



European Federation of Engineering Consultancy Associations

Representing FIDIC in Europe



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Make Europe greener, more digital and more resilient

Commenting on the 4 June virtual Roundtable dedicated to the European Recovery and Resilience Facility, EFCA President Benoît Clocheret said "EFCA was delighted to welcome DG GROW Director General Kerstin Jorna, who delivered a keynote speech on the European Recovery and Resilience Facility, and particularly on the role that the engineering consultancy sector shall play in it."



Benoît Clocheret

In her opening words Mrs Jorna expressed that she is a solution-oriented person and is therefore extremely interested in the views of the consulting engineers. "Money is not everything. We are currently reviewing how Member States plan their projects for the recovery, and some 80% of the funds are allocated to construction. For sure there is money, but what we need is the right projects to ensure we invest our money right. This is where we need the engineers who have always been the ones with solutions," said Mrs Jorna.

Mrs Jorna highlighted the current challenge of the twin transition to a more sustainable and digital economy. Construction is put among the priority ecosystems when it comes to making the green and digital transitions a reality. She stressed the need for linking the companies' needs in terms of rapidly changing required skills

More innovation for greener cities – but only if public authorities take the risk



Ulla Sassarsson

Public authorities and private insurance companies may inadvertently be putting the brakes on the dream of a clean, efficient and well-connected Europe of the future, by steadily stepping away from the risks inherent in building it. Consulting engineers, increasingly pushed to pick up the tab, are feeling the pinch and suggesting the only way ahead is a more equitable sharing of risk.

Out of the €2 trillion identified by the EU to help rebuild a 'greener, more digital and more resilient post-COVID-19 Europe', over €720 billion is expected in loans and grants through the EU's Recovery and Resilience Facility. Member States will be using a lot of this money for energy efficient buildings and renovations, renewable energy, better use and re-use of natural resources, and more integrated and innovative transport systems.

However, the implementation of ambitious building plans could fall at the first hurdle if public clients are not willing to take on more risk. "Politicians are talking about a willingness to use innovation in construction," says Ulla Sassarsson, Deputy Director at Denmark's Association of Consulting Engineers (FRI) and member of the Internal Market Committee at the European Federation of Engineering Consultancy Associations (EFCA). "But it's one thing to say what you want, and another to take the risk that comes with it."

Innovation is a risky business

Innovation is a risky business. "Innovative ideas and materials don't always work," says Ms Sassarsson. Asbestos, flat roofs, and now fibre concrete facades have all proved inadequate in some way, even dangerous. Recycled materials come with their own issues too – who should be liable for old wood in a new building when it doesn't work the way you expect it to? "It's very difficult to insure new innovations," she says.

Risk is essential but it has become the hot potato that public clients don't want to touch. Passing it to consulting engineers with their limited capital base, where insurance costs can amount to 10-20% of their fee, is not going to work either. "In some countries consulting engineers are taking unlimited liability," says Ms Sassarsson, "it's a huge burden to take. Something has got to give and it looks like it's going to be innovation."

Helena Dahlberg, a lawyer at the Federation of Swedish Innovation Companies (FSIC), and Vice-Chair of the Internal Market Committee at EFCA agrees that innovation, the foundation of much of the European Green Deal, is being compromised. "In reality, public sector clients are making innovation very difficult," she says. "There are actually very few innovative projects. Politicians want to promote innovation but clients still want to play safe."

and life-long learning opportunities to deliver solutions for each ecosystem.

"Recovery is not about bouncing back, but rather about bouncing forward to build a better economy, a more sustainable economy, and a new economy which is based on data," said Mrs Jorna.

In his reply Mr Clocheret elucidated the views of the engineering consultancy industry underlining the importance of public procurement in achieving sustainable, green and quality projects; the concerns about the yearly increasing software licenses and data ownership issues related to cloud computing; and an appeal for more collaborative approaches in the construction ecosystem such as early contractor involvement in projects.

"We were delighted that the President of the Architects' Council of Europe – ACE, Mr Georg Pendl, the Vice President of the European International Contractors – EIC, Mr Philippe Dessoy, and the International Director of the Spanish Railway Infrastructure Management Company – ADIF, Mr Fernando Nicolás Puiggarí, were available to participate in the ensuing panel discussion to balance the views of the main economic operators in the construction sector," explained Mr Clocheret.

Panellists discussed the main challenges that their respective sectors are facing, highlighting the lack of skills, lowest-price based contract award in public procurement, the scarcity and increasing prices of raw materials, as well as unfair competition from third country state-owned companies.

Mr Clocheret summarised the takeaways from the roundtable as follows: "We heard that intellectual services should be excluded from price-based procurement and that quality should be put in the lead, that the RRF financial injection will allow to speed up implementation of EU goals and that there is a lot of scope for continued dialogue and more collaborative approaches." All very encouraging and energising news.



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The number of rising claims in the insurance market is taking its toll on companies there too and many are increasingly reluctant to get involved. "Insurance companies are leaving the market," says Ms Sassarsson, "and claims are widespread. For consulting engineers, the sharp rise in premiums is worrying as it amounts to a large percentage of our earnings – this is not an industry which has high profit margins in the first place. The competition is simply not there to keep premiums in check."



Helena Dahlberg

Lawyers with a different mindset

"The claims environment has become aggressive," says Ms Sassarsson. "We used to have technicians representing clients, and it used to be architects and engineers seeking a practical solution to a problem; but today it's almost always lawyers. Their way of 'solving' a problem is to take it to court. Officials are risk-averse anyway and in a municipality, for example, they find it very difficult to go against advice from an external lawyer. A lawyer's work is to optimise legal aspects for their client and they have no incentives to seek a compromise. For them it's a matter of time and money."

"It's about mindset," says Ms Dahlberg. "Lawyers go to the contract to clarify rights and obligations which are quite black and white, but that takes the focus off the engineering problems. Co-ordination, or practical problems, persist and projects are delayed. In this sector it's so important to have good collaboration and communication. We need to be better at managing disputes as they arise – not letting them grow out of all proportion."

"It's been a weakness in the industry," confirms Ms Sassarsson. "We haven't been good enough at talking openly about problems, and early enough, with the client. Handling conflict cases earlier would certainly help things. And I think the industry is learning that now."

See the whole picture

It's not just with the contracts where change is needed. "I also think we need to have the mindset in the projects," declares Ms Dahlberg. "To innovate and get solutions you need to work together. You have to see the whole picture together. There's too much working in silos still."

"And, of course, the politicians also have to change – to having a more holistic view of procurement and setting strategic directions accordingly. They have to send out a clear signal to their own officers in public procurement to show willingness to actually take on some risk if they really want this. It all starts with the client. In Sweden we have the National Agency for Public Procurement working with innovation to get more in. So it is an ongoing work on many levels."

In the meantime, the number of claims continues to rise, and the cost of insurance balloons. From France to Finland, premiums have rocketed by up to 50% over the last five years and in Ireland it may have already hit 70%, exacerbated by Brexit and the Grenfell Tower disaster.

Look to the long term

"As clients have been becoming increasingly risk-averse in recent years it will be difficult to turn around," concludes Ms Dahlberg. "But that is what is needed. Clients need to take more risk if they want to achieve the Green Deal targets in sustainability."

Ultimately, it may be a question of short-term financial risk versus long-term environmental risk, and which one we will be willing to take.

EFCA has member associations in 29 countries, and is the sole European federation lobbying on behalf of engineering consultancy and related services, a sector that employs around one million staff in Europe. EFCA contributes with a strong and cohesive input to legislative actions of its national associations on issues affecting market conditions. Furthermore, the organisation works as a Europe-wide platform for national associations and their member firms to gather relevant facts and discuss issues with their counterparts.