

ACE Annual Conference 2010

Summary report

April 2010



ACE Annual Conference 2010

ACE's annual conference was held at the Grange St Paul's Hotel on 14 April 2010. The conference drew delegates from around the UK, and brought together key figures from the consultancy and engineering industry, public and private sector clients, and other major stakeholders.

Set in the aftermath of the worst recession for nearly a century, and in the run-up to the 2010 general election, the thoughts of the assembled delegates turned to the future of construction engineering in the UK. This was reflected in the overall theme: engineering the UK's prosperity.

In particular, the conference addressed the questions of how to fund the necessary developments to the UK's infrastructure, how business practices are likely to evolve to meet new challenges, and what the response of the next government should be.

This document summarises the core messages emerging from the conference.

Overall message

While the conference covered a wide range of topics, one theme ran strongly throughout: the "business as usual" of the pre-recession world is longer an option. There will be a "new normal", which will require fresh responses from industry and government. Industry has an opportunity to demonstrate how it can lead and deliver more for less.

Conference session summaries

World class infrastructure for a world class city

[Kulveer Ranger, transport adviser to the Mayor of London](#)

The Mayor's transport adviser highlighted the scale of the challenge to London's infrastructure needs. The Mayor wishes London's infrastructure to be the best in the world. Industry needs to become more entrepreneurial in promoting projects to help secure the necessary investment.

London must be bold and offer a vision for the long term. Those charged with making investment decisions, especially government, need to look beyond the fluctuations of the political and economic cycle, and see the bigger picture.

Engineering's place in the UK economy

[Dougie Rooney, president, Trades Union Congress](#)

The TUC president spoke of the role of engineering in the UK's economy. Building a strong industrial base is vital in order to fund effective public services.

That means investing in our manufacturing and engineering base, and ensuring that skills development is fit for purpose. Reforms to the way we train young people are urgently needed in order to meet the needs of business.



Government policy in all of these areas will be a major influencing factor, and should be coordinated appropriately to build up the UK's engineering base.

Public policy question time

[Nelson Ogunshakin, chief executive, ACE](#)

[Robert McIlveen, research fellow, Policy Exchange](#)

[Chris Hewett, associate, Green Alliance](#)

[Andrew McNaughton, chief operating officer, Balfour Beatty](#)

[John Henderson, partner, PricewaterhouseCoopers](#)

An expert panel fielded questions from the conference audience regarding the funding of the UK's future infrastructure needs. There is potentially up to £500 billion of investment needed in the UK's infrastructure. The public sector will be unable to fund it all, so a range of responses are necessary to encourage private investment.

An infrastructure bank is a positive development; this need not be a new organisation, but needs to be big enough and sufficiently independent to make investment judgements. There should also be some degree of alignment with national policy.

There also needs to be progress on cost reductions through regulatory reforms and de-risking operations. This will help bring clarity to infrastructure projects, and will help to encourage institutional investors looking for a longer term proposition, such as pension funds. Evidence suggests that international funding is available providing the regulatory environment is in place and secured by government to make the UK an attractive environment for investors.

Above all, the funding of infrastructure requires a long term perspective. The conditions to encourage investment need to be established, and all those concerned should move quickly to make their case to the new government.

The future engineering workforce

[Katy Bloom, National Science Learning Centre](#)

When the most famous engineer that young people can name is Coronation Street character Kevin Webster, it is clear that the profession has a significant awareness raising job to do.

A lack of awareness and engagement may prove to be at the root of a future skills shortage in science and engineering. The STEM Cohesion Project, led through the National Science Learning Centres, is working to raise engagement and achievement of young people in science and engineering subjects.

Construction law update

[John Henderson, Beale and Company](#)

The field of construction law is a busy one; consultants face a range of issues, particularly regarding duties and warranties. Consultants traditionally warrant their work on the basis of having taken reasonable skill and care in their duties. A greater willingness to accept



and manage risk may be a trend in the future, but consultants should ensure they are being rewarded adequately.

Consultants need to be aware of how courts interpret contract clauses. The role of the court will be to arrive at what a “reasonable person” would understand a clause to mean – this will not necessarily be the literal meaning.

There was also praise for the net contribution clause contained within the latest ACE Agreements as a means of limiting consulting engineer’s liability exposure to address the unfair consequence of joint and several liability.

The business opportunities of a low carbon economy

[Myles McCarthy, Carbon Trust](#)

The UK’s legally binding carbon reduction target – to achieve an 80 per cent reduction in carbon dioxide emissions by 2050 – is referred to as “DECC’s ticking time-bomb”. However, despite the size of the challenge, there are opportunities for business to respond and take advantage.

Setting standards and recognising commitment to carbon reduction in products and services is an increasingly important factor for a growing number of businesses.

Consultancy and engineering can provide a wide range of advisory and value adding services to clients that can support such a low carbon transition. These include carbon footprinting, sustainable design, change management and advice on developing a sustainability strategy.

Workshops

The afternoon’s workshop sessions explored some of the more practical elements of the work of consultancy and engineering businesses.

Project and business finance

[Alan Bramwell, chief executive, Clancy Consulting](#)

[Johan Bert, head of consultancy services, EBRD](#)

[William Thomson, director of economics, Experian](#)

Workshop 1 explored issues of project and business finance. The overall situation in the UK is likely to get worse before it improves, with banks trying to deal with toxic debt before they return to lending. However, funding for projects involving the technology of tomorrow is likely to hold up reasonably strongly. Ultimately, though, a “new normal” will prevail, which will require a change of direction for all concerned.

Client management

[Noel Foley, director, Buro Happold](#)

[David Hutchison, vice president, Institution of Civil Engineers](#)

Workshop 2 looked at issues of client management. The anticipated programme of work over the coming decades will require a transformation in the way business is done. The



gap between design, procurement, construction and delivery will have to be addressed, along with the need for upskilling of the industry and a more efficient procurement culture on the part of clients.

International markets

Gavin English, managing director, WSP

Michael Earp, executive director, Willis FINEX

Professor Roger Flanagan, University of Reading

Workshop 3 explored the issues of overseas markets. There has been a tectonic shift in global markets, with emerging nations growing their economies. Businesses therefore need to plan their strategies carefully, understanding both technical and cultural issues. Legal and insurance requirements will also come to the fore; “worldwide” UK indemnity insurance is not always sufficient.

Closing remarks

Searching for the common voice

Paul Morrell, chief construction adviser

Concluding the conference by continuing the theme of the “new normal”, the chief construction adviser spoke of the need for industry to put forward a compelling value proposition. Carbon reduction could be a powerful issue to coalesce around, and industry should seize the opportunity to demonstrate how more can be delivered for less. Above all, the fragmentation within the construction industry needs to be addressed if a coherent message is to be delivered.