

Moving towards a UK National Infrastructure Account

An ACE conversation starter

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ACE suggests

- A UK national infrastructure account should be established In order to inform public policy and infrastructure investment decisions at the public and private levels;
- The Office of National Statistics should employ a statistical record of the UK's infrastructure base in the same way as it collects current and capital account data
- ONS should interview and survey selected infrastructure providers, users, policy makers and regulators about the current state of the UK's infrastructure and future investment intentions (A new independent body could be an option but the ONS is probably the best qualified to provide such a function);
- The body would seek a broad consultation with key stakeholders in order to construct an effective model for monitoring infrastructure investment at the regional and sector levels
- There should be an infrastructure record keeping requirement of utility, energy and transport service providers to keep stock of their assets and broader networks. The private sector should also play a key role in the necessary data gathering;
- The infrastructure account could be linked into the existing collection of gross fixed capital formation data – a measure of fixed investment by government, businesses and households – but with the added dimension of regional, sector and critical elements;
- The national infrastructure account would foster transparency and accountability in UK capital investment.



The case for a national infrastructure account

ACE calls for a new way of measuring and understanding the UK's infrastructure networks and future investment requirements. Infrastructure provision is too important an issue not to have a fully informed account of where we are and where we need to be; the UK then needs a National Infrastructure Account (NIA).

This evidence based approach would help provide a solution to a long neglected policy issue – that of strategically building the infrastructure that the recovery and indeed economic future will be built on – by elucidating the current state of our infrastructure. The Office of National Statistics (ONS) should be central in delivering the NIA.

The UK faces a severe £500 billion infrastructure crunch. Yet, there is not an official statistical account of the state of the UK's infrastructure (as there is for instance for trade in goods and services). As infrastructure investment is fundamental to future economic growth, we need an understanding of our current infrastructure base in order to direct future investment in our transport, energy and social networks. A national infrastructure account would provide the statistical base to inform a high level blueprint for future capital expenditure in the same way that a company uses its balance sheet to understand its performance and how and where it needs to invest to maximise yield and value. The data collected would then enhance the government, industry and publics' comprehension of the infrastructure gaps that hinder economic activity.



Keeping a statutory record of national infrastructure as an account analogous to the balance of payments (current and capital accounts) would help benchmark the UK's infrastructure network against advanced and emerging economies and inform strategic thinking on national infrastructure investment. Just as the balance of trade is an essential monitor of economic activity, so is infrastructure investment.

Such an account would also help identify regulatory issues that impact on infrastructure utilisation and efficiency as well as provide the statistical evidence base needed to inform future infrastructure policy options and foster transparency and accountability in how we assess, improve and provide our infrastructure networks, effectively. It would further identify future infrastructure requirements and priorities as well as providing insight into establishing the capacity and condition of vital infrastructure assets based on performance and analysis at the supply and demand level.

The current lack of robust time series data hinders understanding the current infrastructure gaps in each UK region and sector and identifying priorities over the short, medium and long terms. The absence of a authoritative record of fixed infrastructure investment is likely to be a contributing factor to recent research which shows that the UK has built up an infrastructure deficit of up to half a trillion pounds. With the greater focus of an infrastructure account this could perhaps have been avoided or its impact capped.



There are two main ways in which we envisage how the account can function:

- As an actual instrument of the national accounts operated by ONS. Input data would be collected in the same survey methodology as GNP and trade data is organised. ONS collect this type of data already and ergo it should be fairly simple to drive forward such an endeavour.
- As an audit of current infrastructure stock every four years. Once the process is set in motion future audits would be easier to undertake and offer time series analysis of infrastructure investment. It would also benchmark future audits.

Looking ahead, a national infrastructure account would help a potential UK infrastructure bank in evaluating investment projects and assembling of an effective portfolio of investments to fund these. The NIA is then the statistical underpinning of a strategic mapping of the future of the UK's infrastructure networks.

In short the the national infrastructure account would allow politicians, decision makers and businesses to determine whether current infrastructure stock is 'fit for purpose' and what further investment is needed going forward. Essentially it is an integrated "stock take" of our infrastructure base. The private sector and investors would also benefit from knowledge of potential market opportunities. UK plc can't move forward in investing in our core infrastructure until we know exactly our current position. The infrastructure account helps provide the data that inputs into these solutions.



Supporting data

Key issues that the infrastructure account and audit could identify

- Transmission constraints and impact;
- Reliability, availability and usability of current infrastructure provision;
- Barriers to investment (regulatory, risk and planning);
- The competitiveness of national infrastructure against both major and emerging economies;
- A time series of infrastructure trends, spending and deficits;
- A benchmark of current investment policy against future action.