

29 October 2018

## ACE Autumn Budget 2018: Member Briefing

This afternoon, the chancellor of the exchequer, Philip Hammond, announced his Autumn budget. There were several key announcements ACE members will need to be aware of; the key headlines relating to member interests are:

- 1. The National Productivity Investment Fund (NPIF) has increased by £6 billion, up from £31 billion to £37 billion;**
- 2. £28.8 billion National Roads Fund including £25.3 billion for the Strategic Roads Network;**
- 3. £1.6bn for investment to support industrial strategy. National Investment Fund increased to over £38bn;**
- 4. Abolish use of PFI and PF2 for future projects;**
- 5. Apprenticeship levy halved for smaller firms taking on apprentices;**
- 6. £500m for Housing Infrastructure Fund to unlock homes;**
- 7. Transforming Cities Fund - £2.4bn announced;**
- 8. £1.5 billion committed to support the rejuvenation of British high streets; and**
- 9. Additional funding for rollout of full fibre internet.**

1. The NPIF has been increased by £6 billion and will deliver the largest ever strategic roads investment package worth £28.8 billion from 2020 - 2025. Overall, by 2021, the Government will be investing £9 billion more on infrastructure compared to 2021.
2. This £28.8 billion National Roads Fund, paid for by road tax, includes £25.3 billion for the Strategic Road Network (motorways, trunk and A roads). It will also help fund the new network of local roads known as the Major Road Network (MRN), and larger local road projects. Local authorities will receive £420 million to fix potholes on roads and renew bridges and tunnels, and there will be a £150 million to improve local traffic hotspots.
3. A further £1.6 billion has been announced to support R&D funding as part of the Industrial Strategy grand challenges. The Government will be responding to the National Infrastructure Commission's National Infrastructure Assessment through a national infrastructure strategy to be published in 2019.
4. The Government announced it will be abolishing the use of PFI and PF2 for future projects. It will honour current commitments. Phillip Hammond stated he "does not believe" PFI delivers value for money for the tax payer.
5. The Government will introduce a package of reforms to strengthen the role of employers in the apprenticeship programme, so they can develop the skills they need to succeed. As part of this the Government will make up to £450 million available to enable levy paying



employers to transfer up to 25% of their funds to pay for apprenticeship training in their supply chains. The Government will provide up to £240 million, to halve the co-investment rate for apprenticeship training to 5%. The Government will provide up to £5 million to the Institute for Apprenticeships and National Apprenticeship Service in 2019-20, to identify gaps in the training provider market and increase the number of employer-designed apprenticeship standards available to employers. All new apprentices will start on these new, higher-quality courses from September 2020.

6. £500 million has been announced to help fund the further delivery of housing coming from the Housing Infrastructure Fund. The Government announced over £15 billion of new financial support, bringing total support for housing to at least £44 billion over a five-year period. The Budget announces further progress to implement this commitment, including £291 million from the Housing Infrastructure Fund, funded by the NPIF, to unlock 18,000 new homes in East London through improvements to the Docklands Light Railway.

In September 2018, the Government announced £2 billion new funding in the Affordable Homes Programme to give some housing associations long-term funding certainty to 2028-29.

7. £2.4 billion has been announced to help contribute towards the Transforming Cities Fund. As part of the NPIF, the government is extending the Transforming Cities Fund by a year to 2022-23. This will provide an extra £240 million to the 6 metro mayors for significant transport investment in their areas. In addition, a further £440 million will be made available to the city regions shortlisted for competitive funding.

Furthermore, the chancellor announced, to support the Industrial Strategy Future of Mobility Grand Challenge, £90 million from the NPIF will be allocated to the Transforming Cities Fund to create Future Mobility Zones. This will trial new transport modes, services, and digital payments and ticketing.

8. £1.5 billion has been committed to support the high street through the Government's *Our Plan for the High Street*. To support a sustainable transformation of high streets, the Plan includes a £675 million Future High Streets Fund to improve transport links, re-develop empty shops as homes and offices and restore and re-use old and historic properties.
9. The Budget allocates £200 million from the NPIF to pilot innovative approaches to deploying full fibre internet in rural locations, starting with primary schools, and with a voucher scheme for homes and businesses nearby.

**Please note:** ACE will release full detailed analysis of today's Budget announcement for members by close of business tomorrow (Tuesday, 30 October).