

ACE needs to widen membership says new chairman Chris Cole



"I think that the ACE is approaching a defining time," says WSP chairman and 2014 chair of ACE Chris Cole. The big question for

him is: "How much does the ACE need to change for tomorrow's world and be a meaningful organisation?"

Finding the answer will, he says, mean testing some of the ACE's fundamentals. Is it, for example, just an organisation for consulting engineers? The answer, he believes, is almost certainly "no".

"One thing for sure is that if ACE doesn't continue to change and reinvent itself it will not be there," he warns.

"The fact is the consulting profession will change dramatically in the next 20 years – companies will certainly not remain as consultancy only businesses."

And having founded and grown WSP from a Surrey based building services consultant to a £1.25bn turnover global firm with 15,000 staff over the last 45 years, Cole has some experience of the need to change and reinvent to succeed as the market shifts.

Following WSP's merger with Canadian consultant Genivar in 2012, Cole has now stepped into a non-executive role giving him time to devote to reforming ACE and helping to challenge the status quo.

"ACE needs to grow, to provide a wider service, have a wider membership and so have more reach," he explains. "Membership in itself is not going to be able to fuel growth. ACE has to think about modernising. It must look at other ways to provide a service to members but one that also provides revenue."

And while he accepts that the ACE must continue to provide a strong voice and knowledge service for the industry in the UK, he is also convinced that to truly serve the industry of the future, ACE must spend more time in supporting its members beyond the UK.

But he is also aware that the ACE represents a large number of smaller firms for whom global ambition is not so high up the agenda. This range of size, activity and ambition across the

membership provides a significant challenge when it comes to meeting member needs.

However, he points out that widening ACE's services and reach would not necessarily spoil or undermine what firms currently get from ACE.

Update your directory entry by 4 April



We are rapidly approaching your last chance to update your company's entry in the ACE's annual Find-a-Consultant directory – the definitive guide to engineering consultancy services in the UK.

Closing date to update you entries is 4 April 2014.

This year we are revamping the directory layout and the circulation to ensure that every member and their services offered are given the highest profile in the market over the next 12 months.

Do not miss out on the opportunity to update your company details to ensure that the information published in the Find-a-Consultant directory is correct.

Visit the ACE website and log on to update your records.

If you cannot remember your username or password contact rbhajun@acenet.co.uk

Osborne's pension changes – good or bad?

Will pension changes affect pension fund backing of infrastructure? ACE policy officer *Peter Campbell* and senior economist *Graham Pontin* assess the implications.

This government has been very keen to encourage pension funds to invest in construction and infrastructure projects as a way to finance delivery without massive increases in public spending.

George Osborne's decision to

liberalise rules around pensions and enable savers to have greater access to their savings in last week's Budget could therefore have the potential to increase uncertainty once again in the sector.

The Treasury's figures published in the Red Book alongside the Budget indicate that in the years up to 2030, this policy could bring in an extra £17bn in tax receipts. This means they expect billions more to be withdrawn and spent, potentially depriving pension funds of those investment resources and potentially, of the ability to invest in capital projects.

But with an infrastructure pipeline outlined in the National Infrastructure Plan worth almost £400bn, these funds had been highlighted as a valuable potential source of capital. One just needs to look at the funds such as the Ontario Teachers' Pension Plan (OTPP) for examples of funds willing to invest resources in infrastructure.

This could now be at risk, if pension funds see their capital base shrink as savers eschew traditional annuities, the ability of infrastructure projects to raise capital could be damaged.

However, there are several reasons to think this might not actually be the case and that funds will still be available when the rule changes are introduced. First of these is the notion that the market will naturally adapt and provide, existing annuities providers will develop better, more attractive products for investors, and this will encourage savers to continue purchasing financial products that make capital available for funds to invest in infrastructure.

Secondly, space in the market could be created for alternative providers to come forward, for example the OTPP could develop an annuity based on its High Speed 1 concession.

This would have the benefit of providing them with more capital that they could then invest in alternative projects, while also providing investors with potential returns as high as 10%, which has been the fund's average since inception.

Thirdly, it is to be hoped that although many might take up the opportunity to access their savings and spend them, the vast majority will continue to seek a financial product that will provide them with a decent return, income, and security after retirement.

Pension funds will therefore not be likely to see too much of a decline in their capital bases, and still be a considerable source of investment, should infrastructure projects require it.

But it will take time for the market

to develop alternative products and we will have to wait and see if people are as rational in their behaviour. In the meantime, the good work of the past three years in creating a stable and certain investment environment to encourage further pension fund investment, risks being undermined, and an extremely valuable source of capital could be cut off before it has even really been tapped.

Modest Budget conceals big potential



ACE chief executive *Nelson Ogunshakin* writes:

While the Budget may have lacked the big, eye-catching announcements on

infrastructure that we have become used to around the Autumn Statement, there was still plenty with which the industry could be pleased.

An additional £140m of funding for the repair of flood defences and potholes is welcome, as is the news that the house building sector will be boosted by the extension of 'Help to Buy' to 2020 and a new 'Builders



Lucy Carraz,
Chair, ACE Progress
Network

Progress Network should take a lead on selling profession to the young

Finance Fund' for SME developers.

The Apprenticeships Grant for Employers scheme will also receive an extra £170m over the next two years, which will go a long way towards producing the next generation of engineers, urgently required to deliver future infrastructure.

Though these measures might seem modest, their impact will be very keenly felt by the construction sector and help immeasurably to build the resilient economy of which the Chancellor spoke.

Key Budget 2014 Announcements:

Housing

- The Help to Buy equity scheme will be extended until 2020, meaning 120,000 extra homes could be built;
- £500m will be set aside for a 'Builders Finance Fund' for SME housing developers;
- An urban development corporation will be established for Ebbsfleet.

Flooding

- An extra £140m will be allocated to flood defence repair in the wake of this winter's storms. This is in addition to the £130m already announced in February.

Roads

- A new 'Potholes Challenges Fund' will be established with £200m of funding to distribute.

As a judge for the 'Young Consultant of the Year' category in the 2014 NCE/ACE Consultants of the Year awards, I was delighted to see so many entrants describing their work in terms of its impact on society. It is clear that many young people believe they have much to contribute, both to the profession and to the world at large, even at an early stage in their career.

I applaud this optimistic outlook and wish it were more widespread. According to Government statistics, there are still too few young people entering our profession. The impact is felt by our industry through difficulties in recruiting and as a country through slower economic growth.

The lack of new entrants is puzzling. Surely young people should be drawn to a career where they can travel the world and make a real difference through their work? As professionals, we must convey the exciting challenges we face and explain how the built environment is conceived, designed and constructed,

Skills and apprenticeships

- An extra £85m will be made available in both 2014-15 and 2015-16 for the 'Apprenticeships Grants for Employers' Scheme;
- £20m will be provided over two years to support apprenticeships up to postgraduate level.

Energy

- Carbon Price Support will be capped at £18 from 2016-17 until 2019-2020, saving business £4bn by the end of 2019;
- Energy intensive industries will receive support in the form of exemptions for fuel for combined heat and power plants, an extension to the compensation scheme for cost associated with the Carbon Price Floor and EU Emissions Trading System, and a new compensation scheme for costs associated with renewable energy obligations;
- £60m for low carbon innovation that will support Carbon Capture and Storage technologies.

Investment

- The Annual Investment Allowance will be raised to £500,000, providing up-front relief on investment in plant and machinery to almost 5m firms.

so young people can picture themselves growing up to influence the world of tomorrow.

Engineering and technical consulting have a lower profile than many other professions and this must change if we hope to attract the best and brightest young minds. It is important that profile-raising is not seen as the responsibility of the industry's most senior figures.

Today, the UK is enjoying a boom in infrastructure development. There has rarely been a more exciting time to enter the profession, or a better time to illustrate its potential.

I hope that in this time of growth, the Progress Network will not only raise the aspirations of those embarking on a career in engineering or consultancy, but also help bring more people into the profession. Our members are surely the best ambassadors for attracting the next generation.

Lucy Carraz is chair of the ACE's Progress Network and a Technical Director at URS.

