Statement ahead of Autumn Statement

- Investment in infrastructure is crucial to the economic and social well-being of our country. Such investment creates jobs, stimulates economic activity and provides modern, efficient facilities to provide the services that people need – healthcare, education and community services amongst others. There is a significant multiplier effect from investment in infrastructure which means that it stimulates growth in the UK economy.

- In the current financial circumstances public capital is scarce which means that private investment is required to fund the vital infrastructure that will support the UK's road to economic recovery. This need not be PFI. However, private finance of public infrastructure has brought and can continue to bring many benefits for the UK. The Infrastructure Forum's working group on social infrastructure therefore welcomes the review of how private finance should be used to help fund public infrastructure.

- There is a strong consensus within the infrastructure industry that fundamental reform is required in the way private finance is used to fund public infrastructure and we urge the Chancellor to be bold. There are four fundamental developments we recommend:

- First, as has been identified by repeated reports from the National Audit Office, parliamentary select committees and other sources, there is a need to improve the expertise and consistency with which the public sector procures large, complex infrastructure projects. We therefore encourage the development of a single, central procurement agency for England (as already exists in Scotland) to drive infrastructure investment, and the identification of a cadre of experienced public sector project directors with the commercial acumen and track record of success to manage these complex procurements. Whilst this approach cuts across the current model of departmental responsibility and, to some degree, the localism agenda, we believe the benefits outweigh the cost of political capital that would need to be deployed to follow our suggested path.

- Second, some PFI projects have tried to transfer inappropriate risk to the private sector at the expense of value for money, public accountability and of overcomplicating projects. We recommend that the public sector takes this opportunity to reduce the range of services and risks it aims to transfer through these projects or to simplify sometimes overly prescriptive service specifications, paying close attention to whether that transfer is delivering value for money.

- Third, private investment in public infrastructure projects is currently constrained by the challenges faced by potential funders. We support the current initiatives aimed at developing alternative sources of private finance such as the pensions platform, and to improve the availability of credit such as the UK Investment Guarantee, but we also encourage government to co-invest with the private sector in these projects – partly because we believe that this is the one of the best ways of ensuring transparency and effective partnership in these complex projects.

- Finally, and most crucially we encourage government to identify and centrally manage a pipeline of critical infrastructure projects. This will provide the private sector with the visibility of future opportunities it needs to invest in the people, resources and funding that are required to deliver the infrastructure-led recovery that the UK needs. It is certainly appropriate that the government's priority is currently on economic infrastructure – transport, power and utilities. However, this working group also notes that many of these investment projects require long term development and planning. Investment in social infrastructure – schools, housing, health and community facilities etc – will provide a more rapid stimulus to the construction industry and knock on multiplier effect to the economy as a whole. Investment in social infrastructure and economic infrastructure can therefore be complementary.