A majority of UK companies are not convinced that energy infrastructure will improve over the next five years, despite a pressing need for investment in new networks that are cleaner and greener, according to a CBI survey.

In a survey of business views about the state of Britain’s infrastructure, the UK’s leading business group found that around two-thirds (67 per cent) of companies believe the UK’s energy infrastructure is unlikely to get any better.

Confidence is also ebbing away over improvements to Britain’s water, transport and building infrastructure. The survey of 568 businesses, conducted jointly by the CBI and professional services firm KPMG, found businesses were concerned improvements were not happening quickly enough and a lack of Government action on policy was holding up investment.

Green energy

A fifth of the UK’s electricity generating capacity is due to come offline by 2020. The scale of the investment to "keep the lights on" and create a varied combination of electricity sources including new nuclear, gas, renewable energies and carbon capture and storage (CCS), is expected to run to £110 billion – more than twice that of the last decade. But the Government has yet to pass crucial legislation that business says needs to happen to encourage private sector investment. The CBI said today more needed to be done to improve investor confidence.

"It is essential the conditions are set to encourage substantial investment in new networks that can help us transition to a low carbon economy and secure our energy supplies at an affordable cost. But this year’s survey shows that two thirds of companies are not convinced that energy infrastructure will improve over the next five years," said Rhian Kelly, CBI director for Business Environment. "As a first step to improving confidence, the Government needs to press on with finalising the details of the Energy Bill by ensuring it is on the statute book by the end of this parliamentary session."

Transport

The survey, 'Better Connected, Better Business', identified transport infrastructure as the area of greatest concern. Almost three-quarters of firms said they did not expect to see any improvement in transport infrastructure during the next five years, with the local road network coming in for the most criticism.

The railways fared better, with 45 per cent of companies seeing improvements to intercity rail connections in the past five years. And a majority of firms (64 per cent) believed the planned High Speed 2 line would have a positive impact on their ability to grow.

"While businesses have seen improvements to passenger rail networks in recent years, their assessment of transport infrastructure in general is rather gloomy," commented Kelly. "Domestically, the road network is a clear priority area for the Government to focus on, with 65 per cent of firms believing local roads have deteriorated in the past five years. Companies also want to see improvements in their links to emerging economies, with the availability of direct flights to China a particular concern."

Almost all businesses polled (97 per cent) viewed the UK's planning system as the main barrier to delivering new infrastructure.

But a more recent snap poll suggested 60 per cent of businesses think the new UK Guarantees scheme will help to boost investment, kick-starting infrastructure projects and getting diggers on the ground.

"The Government has shown it gets how important infrastructure is to the economy. It has put the framework in place but needs to show it can deliver on the ground," John Cridland, CBI director-general, said. "The new UK Guarantees are seen as positive by businesses, but firms fear initiative overload and are becoming impatient with delivery, leaving many companies still sceptical about the overall impact on investment."

Kelly added: "Businesses want to see the Government focus on delivering the projects it has already identified so that they can get the diggers in as soon as possible. And while our members have welcomed many of the policy initiatives announced in the last year, a lack of action on the ground lies behind their nervousness about the future of UK infrastructure. So, what we want to see the Government do more is fast track key projects and tackle barriers to delivery, such as planning and procurement, that are currently preventing projects from getting up and running quickly."

Today’s report is the second annual assessment by the UK’s leading business group and KPMG on the state of the UK’s infrastructure, and its impact on business investment decisions and competitiveness.