

# The coalition Government

Views of the consultancy and  
engineering industry

Association for Consultancy and Engineering

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## Summary

The consultancy and engineering sector give a cautious welcome to the coalition Government, and hope that the new arrangement can lead to more effective decision making.

The Government should focus on setting out clear and coherent plans to address the budget deficit, develop and secure funding for key national infrastructure, and reforming the planning consents system.

The consultancy and engineering industry is in a unique position to guide and advise political leaders and the general public on the difficult decisions that must be taken in balancing competing priorities, boosting economic prospects and securing the transition to a low carbon economy.

ACE assembled a small opinion leader panel to take the temperature of the sector.

## Background

The UK has a coalition government for the first time since the Second World War. At the 2010 general election, David Cameron and the Conservative Party won the largest share of the votes and are the largest party in Parliament, but fell short of an overall majority.

Following the election, a coalition agreement was reached between the Conservatives and Nick Clegg's Liberal Democrats, putting Mr Cameron into Downing Street and handing key Cabinet positions to the Liberal Democrats.

In the run-up to the election, ACE identified five key priorities for any new government. These would support the UK in returning to growth following the recession, would support investment in essential infrastructure, and would help the UK make the transition to a low carbon economy. These are:

- Set out a plan to address the UK's budget deficit.
- Send clear, consistent messages about essential investment.
- Explore innovative ways of funding infrastructure.
- Make reform of the planning consents system a top priority.
- Take a coordinated approach to developing key national infrastructure.

ACE asked senior representatives of member companies for their views on prospects under the new Government, and how ACE's core priorities should be implemented.

## General comments

The concept of a coalition government received a cautious welcome for its potential to result in better decision making over the longer term. Moving to a low carbon economy will



require political leaders to make difficult decisions, and conventional decision making may result in delay and uncertainty.

The Government should take account of the UK's international competitiveness as a place to do business, particularly in terms of tax and investment policies. Stimulating the private sector should be a high priority, particularly as public sector investment is reduced.

Making the transition to a low carbon economy is important, but so too is security of energy supply. The Government should recognise the impacts of a potential "peak oil" scenario and invest in energy security.

## What the consultancy and engineering industry should do to lead and help ensure that Britain achieves its economic and environmental aims

The industry has a key role in educating and influencing politicians and the public, particularly where solutions are characterised by contradictory indicators. This is especially the case for the low carbon transition, where the science may be reasonably well understood but decision making may require a deeper understanding of the issues.

The consultancy and engineering industry is uniquely placed to understand the technical, economic and environmental implications, and how these need to be balanced.

ACE has a major role to play in collaborating with government, particularly in exploring the issues on value for investment.

## Responses to ACE's specific priorities

### **Set out a plan to address the UK's budget deficit**

A detailed programme of requirements, itemised and costed, should be set out. This should achieve both a reduction in the budget deficit and investment in society's essential needs. Where possible, spending reductions should be identified ahead of tax increases, but capital investment should not be viewed as an easy target for cutbacks.

Instead of cancelling projects, they should be re-prioritised with definitive timeframes. Clear criteria to differentiate between the essential and the desirable should be established.

### **Send clear, consistent messages about essential investment**

A nation coming out of recession needs a strong infrastructure platform. It is essential that Britain develops this if it truly wants to compete on an international basis. The UK's energy and transport resources make a critical contribution to competitiveness, overseas investment and business efficiency. There is also a major challenge in developing low carbon infrastructure.

However, government must be clear about the difference between 'important' and 'urgent'. Priority must be based on data and facts, not political expediency. When identifying priorities, government should take account of the wider benefits and connection with policy goals.



Addressing the UK's skills requirements will also be vital if the UK wishes to be in a position to deliver on its ambitions.

### **Explore innovative ways of funding infrastructure**

The UK must balance the short term nature of existing infrastructure investment with the need for a longer term view. The Government needs to make use of new and varied models of private/public initiatives to generate funds to invest in infrastructure. An infrastructure bank may be helpful in this regard.

A new model of evaluating returns from infrastructure projects may be needed to encourage investment. This should combine the shorter term cash flow required to secure private investment with some factors that recognises the longer term public benefit.

### **Make reform of the planning consents system a top priority**

Uncertainty over the future of the Infrastructure Planning Commission and the government's proposals for planning reform should be addressed. Large infrastructure projects that are in the national interest should not be determined at a local level where the national interest is likely to be subsumed by local interests.

Time taken for decisions on major applications that support the economy and vital public services, including railways, large wind farms, power stations, airports and sewage treatment need to be drastically reduced. Planning decisions should be made quickly and transparently, on a sound evidence base and with appropriate consideration of risks.

### **Take a coordinated approach to developing key national infrastructure**

A holistic approach should be taken in terms of what the UK's core needs are and how they are measured, prioritised and communicated.

### **Improve the procurement process**

A priority should be to improve the procurement process to enable a broader bundling of services which will lead to improvements in economies of scale, better resource management and greater flexibility to deliver a consistently excellent service.

A shorter, more efficient bidding and procurement process will lower transactional costs for both bidders and clients making the process more efficient and cost effective.

## **Responses from industry leaders**

Ken Dalton, chief executive global building engineering for AECOM, said: "The new collaborative arrangement should give balanced decisions for the long term. The Government should focus on stimulating the private sector as we anticipate cuts in the public. The ACE has a major role to collaborate with govt leading an advisory group from industry on value spend."

Philip Dille, chairman of Arup, said: "In all decisions the Government should take account of the impact on competitiveness of the UK as a place to do business. This has particular relevance in taxation and spending priorities. We should recognise the importance of



efficient transport infrastructure on business efficiency and the attractiveness of the UK to foreign business investment.”

Nick Flew, UK-Europe managing director at Parsons Brinckerhoff, said: “There needs to be a coherent approach to prioritisation of investments. Priority must be based on data and facts, not political expediency. It will be important to consider the wider benefits, such as the achievement of environmental and economic goals and long term sustainability.”

Michelle McDowell, ACE chair, said: “The engineering industry has a vital role to play in the coming years. The Government will have to make some very serious choices, the effects of which we could feel for years. Our industry needs to show we can advise and guide political leaders and the general public in the interests of the nation.”

Graham Nicholson, ACE vice-chair, said: “What the engineering industry needs is clarity of direction. My hope is that the new Government will be clear about where priorities for infrastructure, housing and other vital projects will lie. That way, businesses can plan for the future with as much confidence as possible.”