

Dear Sir/Madam,

Autumn Statement: Call for Evidence

I am delighted to respond to the above-named call for evidence.

The Association for Consultancy and Engineering (ACE) is the business association for the UK's professional consultancies and engineering companies operating in the social and economic infrastructure sectors. As the leading voice for the sector, we foster collaboration to propel the industry to fulfil its ambitions.

We champion infrastructure and the built environment - helping our sector to build a safe, prosperous and sustainable future.

The Environmental Industries Commission (EIC) champions new environmental markets to Government and other stakeholders and is the leading association representing the environmental technologies and services sector.

Together, **ACE Group** members provide insight and guidance on infrastructure and environmental projects at all scales and stages of development. Leveraging insight from global best practice, they bring innovation, solutions and cost effectiveness.

The sector is highly skilled, productive, and forward-looking - employing over 470,000 people and contributing more than £39 bn to the UK economy. It competes on a global stage, exporting over £11.1 bn providing solutions to the world's pressing issues and holds the key to a brighter future.

As you will know, the current operating environment presents a complex mix of opportunity and challenge.

There is strong demand for consultancy services in areas aligned with government priorities, particularly net zero infrastructure, building safety, digitalisation, and housing. The global outlook is also positive, with UK firms increasingly exporting expertise to international markets. This is an opportunity and a risk for the UK. The adoption of digital tools, including BIM and AI, offer further potential to improve productivity and reduce delivery risk.

Yet alongside these opportunities, the sector faces mounting pressures. A critical and growing skills shortage is limiting the capacity of firms to meet demand - especially for highly specialised engineering roles. At the same time, rising labour and regulatory compliance costs are squeezing margins, particularly for SMEs. Ongoing delays in planning approvals and regulatory processes - including for building safety and brownfield development - are acting as significant brakes on housing and infrastructure project delivery and pipeline stability.

Economic uncertainty including low economic growth, a stalling jobs market, delay in work coming to market, and fragmented Government engagement with and recognition of the engineering design consultancy market, exacerbate these issues. Intense price competition and the project-based nature of much of the work make it harder for firms to invest in long-term capability or innovation. Additionally, the complexity and variability of public sector procurement models add cost and inconsistency, weakening the ability of the sector to support strategic national outcomes.

There is a shared desire across the sector to work in partnership with Government to address these challenges. With the right reforms starting to happen, particularly around planning, procurement, devolution and skills development, the sector stands ready to accelerate delivery, drive innovation, and underpin the UK's infrastructure-led growth strategy.

We are now seeking a strategic partnership which recognises the unique expertise and value of the sector and our ability to support delivery of Government goals.

We hope that you find our comments of interest and look forward to further working with you to ensure that these policy interventions deliver long term benefit for all.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Kate Jennings'.

Kate Jennings

CEO, ACE Group

1. Plan Smarter, Build Faster

- Commit to a 30-year infrastructure strategy to maximise return on investment, drive market confidence and ensure value for money.
- Value design and improve Government and HMT strategic partnership with the engineering design sector at the outset of infrastructure project initiation.
- Ensure a clear design pipeline and regulatory settlements that recognise design.
- Urgently accelerate spatial infrastructure planning and the publication of the Land Use Framework to unlock housing and growth.
- Progress the digitalisation of both the planning and building safety systems, creating a simpler and more productive system for the approval of both planning applications and building safety gateway design approvals.
- Complete devolved, multi-year funding settlements to empower Metro Mayors and regional authorities to lead on local infrastructure and housing delivery to deliver spatial planning aligned with infrastructure.
- Introduce land value capture mechanisms that empower Mayoral Combined Authorities to lead land assembly and development, supported by compulsory purchase powers allowing acquisition at or near existing use value.

2. Devolution that Builds

- Introduce integrated settlements for all new and upcoming strategic mayoral combined authorities consolidating budgets across housing, regeneration, local growth, local transport, skills, retrofit, and employment support to create a single flexible pot of funding.
- Provide clear, streamlined business case approval guidance for devolved transport settlements that omits duplication and reduces the time required to approve transport projects.
- Devolve Compulsory Purchase Orders for transport infrastructure, removing Secretary of State approval for Transport and Work Act Order (TWAO) s, and modernising TWAO procedures.
- Enable MCAs and their constituent authorities to retain a share of land value uplift from transport investments, including full revenue from job creation above agreed devolution deal targets.

3. Secure the Foundations of Growth:

- Recognise the construction industry as critical for growth and the engineering design sector, as a high growth delivery critical professional services sector (larger than the legal sector) by developing a skills plan for high skilled globally mobile construction professionals.
- Commission an independent review into the cumulative fiscal burdens and incentives impacting construction and development viability.
- Draw on engineering design consultant UK and global experience and expertise to design and deliver effective private funding and finance models which work.

- Recognise the productivity benefits of a circular economy approach to infrastructure by removing VAT from retrofit.
- Urgently simplify complex brownfield development taxes and permitting to delivery environmental standards, fast-track projects and build homes.
- Establish clear demarcation of capital and maintenance spend to drive clarity in the visibility and need for asset management.
- Embed fairer risk sharing into public sector contracting models.