

The Coalition: ACE's response to the programme for government May 2010

1. Introduction

- 1.1. The Association for Consultancy and Engineering (ACE) welcomes the opportunity to respond to the Government's programme.
- 1.2. ACE represents the UK's consultancy and engineering industry. ACE member companies provide a range of world-leading professional services to every sector of the built and natural environment.
- 1.3. ACE represents more than 650 companies across the UK, which employs a combined total of more than 100,000 people. ACE member companies contribute around £10bn per year to the UK economy.

2. General comments

- 2.1. ACE has identified five key priorities for the new government. These are:
 - (1) Set out a plan to address the budget deficit.
 - (2) Send clear, consistent messages about essential investment.
 - (3) Explore innovative ways of funding infrastructure.
 - (4) Make reform of the planning system a top priority.
 - (5) Take a coordinated approach to developing key national infrastructure.
- 2.2. The Coalition's programme for government offers many encouraging signs of meeting these key aims. We look forward to hearing details as to how these ambitious plans will be implemented.
- 2.3. ACE would caution against implementing wholesale reforms in an uncoordinated manner. Any reforms introduced must complement each other and be geared toward achieving the UK's main economic,

environmental and social aims.

- 2.4. Businesses, however, require stability and early visibility of developments to come. This is essential in order to plan effectively and ensure that they are in a position to respond to changing demands.

3. Deficit reduction

- 3.1. ACE agrees that addressing the deficit should be the top priority for the Government.
- 3.2. ACE welcomes the establishment of the Office for Budget Responsibility. The new body should be given the remit to work independently of political influence and the Government should commit to taking on board its recommendations in full.
- 3.3. ACE believes that there should be an open and constructive approach to achieving efficiency savings in public sector investment. However, we would caution against making rash cutbacks that may jeopardise the UK's economic and environmental objectives.
- 3.4. Reform of public procurement would make a significant contribution towards addressing the structural deficit. This could be achieved through upskilling procurement teams, greater transparency in public procurement processes, and widespread adoption of best practice across the public sector.
- 3.5. ACE would urge the government to commit to going ahead with the proposed investigation into the cost of civil engineering works. An open and constructive dialogue would help to identify lessons in efficiency that can be learned throughout the public and private sectors.

4. Planning

- 4.1. ACE agrees that reform of the planning system is essential in order to support the move to a low carbon economy and the delivery of essential

infrastructure. We look forward to hearing more detailed proposals as to how this will be achieved.

- 4.2. ACE believes that the principles of efficient planning that delivers quickly while ensuring that all key stakeholders' views are taken into account should be built in to all national and local government planning processes.
- 4.3. We welcome the commitment to maintaining a fast track process for major infrastructure projects. We hope that the transition to the new arrangements will be handled in such a way that developers are supported throughout
- 4.4. The proposal to develop a consolidated national planning framework is welcome. However, there are potentially tensions between this and the proposal to devolve more planning to local communities. The Government should make clear the role of the existing National Policy Statements in the new framework.
- 4.5. ACE suggests that there would need to be clear guidance as to how these two levels complement each other, and how this will interface with the new fast track planning process.
- 4.6. The Government should also clarify the role that Infrastructure UK will play in the new structure.

5. Energy and climate change

- 5.1. ACE welcomes the Government's commitment to nuclear power, marine energy, carbon capture and storage, waste to energy, smart grids and an offshore grid. It is essential that the Government gives a positive steer to businesses developing these vital technologies.
- 5.2. Such a broad mix of energy will help to provide security of supply, as well as providing opportunities for business and employment growth.

- 5.3. Paying for such a large upgrade of the UK's energy supplies remains a concern, particularly if the recovery from the recession remains slow. The Government should consider how the proposed green investment bank can help to leverage funding for energy developments.
- 5.4. Planning reform must be delivered rapidly if the UK is to avoid an energy crunch.

6. Transport

- 6.1. ACE welcomes commitment to delivering high speed rail network, as and when finances allow. The Government could explore more innovative ways of obtaining funding to allow this programme to be delivered as quickly as possible – such as through the green investment bank.
- 6.2. We welcome the commitment to Crossrail and rail electrification, and encourage the Government to press ahead and deliver these programmes without delay.
- 6.3. Longer franchises for train operators may provide the right incentives to invest in the network, so we agree that this innovation should be tried. However, care should be taken that this does not result in a railway that prices out travellers.
- 6.4. A national recharging network for electric vehicles is a necessary step to encourage the uptake and manufacture of electric vehicles. This could also be a candidate to be funded by the green investment bank.
- 6.5. We would urge the Government to look closely at the business case for ensuring essential upgrades to the secondary (local and regional) road network.

6.6. The Government should also ensure that there is effective cross-border collaboration between English local authorities and the devolved authorities, and between Northern Irish authorities and the Republic of Ireland. This is necessary to ensure that key transport links are maintained and developed in a way that makes them fit for the demands of the 21st century.

7. Housing

7.1. ACE welcomes the intention to explore innovative ways of bringing more housing onto the market.

7.2. The commitment to encouraging continuous improvements to the energy efficiency of new housing is potentially a welcome boost to the climate change agenda. However, we would question how achievable this is in times of economic difficulty.

7.3. However, there is an opportunity to explore how the upgrading of existing housing could be achieved, particularly if relatively low-cost improvements (e.g. loft and cavity wall insulation) can be rolled out more rapidly.

8. Support for business and innovation

8.1. Businesses generally welcome moves to simplify regulatory regimes, and a move toward risk-based targeting of regulation and inspection has potential to lift the burden on effective businesses.

8.2. Likewise, the simplification of business taxes would provide welcome relief, and ACE particularly welcomes the proposed review of small business taxation.

8.3. However, care must be taken not to place a disproportionate extra burden onto small businesses through tax simplification, or to jeopardise the Government's wider plans by inadvertently reducing tax revenues

too quickly.

- 8.4. While ACE welcomes the intention to give small businesses greater access to public procurement opportunities, this must be done through the right mechanisms. That means incentivising public sector clients to strike the right balance between accessibility and value for money.
- 8.5. There is a risk that setting headline targets for SME access to opportunities would encourage clients to take “easy” options to meet their targets, without addressing systematically the way in which procurement is carried out.
- 8.6. Improving public sector procurement requires large scale culture change, which is unlikely to be deliverable overnight. By ensuring that public sector bodies are equipped to operate as effective clients, the Government can ensure that best practice is carried out and value for money is obtained.
- 8.7. ACE looks forward to hearing how the Government intends to work with the Chief Construction Adviser to ensure best practice in construction procurement is applied throughout the public sector.
- 8.8. The Government should also seek to support technology and innovation by taking on board and implementing the findings of Sir James Dyson's recent report.
- 8.9. ACE has proposed that a core set of best practice principles be applied to all sub-national economic development, irrespective of the structures used to achieve them. The proposed Local Enterprise Partnerships should seek to build on the achievements of the existing Regional Development Agencies without putting economic development in jeopardy.

9. Banks

- 9.1. ACE welcomes the recognition of the need for banks to support SMEs. We would hope that banks would, in future, be more understanding toward businesses in tougher times.
- 9.2. The Government should explore how banks could be encouraged to invest in vital low carbon infrastructure, possibly via the proposed green bank and green investment mechanisms.
- 9.3. ACE has published a range of proposals to boost investment in vital infrastructure, such as through the use of infrastructure gilts, a national infrastructure account and tax increment financing.

10. Environment

- 10.1. ACE is disappointed that there are no proposals relating to the UK's strategic water resources, apart from flood management.
- 10.2. This programme for government was an opportunity to drive real improvements in the way the UK's water and sewerage networks are managed, so that quality is improved, supplies safeguarded and carbon footprints reduced.
- 10.3. ACE would also have welcomed more specific proposals regarding climate change adaptation, and how this can be driven throughout vital infrastructure networks.

11. Education and skills

- 11.1. Delivering the large scale requirements for transport and energy infrastructure requires a large, technically skilled workforce.
- 11.2. ACE believes that public funding for education should also be aligned with the future needs of the economy. We suggest that this means ensuring a greater uptake of science, technology, engineering and mathematics (STEM) subjects at all levels of education.

11.3. The Government should assess Lord Browne's recommendations in terms of how they would increase the uptake of STEM subjects.

12. Government transparency

12.1. ACE welcomes the recognition of the need for greater transparency in the field of public sector procurement. Greater transparency is essential if best value in procurement is to be achieved.

12.2. An open dialogue on government procurement is necessary – more than simply publishing all contracts. The Government should consider how to make clear how contracts are awarded, while respecting commercial sensitivities.

12.3. ACE would urge the Government not to allow political sensitivities to impede moves to greater transparency, even on prestige projects such as the Olympics or a future World Cup bid.

12.4. We would encourage the Government to support existing programmes such as the Construction Sector Transparency Initiative (UK CoST). This is an example of a programme that is exploring and overcoming traditional barriers to transparency in public programmes.

13. Further information

13.1. To discuss these comments in more detail, please contact:

Michael Hall

Policy and Sector Manager

Association for Consultancy and Engineering

Alliance House, 12 Caxton Street, London SW1H 0QL

Tel 020 7202 0256

Email mhall@acenet.co.uk