund to help provide up to 10,000 serviced plots for custom build.
- The government will establish a £150 million fund to kick start the regeneration of large housing estates through repayable loans, helping to boost housing supply.
- The government will support a new Garden City at Ebbsfleet with the capacity for up to 15,000 new homes, based on existing brownfield land.

- The government will also publish a prospectus by Easter 2014, setting out how local authorities could develop their own, locally-led proposals for bringing forward new garden cities.
- The Support for Mortgage Interest (SMI) scheme provides support for homeowners receiving certain income-related benefits. To continue support for homeowners facing difficulties during the recovery, the SMI scheme will remain at its current, higher level until 31 March 2016.

North Sea oil

- Budget 2014 announces that the government, working with the new oil and gas body, will review the UK's tax treatment of the North Sea to ensure that it continues to incentivise economic recovery as the basin matures.
- The Government will introduce a new allowance for ultra-high pressure, high temperature (HPHT) clusters.

Small business support

- To support more bank lending to SMEs and encourage a more diverse banking sector, the British Business Bank will issue a request for proposals to implement an innovative wholesale guarantees programme alongside the Budget.
- Simplify National Insurance Contributions for the self-employed by collecting class 2 NICs through self-assessment from April 2016.
- To ensure venture capital schemes continue to effectively support small and growing businesses, the government will make both the Seed Enterprise Investment Scheme (SEIS) and the capital gains tax 50% reinvestment relief permanent.
- The government is doubling the annual investment allowance (AIA) to £500,000 from April 2014 until the end of 2015. This will particularly benefit small and medium sized firms. The increased AIA will mean that up to 4.9 million firms (99.8% of businesses) will receive 100% up-front relief on their qualifying investment in plant and machinery.
- The government will raise the rate of the R&D tax credit payable to loss making small and medium sized companies from 11% to 14.5% from April 2014.

Supporting international business

- Overhaul UK Export Finance's (UKEF) direct lending programme, doubling it to £3 billion and cutting interest rates to the lowest permitted levels to provide competitive financing that helps UK firms win contracts and expand overseas.

Supporting skills

- The government will triple the number of Chevening Scholarships from 2015-16. The government will also expand the ‘Education is GREAT’ campaign to help attract more international students to the UK, and build on its reputation as a world-leading place to study.

Energy users

- Extend the compensation for energy intensive industries for the cost of the CPF and EU emissions trading system to 2019-20. The Budget announced it is capping the Carbon Price Support rate at £18.00 from 2016-17 to 2019-20 to limit any competitive disadvantage British companies face in the global race.
- The government will exempt fuel used in Combined Heat and Power (CHP) plants for electricity generated to supply manufacturing firms from the CPF.
- The government is providing £60 million to support carbon capture and storage (CCS) technologies that show significant potential to reduce the cost of low-carbon generation in the UK.

Air passenger duty

- Budget 2014 announces that the government will reform air passenger duty (APD) by abolishing bands C and D from 1 April 2015

Promoting saving

- The government has announced that it will allow NS&I to support savers by launching in January 2015 a choice of fixed-rate market leading savings bonds for people aged 65 or over, taxed in line with other savings income. For the purposes of costing this measure, the central assumption made at this Budget is that NS&I will launch a 1-year bond paying 2.8% gross/annual equivalent rate (AER) and a 3-year bond paying 4.0% gross/AER, with an investment limit of £10,000 per bond.
- NS&I will also raise the Premium Bond limit from £30,000 to £40,000 from 1 June 2014, and increase the number of £1 million prizes from August 2014.
- The Budget announces that the ISA will be reformed into a New ISA (NISA), from now on, savers will have complete flexibility over how they choose to save and invest, within the overall limit.
- The Budget announces that the annual investment limit for the NISA will be £15,000 a year.
- The government will also raise the limits for Junior ISAs and Child Trust Funds from £3,720 to £4,000.

- ISA eligibility will be extended to peer-to-peer loans, and all restrictions around the maturity dates of securities held within ISAs will be removed.
- The Budget announces that from April 2015 the 10% savings rate will be reduced to 0%. The government will also increase the band of savings income that is subject to the 0% rate to £5,000.

Research and development

- Provide £42 million over 5 years for the Alan Turing Institute this will be a national institute which will undertake new research in ways of collecting, organising and analysing large sets of data.
- Invest £74 million over 5 years in a Cell Therapy manufacturing centre and a Graphene innovation centre as part of the UK's Catapult network.
- Provide £106 million over 5 years for around 20 additional Centres for Doctoral Training.

The new pound coin

- Budget 2014 announces that the government will introduce a new and highly secure £1 coin.

Enterprise zones

- Availability of business rate discounts and Enhanced Capital Allowances will each be extended by 3 years as an incentive for new and expanding businesses to locate in Enterprise Zones.

Pensions

- From April 2015, the government will change the tax rules to allow people to access their defined contribution pension savings as they wish from the point of retirement.
- Drawdown of pension income under the new, more flexible arrangements will be taxed at marginal income tax rates rather than the current rate of 55% for full withdrawals.
- The Budget introduces a number of immediate changes, to allow people greater freedom and choice now over how to access their defined contribution pension. From 27 March 2014 the government will:
    - Reduce the amount of guaranteed pension income people need in retirement to access their savings flexibly, from £20,000 to £12,000
    - Increase the capped drawdown limit from 120% to 150% to allow more flexibility to those who would otherwise buy an annuity

- Increase the size of a single pension pot that can be taken as a lump sum, from £2,000 to £10,000
- Increase the number of pension pots of below £10,000 that can be taken as a lump sum, from 2 to 3
- Increase the overall size of pension savings that can be taken as a lump sum, from £18,000 to £30,000

Capping welfare spending

- The Budget 2014 caps welfare spending in scope for the years 2015-16 to 2018-19 at the level of the OBR's forecast, as published in the OBR's March 2014 'Economic and fiscal outlook' the cap will apply to all welfare spending in AME, with the exception of the state pension and the automatic stabilisers.

Personal allowance

- Budget 2014 goes even further, and announces that the personal allowance will be increased to £10,500 from April 2015.

National minimum wage

- The adult NMW rate will increase by 3% to £6.50 from October 2014, representing the largest cash increase since 2008 and the first real terms increase since 2007.

Child care

- Budget 2014 confirms that the Tax-Free Childcare costs cap, against which parents can claim 20% support, will be increased to £10,000 per year for each child.

Helping families

- The government has supported local areas to radically reform public services, including through the Troubled Families Programme, the Budget 2014 announces an acceleration of this programme, with up to 40,000 additional families in 2014-15.

Progress to date on growth measures

Figure 1.1: Implementation of the government's growth commitments

Tax and reliefs	Infrastructure, planning and housing
• Cuts in the main rate of corporation tax from 28% to 23%, and to 20% by 2015-16, the joint lowest in the G20 • From April 2014 the NICs Employment Allowance will benefit up to 1.25 million employers. 98% of the benefit of this allowance goes to SMEs • Business rates support of £2.7 billion for 5 years from April 2014 will benefit 1.8 million ratepayers in England • Government's action on fuel duty will save a typical motorist £680 by 2015-16 • Oil and gas allowances have supported £7 billion of investment in North Sea fields over the past year alone	• Over 1,900 infrastructure projects completed since 2010, including over 550 road and rail projects • Between 2011 and 2013, average annual public and private infrastructure investment was around £45 billion, significantly up on the previous period • Over 330,000 more premises have access to superfast broadband • Help to Buy: equity loan has supported over 25,000 reservations for new build homes and over 6,000 households have put in offers for homes supported by the mortgage guarantee scheme in the first 3 months • Levels of planning approvals are at a 5-year high
Access to finance and regulation	**Exports and inward investment**
• More than 14,000 entrepreneurs have been supported through Start Up Loans since April 2012 • Over 1,600 companies have raised over £135 million from the SEIS since April 2012 • The Business Bank helped over 25,000 businesses in 2013, with 70% more finance made available during 2013 than in 2012 • The annual net burden of regulation on business has fallen by almost £1.2 billion so far since January 2011 • The Red Tape Challenge has identified over 3,000 regulations to be either scrapped or improved	• Since 2010, UKTI has supported almost 66,000 businesses to export • In 2013-14 UKTI has provided UK businesses in India and China with assistance over 8,000 times • UKTI has helped secure 4,100 inward investment projects, creating or safeguarding 270,000 jobs since 2010 • Enterprise Zones have created 7,500 jobs and attracted £1.2 billion in private investment • UK Export Finance has delivered record levels of financial support to British businesses and a total of around £11.8 billion since 2009-10
Education and skills	**Science and innovation**
• 174 new free schools and 3,486 academies have been opened across England since 2010, providing places for 2 million pupils • 1.6 million people starting apprenticeships this Parliament, with advanced level apprenticeship starts up 137% between 2009-10 and 2012-13 • Over 130,000 two-year-olds are now eligible for 15 hours of free early education a week • 50 University Technical Colleges and 46 studio schools have been approved	• Since 2010, Research Councils have invested £1.69 billion in research capital • Over this Parliament, government has invested £21.5 billion in science, including major investments in the 8 Great Technologies • Over £1 billion of public and private investment in 22 research infrastructure projects through the Research Partnership Investment Fund • 7 Catapult centres launched to support sectors such as high value manufacturing

Source: HMT, DfE, BIS, DCLG, UKTI, UKEF

How does the UK compare internationally

The latest World Economic Forum Global Competitiveness Report 2013-14 reveals the UK is ranked 28th for the quality of its overall infrastructure out of 148 countries. This continues to raise questions not only about the quality of the UK's infrastructure but also about how attractive the UK is, and will be to international companies.

The results reveal that the UK ranks in the top ten for only three categories(availability of airline seats, quality of electricity supply and fixed telephone lines) with modes of transport rating poorly (rail 14th, roads 28th, ports 15th and air transport 28th).

The 2013-14 numbers show that the UK's performance has deteriorated slightly across categories compared to the previous year, reinforcing the need for further investment into infrastructure.

Looking at activities that relate to business operations the UK achieved top ten rankings in property rights (4th) intellectual property protection (8th) Judicial independence (6th) and the efficiency of the legal framework in settling disputes and in challenging regulations (both 8th)

Other areas of interest are that the UK was ranked 12th globally in terms of their ethical behaviour, 16th for the strength of their auditing and reporting standards and 21th for the efficacy of corporate boards.

Whilst such ratings could be improved they show that the UK has a lot to offer in terms of its position as a global service provider.

The financial crisis, recession and continuing economic challenges, however, also show through in the data, with the most problematic factor for doing business reported as being access to finance. For example, the UK is now ranked as being 82nd for the ease of access to loans and 105th for the soundness of its banks.

It is important to note though that there are a number of encouraging signs as well for the UK. The UK is ranked as 5th for university-industry collaboration in R&D, 3rd for the quality of its scientific research institutions, 1st in the extent of marketing and 1st in the legal rights index.

What level of investment is required?

There are a number of estimates as to the scale of investment in infrastructure that the UK is planning to undertake, and its actual need to become internationally competitive. For example, the Government's National Infrastructure Plan[1] states that currently over £260

[1] HMT, National Infrastructure Plan, 2013

billion of investment in infrastructure is planned up to 2020 and beyond. However, this compares to an estimated investment need of £434 billion by 2020[2].

[2] Helm, D, Wardlaw, J & Caldecott B, 2009, Delivering a 21st Century infrastructure for Britain, Policy Exchange

The Budget

The Budget Statement made by the Chancellor of the Exchequer provides a key update on Governments spending priorities going forward.

The Budget statement states that it sets out further action to secure the recovery and build a resilient economy. It does this by supporting businesses to invest, export, and create jobs, and cuts taxes for hardworking people, laying the foundations for sustainable economic growth.

The Chancellor outlined how the deficit as a share of GDP is forecast to have fallen by a half by 2014-15 compared to 2009-10, and the Office for Budget Responsibility (OBR) forecasts a small surplus by 2018-19.

The employment market was mentioned by the chancellor as being a particular area of strength during the recovery.

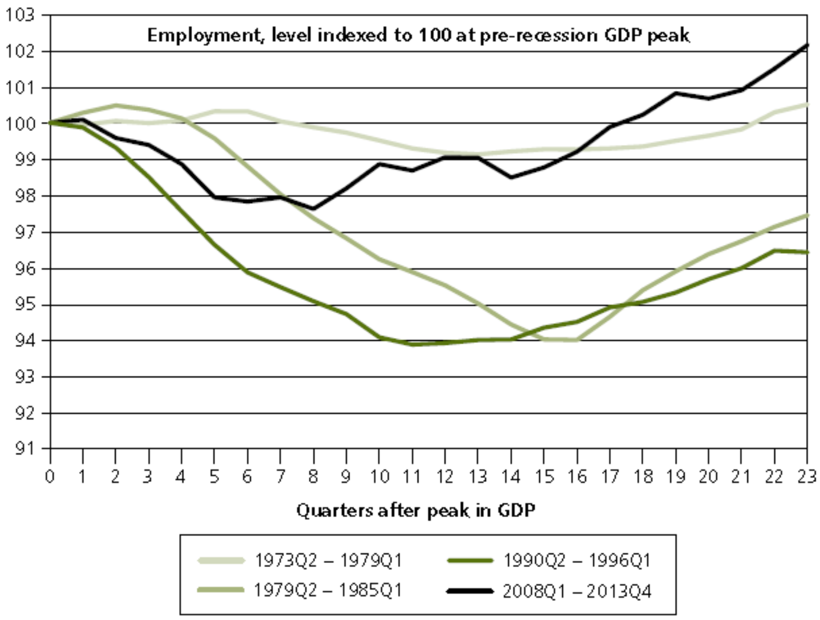
“The pace of net job creation under this government has been three times faster than in any other recovery on record.”

“1.3 million more people in work.”

“We now have, a record number in work, a record number of women in work, and for the first time in 35 years, a higher employment rate than the United States of America.”

Chart 1.1 below from the budget document plots the employment levels through each of the previous recoveries to demonstrate the strength of recent labour market performance.

Chart 1.1: Employment levels through recessions and recoveries



Source: Office for National Statistics and HM Treasury.

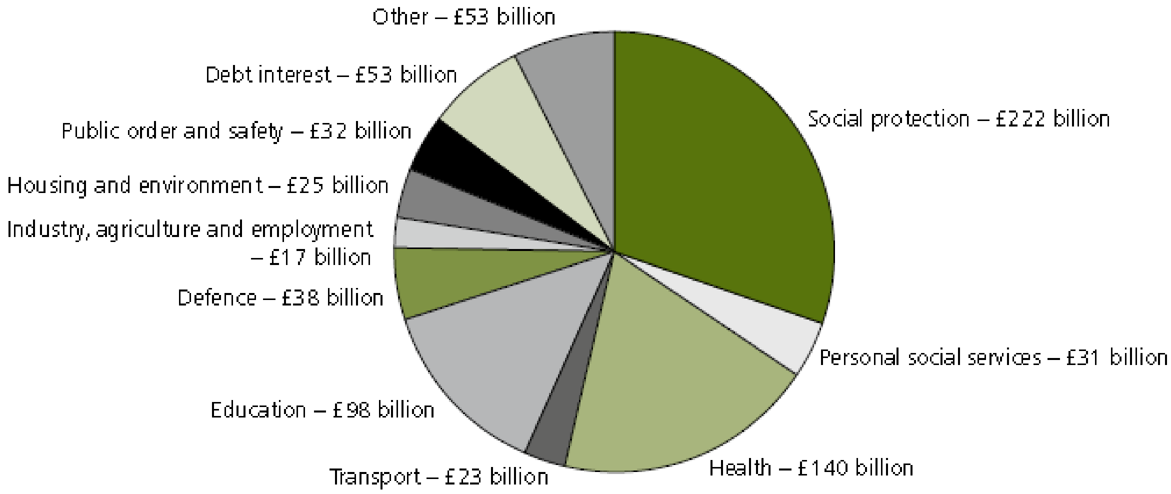
Again the Chancellor stated that the Budget is fiscally neutral, so no extra borrowing occurs reinforcing the Government's commitment to deficit reduction.

Looking at borrowing and debt the Budget revealed that the public sector net borrowing as a percentage of GDP is forecast to fall by half from its 2009-10 peak by 2014-15. Public sector net borrowing is forecast to fall from 6.6% of GDP in 2013-14 to 0.8% in 2017-18, at which point the UK is expected to run a surplus in the following year of £5bn.

Looking at public sector debt, the latest forecast was revised down with debt currently at 74.5%, rising to a peak of 78.6% in 2015/16 before falling back to 74.2% in 2018/19.

Looking at government spending the budget reveals that Debt interest at £53bn remains higher than each of the departments individual spending profiles for defence, transport and housing end environment. This demonstrated the need of government and the public sector to respond to its fiscal challenges so it can ensure future investment in these areas as opposed to spending such resource on meeting finance requirements.

Chart 1: Government spending 2014-15

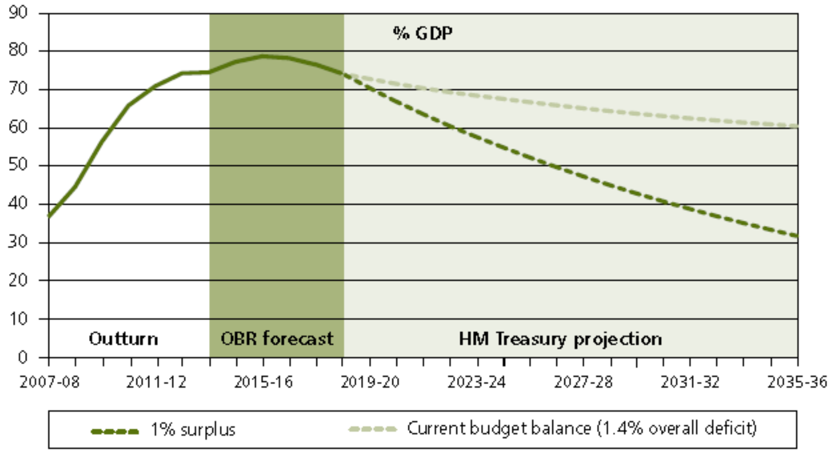


Source: Office for Budget Responsibility, 2014-15 estimates. Allocations to functions are based on HM Treasury analysis.

In addition to current spending requirements the budget also presents the OBRs and HMT's forecast for net debt under different scenarios.

As can be seen from chart B.4 below it will take a substantial period for the UK public sector finances to recover from the shock of the financial crisis. Under the current scenario public debt would still equate to approximately 60% of GDP in 2035/36.

Chart B.4: Path for public sector net debt under different policy assumptions (assuming no future shocks)



Source: Office for National Statistics, Office for Budget Responsibility and HM Treasury.

Whereas, if the UK were to run a 1% surplus, debt would hit 30% by this period placing the UK economy on a much firmer footing. Such stability is important for investment and confidence, and so continued careful management of the public sector finance will be required going forward to ensure the UK remains an attractive investment environment.

Looking more specifically at capital expenditure, the government anticipates that public sector gross investment will be £52.1bn in 2014/15 which is £4.5bn higher than the 2013/14 period, and remain stable in 2015/16. Following which it will increase in each financial year to 57.2bn in 2018-19.

This demonstrated that government is taking action to ensure that it improves capital investment to secure economic growth in the future.

Table 2.3: Total Managed Expenditure[1]

	£ billion					
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
CURRENT EXPENDITURE						
Resource AME	326.2	341.6	356.3	373.6	391.6	407.5
Resource DEL, excluding depreciation	315.4	317.9	312.9			
Ring-fenced depreciation	26.4	20.4	22.3			
Implied Resource DEL, including depreciation[2]				*325.2*	*314.8*	*311.8*
Public sector current expenditure	**667.9**	**679.9**	**691.5**	**698.8**	**706.4**	**719.3**
CAPITAL EXPENDITURE						
Capital AME	6.5	6.3	5.1	3.4	5.5	6.0
Capital DEL	41.1	45.9	47.0			
Implied Capital DEL[2]				*50.3*	*49.2*	*51.2*
Public sector gross investment	**47.6**	**52.1**	**52.1**	**53.8**	**54.8**	**57.2**
TOTAL MANAGED EXPENDITURE[3]	**715.5**	**732.0**	**743.6**	**752.5**	**761.2**	**776.5**
Total Managed Expenditure (% GDP)	*43.5%*	*42.5%*	*41.6%*	*40.2%*	*38.9%*	*38.0%*

Memo: average annual real growth in Total Managed Expenditure (2010-11 to 2015-16): -0.7%

[1] Budgeting totals are shown net of the OBR's forecast Allowance for Shortfall. Resource DEL excluding ring-fenced depreciation is the Treasury's primary control within resource budgets and is the basis on which Spending Review settlements are agreed. The OBR publishes public sector current expenditure in DEL and AME, and public sector gross investment in DEL and AME. A reconciliation is published by the OBR.
[2] Implied DELs beyond 2015-16 assume no future policy changes to AME. Departmental budgets will be set at the next Spending Review.
[3] The 2010-11 baseline for calculating the TME growth rule excludes in year spending reductions announced at June Budget 2010 and departmental underspends against 2010-11 plans. The 2015-16 baseline excludes the OBR's forecast Allowance for Shortfall and the effect of all policy measures announced at Autumn Statement 2013 and Budget 2014. Following the application of this growth rule, TME from 2016-17 onwards has been reduced to take account of Budget measures: pensions revaluations and ongoing savings from reductions set out at Autumn Statement 2013.

OBR - economic and fiscal outlook

The OBR was set up to provide independent forecasts to HM Treasury, both on the economy and on public spending. As with the National Statistics Authority, the aim of this is to ensure that figures produced are free from political influence and provide confidence to the market.

As part of this paper's analysis of the measures outlined in the Budget, it is important to assess the conclusions drawn in the OBR Economic and Fiscal Outlook. It is important to note that the OBR's forecast includes the impact of the policy announcements set out in the 2014 Budget.

According to their latest OBR forecast:

- The UK economy has continued to recover. In the final quarter of 2013, GDP growth matched our December forecast, inflation fell back to target and unemployment dropped more quickly than expected.
- Given the momentum the economy carried into 2014, we have revised our GDP growth forecast up slightly to 2.7 per cent in 2014 and 2.3 per cent in 2015.
- The outlook for productivity growth, which underpins income growth and the sustainability of the recovery, remains the key uncertainty.
- We expect inflation to remain close to target and unemployment to continue falling in the coming years, though at a slower pace than in recent months.
- The OBR estimate that activity in the economy was 1.7 per cent below its sustainable potential level at the end of 2013. They now expect the economy to return to normal capacity and the output gap to close by mid-2018, around a year earlier than forecast. Given the new forward guidance issued by the Bank of England (BOE) that takes into account spare capacity in the economy for future interest rate increases, the OBR's latest forecast should help to reassure markets that the BOE will continue to pursue a gradual return towards normal rates.
- Public sector net borrowing (PSNB) is expected to be £107.8 billion this year.
- Public sector debt, the latest forecast was revised down with debt currently at 74.5%, rising to a peak of 78.6% in 2015/16 before falling back to 74.2% in 2018/19.

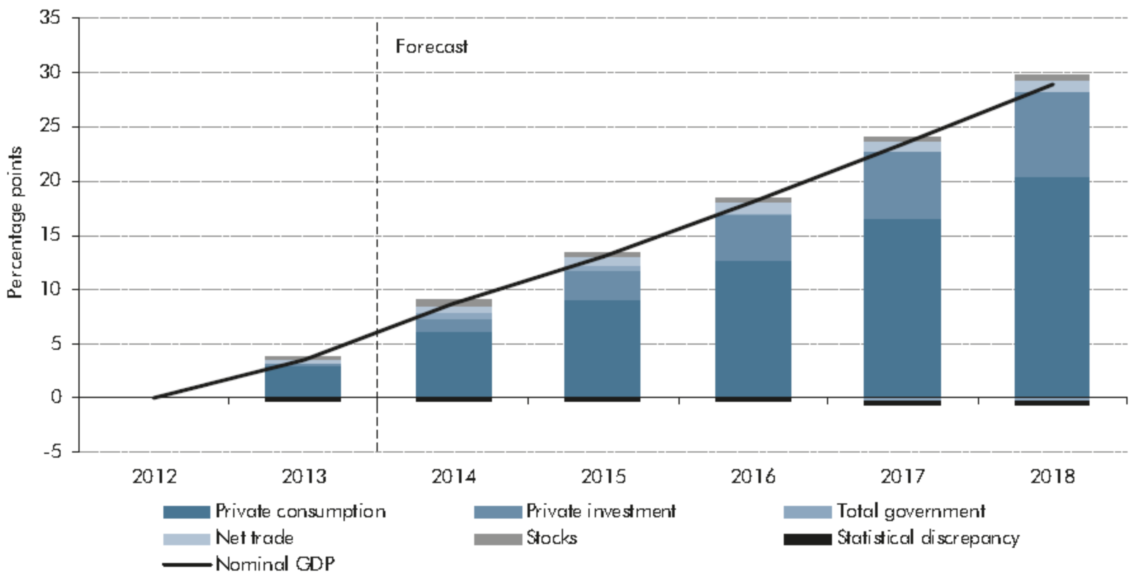
Looking more specifically at the Government's chances of meeting their fiscal mandate the OBR state that their latest forecasts suggest that the Government has a greater than 50% chance of meeting the fiscal mandate.

Given the announcement that the Government will miss its debt target, it is not surprising that the OBR document continues to state that it does not believe that the Government is on course to achieve the supplementary target of public debt falling as a percentage of GDP by 2015-16.

Currently the OBR estimates that if its forecasts are as accurate as they have been in the past there is roughly a 75 per cent probability that the cyclically-adjusted current budget will be in balance or surplus in 2018-19.

Looking at contributions to nominal GDP growth a year ahead, the chart below shows the composition of the OBR forecast going forward. As can be seen whilst growth is still heavily reliant on private consumption, the OBR forecast that there will be a pickup in private investment, which will be welcomed by industry.

Chart 3.28: Contributions to nominal GDP growth: expenditure



Source: ONS, OBR

When looking at public investment, however, there is a note of caution in the OBR forecasts for industry. This is because, whilst the departmental capital budgets are increasing in monetary terms, the OBR forecast suggests that public sector gross investment within these departmental budgets will decrease as a proportion of GDP:

- PSGI in CDEL, public sector gross investment, falls by 1.6 per cent of GDP, from 3.5 per cent in 2009-10 to 1.9 per cent in 2018-19. In 2007-08, PSGI in CDEL was 2.7 per cent of GDP.

This may suggest that whilst some lessons have been learnt on investment there may need to be a longer term discussion within departments as to what level of investment as a proportion of economic output is required to ensure a sustainable future.

National Infrastructure Plan update

Alongside the Budget, the Government also published its National Infrastructure Plan finance update. This report continues to improve the transparency and forward planning of the investment pipeline. Below are some of the key findings and updates from the report.

Officially recognising NIPSEF

- The National Infrastructure Plan finance update recognises the position of the National Infrastructure Plan Strategic Engagement Forum (NIPSEF), co-chaired by the Chief Secretary to the Treasury and Dr Nelson Ogunshakin OBE, ACE's CEO as a vital source of industry expertise to assist the delivery of infrastructure across the country.

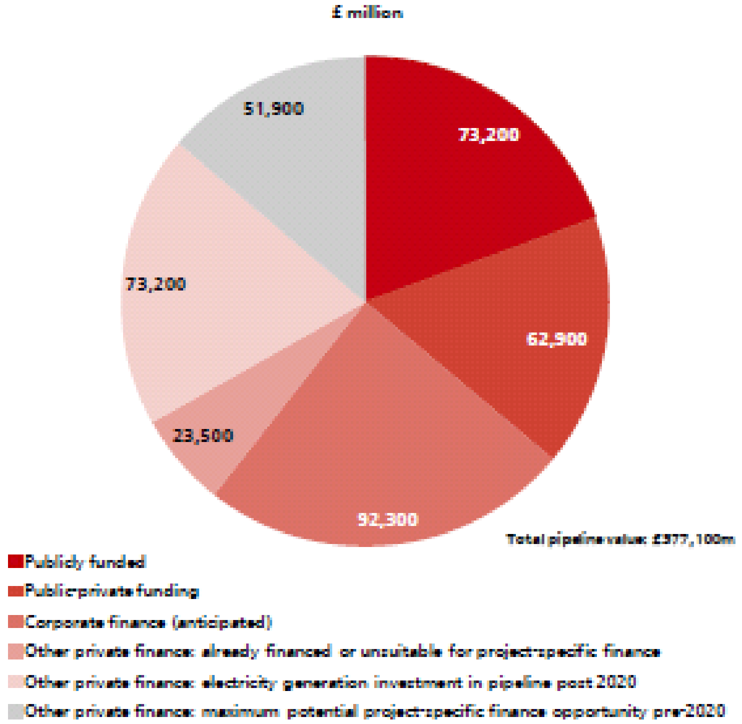
The NIP Finance Update seeks to build on the analysis contained in the NIP 2013 by providing more detail on how the infrastructure planned in those sectors over the coming years is currently expected to be financed – defining the nature and extent of the potential investment opportunity, with a particular focus on the period to 2020.

The update focuses primarily on the opportunities within the infrastructure pipeline for investment in greenfield assets (i.e. new or replacement infrastructure). The government anticipates, however, that there will continue to be an active market in brownfield assets, which have historically tended to be more popular with investors due to their lower risk profile, lower financing costs, and more predictable returns. In some cases, this brownfield investment could be used to support the financing of new infrastructure by recycling capital.

In publishing this analysis, the government is seeking to respond to demands from investors, both in the UK and globally, for greater clarity and transparency about the investment opportunities available. This document is also intended to act as a reference point for an ongoing dialogue between the government and the investment community, including as part of the future work programme of the National Infrastructure Plan Strategic Engagement Forum (NIPSEF).

The analysis in the finance update suggests that there may be up to c. £52 billion of potential project-finance opportunities before 2020.

Chart 1.A: Breakdown of potential finance opportunities



Source: HM Treasury estimate based on analysis of published infrastructure pipeline. For more detail on methodology see Annex A. Figures shown are in 2012-13 prices and rounded to the nearest £100 million. Figures may not match published pipeline or sum due to rounding.

The reports

- The Budget (document)
  https://www.gov.uk/government/publications/budget-2014-documents
- Chancellor's Statement
  https://www.gov.uk/government/speeches/chancellor-george-osbornes-budget-2014-speech
- National Infrastructure Plan Update
  https://www.gov.uk/government/publications/national-infrastructure-plan-finance-update
- Economic and Fiscal Outlook
  http://budgetresponsibility.org.uk/economic-fiscal-outlook-march-2014/

ACE economic and policy papers

This paper forms part of a growing portfolio of research by ACE into the effects of infrastructure on the wider economy. The papers below outline the case for funding, a variety of funding methods including traditional and new forms of infrastructure spending stimuli, and more detailed sector specific issues such as retrofitting and microgeneration.

To access go to: www.acenet.co.uk/economic

Funding roads

This report takes a macroeconomic approach to explore the potential inefficiency and loss of economic productivity as a result of the current condition of the road network. The report then suggests a new model for road development going forward.

Revolutionising housing

This paper is the second in ACE's housing paper series and explores in detail a new model to rebalance the incentives for development

The housing gap

This paper is the first in ACE's housing paper series and explores in detail the conditions within the UK housing market.

State Investment Bank

This paper is the final paper in ACE's infrastructure investment series and explores in more detail the rational and practicalities of establishing a State Investment Bank.

Green Investment Bank

This paper is the fifth in ACE's infrastructure investment series and explores in more detail the rationale behind the Green Investment Bank and the challenges it faces going forward given market conditions in 2012.

Pensions and infrastructure

This paper is the fourth in ACE's infrastructure investment series and explores in more detail the current conditions within the market, and the implications they have on pension funds' investment potential into infrastructure.

Procurement in PPFM

This paper is the third in ACE's infrastructure series and examines how to improve procurement in Public Private Finance Models (PPFM).

Public Private Finance Models

This is the second in ACE's infrastructure series and explores in more detail the rationale, performance and conditions that surround Public Private Finance Models (PPFM).

Performance of PFI

This paper is the first in ACE's latest infrastructure series and reviews the performance of historical PFI data to learn lessons for the development of new financing models.

About ACE

As the leading business association in the sector, ACE represents the interests of professional consultancy and engineering companies large and small in the UK. Many of our member companies have gained international recognition and acclaim and employ over 250,000 staff worldwide

ACE members are at the heart of delivering, maintaining and upgrading our buildings, structures and infrastructure. They provide specialist services to a diverse range of sectors including water, transportation, housing and energy.

The ACE membership acts as the bridge between consultants, engineers and the wider construction sector who make an estimated contribution of £15bn to the nation's economy and the wider construction market contributing a further £90bn

ACE's powerful representation and lobbying to government, major clients, the media and other key stakeholders, enables it to promote the critical contribution that engineers and consultants make to the nation's developing infrastructure.

ACE's publications, market intelligence, events and networking, business guidance and personal contact, we provide a cohesive approach and direction for our members and the wider industry. In recognising the dynamics of our industry, we support and encourage our members in all aspects of their business, helping them to optimise performance and embrace opportunity.

Our fundamental purposes are to promote the worth of our industry and to give voice to our members. We do so with passion and vision, support and commitment, integrity and professionalism.