



Association of **Consulting Engineers** of Ireland



ACEI Submission to Government for Budget 2027

Engineering Ireland's Future

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AUGUST 2027



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INTRODUCTION



The Association of Consulting Engineers of Ireland (ACEI) represents the Irish Consulting Engineering sector. Our members design the solutions to Ireland's infrastructure challenges including renewable energy, wastewater treatment, public transport and housing.

Our 126 members represent the leading consulting engineering companies operating domestically and internationally. Our members work with all levels of National and Local Government to design, deliver and manage our national infrastructure and positively shape the built environment.

The ACEI welcomes the Accelerating Infrastructure Taskforce's work in the past year removing barriers to delivery, bolstered by Minister Jack Chambers' leadership. The Government, and the AITF, must now drive culture change across contracting authorities to sustain recent progress. The reality is that due to outdated procurement models and contractual conditions public sector projects are less attractive to consulting engineers and other design professionals. This is borne out by the many contracting authorities reporting a lack of response from industry.

This trend will continue as companies with limited resources and a strong pipeline of work will invariably select less risky projects. This submission outlines a series of measures necessary to sustain progress on accelerating infrastructure delivery by ensuring public sector projects are prioritised and attract the highest quality responses from the engineering sector.

Our submission also identifies measures that would increase the return on investment per euro invested by the Government in infrastructure. Where possible, we have identified cost neutral measures that will accelerate delivery and yield economic, social and/or sustainability benefits for the State.

The ACEI recommends that the Government significantly increases investment in building the capacity of the construction and engineering sectors. This includes investment in digitalisation of the industry, modern methods of construction and recruitment of skilled individuals through the education system, apprenticeships and through the work permit system. Currently, State led initiatives, such as Build Digital and Construct Innovate, aimed at digitalisation, require more investment to drive significant productivity improvements.

KEY RECOMMENDATIONS

1. ACCELERATE DELIVERY OF PRIORITY PROJECTS THROUGH THE DESIGN PHASE

The ACEI welcomes the establishment of the infrastructure delivery unit with the Department of Public Expenditure, Infrastructure, Public Service Reform and Digitalisation. This unit must be adequately resourced and empowered to identify key blockages on priority projects and, with the support of relevant cabinet sub-committees, remove same.

The ACEI welcomes the Government's commitment to granting multi-annual budgeting to contracting authorities. This should engender confidence sufficient for firms to invest in their businesses.

However, many contracting authorities the ACEI engages with are reporting uncertainty around future projects entering the design phase as their allocations are dependent on projects reaching certain stages of construction e.g. Department of Education's 109

projects outlined in the NDP. The pipeline requires a steady throughput of projects entering the design phase to provide certainty to the sector.

The ACEI recommends that relevant contracting authorities are allocated funding on a 3–5-year basis by central Government and specific projects.

ACEI believes that the NDP and Delivering Homes, Building Communities 2025-2030 identify key strategic priority projects that 'have' to be delivered. These projects' delivery can be accelerated by bringing these through the design phase in the coming two-year period. This could mitigate against the delays in the planning system that erode value and prevent efficient delivery.



KEY RECOMMENDATIONS

2. IMPROVE CONTRACTUAL RELATIONS TO ACCELERATE NDP PROJECT AND HOUSING DELIVERY

The government contract and conditions of engagement are a significant barrier to the effective delivery of infrastructure and the attractiveness of public sector projects. The State's own contracting authorities verified what the industry had pointed out for nearly a decade during the consultation of the AITF report, identifying procurement practices as a blockage in their own efforts in infrastructure delivery. The AITF Report identified the need for public sector procurement reform. Recent reforms such as the Limits on Liability Caps, are being undermined by legal advice and practices adopted by contracting authorities. For example, some CAs will apply this 'cap' on an 'each and every' scenario, equating to unlimited liability. The cost impact on Professional Indemnity Insurance and the increased risk to consultants are unfair and unproductive. The Government should invest significantly in resourcing the Construction Procurement Policy unit to accelerate reform and ensure 'best practice' guidance is adopted across the public sector.

ACEI proposes the following to ensure public sector projects can attract a range of sufficiently qualified consultants:

A. NET CONTRIBUTORY CLAUSES

The ACEI, and the Construction Industry Council, have engaged with the OGP to chart how Net Contribution Clauses can be introduced. NCCs are essential to ensure the consulting engineering sector can deliver optimum results for the State. Our legal advice identifies no material legal impediment in the Civil Liabilities Act to their introduction; in fact, Clauses 35(1)(f) and (g) of the Act allow for proportionate clauses.

The introduction of NCCs requires no fiscal intervention from the State, is risk-free, and would increase the attractiveness of public sector projects vis-à-vis private sector for consulting engineers. Their introduction would also have a profoundly positive impact on the availability of affordable PI insurance in the Irish market. Finally, NCCs bring more certainty to contractual relations between clients and the project teams and should reduce disputes and associated legal costs in public sector projects.

B. AMEND PUBLIC PROCUREMENT PROCESSES FOR BETTER OUTCOMES

Consulting Engineers provide intellectual services to Government clients. Sophisticated procurement models can be utilised to ensure best outcomes for the State. Contracting authorities are now expected to award based on a 70/30 quality to price ratio. The ACEI believes that the standard should be 80/20 for best outcomes for the exchequer and citizen.

The Government should also introduce Median Price Tendering to further drive quality outcomes on public sector projects. This measure would prevent contracting authorities from selecting the tenderer offering the lowest price where quality across responses is equal. Instead, the authority should be required to award the contract to the tenderer whose price is closest to the median of all submitted prices. The introduction of MPT would require contracting authorities in the event of similar quality bids to select tenders within a median price range / deselect those tenders well outside this range.

KEY RECOMMENDATIONS

Belgium, France, Italy, Portugal, Spain, and Greece all use systems that measure a bid's deviation from the average of submitted bids, with thresholds typically ranging between 10% and 15%. EU Directive 2014/24 addresses abnormally low bids under Article 69 but does not specify what "abnormally low" actually means, leaving the threshold to national institutions.

The EU is in the middle of its first major overhaul of procurement rules in a decade. This is an unprecedented opportunity for our Government to transform public sector procurement so as to deliver better outcomes for the public, the exchequer and the multitude of SMEs working in engineering, architecture and QS.

Please note that EU Directives ONLY apply to public sector works over certain thresholds (€5.4m for public sector works contracts.) This means, at a minimum, the government could apply MPT processes to all contracts that fall under this threshold. This would have an immediate and positive effect on the competitiveness of these processes.

C. NEW PUBLIC SECTOR PROJECTS

The Government should move to percentage fees of the Net Construction Value of the project for all new contracts.

Fees should be converted to a lump sum figure based on the Stage 3 tender return price. Note that under previous procurement approaches in Ireland, percentage fees applied to the full duration of the project and outturn cost.

The fixed fee should be adjusted if the contract sum exceeds the tender price by 15%.

D. EXISTING / LIVE PUBLIC PROJECTS

All current live projects, which were procured under a lump sum model, should have the professional fee quantum reviewed. If the current project value exceeds that set out at consultant procurement stage by more than 10%, the effective comparable percentage fee at bid stage should be applied to the increased Net Construction Value and future payments for consultants be adjusted accordingly.

E. MANDATE THAT COLLATERAL WARRANTIES AND CONTRACTUAL CONDITIONS UTILISED BY HOUSING BODIES CONFORM WITH STATE GUIDELINES

Approved Housing Bodies and the Housing Finance Agency are currently utilising unfair and onerous contractual conditions on consulting engineers. These conditions are more onerous than the OGP guidelines for public sector bodies. The HFA deploys finance on behalf of the State to deliver housing and should be bound by Government guidance and the principles of corporate governance adopted by the civil service. The effective impact is to increase PI insurance costs for consulting engineers, putting their businesses and their involvement in housing projects at risk.

These contractual terms place conditions that run counter to the advice of the OGP's conditions of engagement with consultants and often confer liability that goes beyond the Professional Indemnity Insurance our firms are covered for. The overall effect is to make housing projects funded by the HFA less attractive, riskier and in some cases beyond the reach of credible consulting engineering firms. In the past year, several large consultancies have chosen to end their interest in tendering for new HFA funded projects because of these conditions. If this trend continues, the State's efforts to increase housing output will be undermined.

KEY RECOMMENDATIONS

3. BUILDING ENGINEERING CAPACITY



Ireland's infrastructure ambitions depend not only on sustained capital investment but on the availability of the engineering capability needed to plan, design and deliver projects. Developing that capability requires a long-term approach. It begins with encouraging more young people into engineering and related professions, continues through education, mentoring and professional development, and is strengthened by attracting experienced international talent where skills shortages arise.

Addressing immediate resource shortages through the Critical Skills Occupation List and streamlined work permit arrangements remains essential, but it should complement, rather than replace, investment in Ireland's long-term engineering capability. Both are essential if the profession is to meet the demands of the National Development Plan and future infrastructure programmes.

Some measures address the immediate shortage of experienced personnel, while others are aimed at strengthening Ireland's long-term engineering capability. Both are required. ACEI therefore recommends the following:

- ▶ Fund a national engineering careers campaign comparable in scale and ambition to previous STEM initiatives.
- ▶ Strengthen the domestic engineering pipeline through education, graduate development and Chartership.
- ▶ Place all engineering occupations on the Critical Skills Occupation List.
- ▶ Streamline visa and employment permit processes for skilled engineering professionals.
- ▶ Extend automatic work rights to spouses of Critical Skills permit holders in the engineering sector.
- ▶ Encourage the return of experienced members of the Irish engineering diaspora.
- ▶ Strengthen collaboration between Government, industry and higher education to align engineering capability with future infrastructure needs.

KEY RECOMMENDATIONS

4. CLIMATE ACTION AND SUSTAINABILITY

Consulting engineers are central to Ireland's ability to deliver on its legally binding climate obligations as set out in successive Climate Action Plans. As the professionals who design and oversee the infrastructure underpinning Ireland's energy transition, housing delivery, water security and transport decarbonisation, consulting engineers are uniquely placed to offer perspective on what needs to happen in the coming years.

Ireland faces an unprecedented infrastructure challenge: the simultaneous delivery of offshore wind at scale, the retrofitting of hundreds of thousands of homes, the expansion of public transport, and the construction of climate-resilient water and flood infrastructure. Budget 2027 presents a clear opportunity for Government to invest in that capacity.

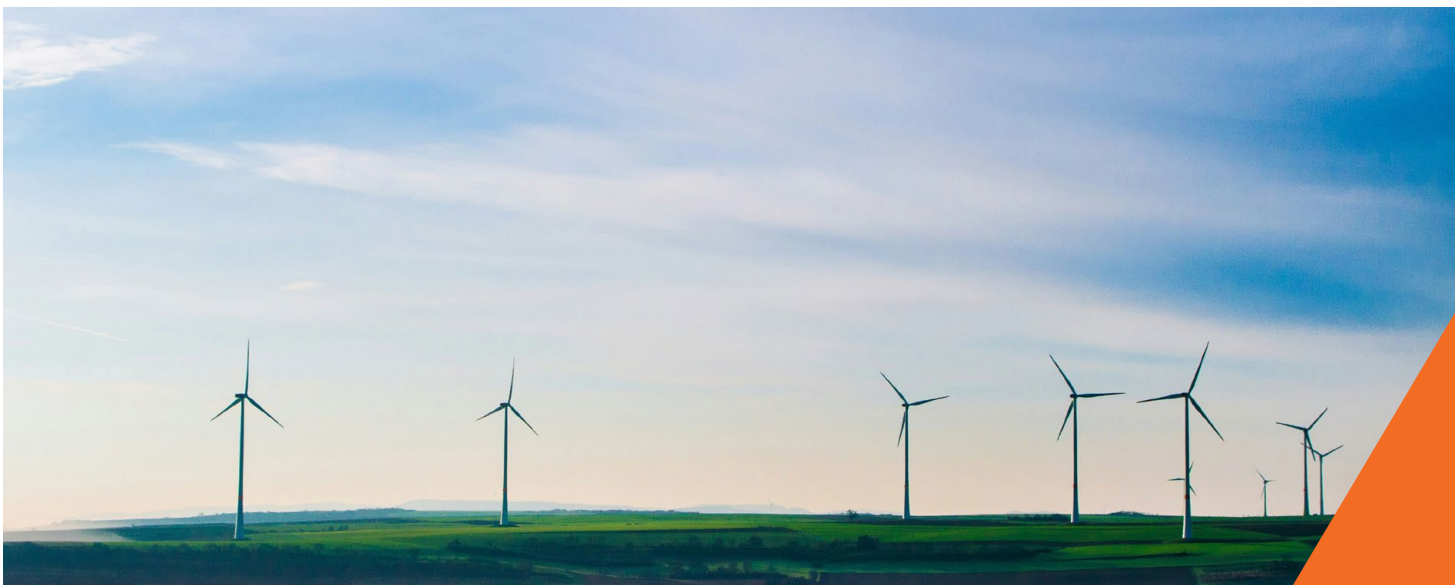
HIGH-LEVEL RECOMMENDATIONS FROM THE ACEI FOR THE GOVERNMENT ARE THAT:



- ▶ The NDP should prioritise the delivery of infrastructure projects that make Irish society more resilient, better transitions us to a sustainable low carbon society, and enables the development of renewables that are critical to addressing climate action.



- ▶ Another key priority is the reduction of the embodied carbon / global warming potential of infrastructure development. This is achieved by viewing public works from an all-of-life perspective and investing more heavily at the design phase to reduce the overall figure.



KEY RECOMMENDATIONS

5. LEVERAGE DIGITALISATION TO ACCELERATE DELIVERY

Digitalisation of the construction and engineering sectors is essential to accelerate delivery of environmentally sustainable projects over the next generation. Put another way, without digitalisation, the State as a client and relevant industry sectors will not be able to collaborate effectively to deliver the NDP and housing in an economically and environmentally sustainable manner. The Government's BIM mandate is a solid first step in driving digitalisation

across the delivery ecosystem. Recent commitments to fund digitalisation and BIM uptake by local authorities are also to be welcomed. However, significant investment is required to ensure that the State's contracting authorities and the industry are operating to shared information specifications that will over time lead to reduced costs and conflicts.

To truly leverage the State's BIM mandate:

COMMON ASSET INFORMATION REQUIREMENTS

Government Departments with responsibility for major capital project delivery should collaborate to develop and publish common asset information requirements, including for classification and data exchange as necessary, and identify the use cases that should be met on publicly funded projects.



BIM IMPLEMENTATION FEEDBACK LOOP

In return for Government funding for BIM implementation on capital works projects, public clients and their supply chains should be required to provide input to the iterative development of common, specific information requirements, which will inform both the project on which they are working and be fed back to DPENDR and the Build Digital Project for achieving a consistent national approach.



PERIODIC UPDATES TO COMMON REQUIREMENTS

OGP/Build Digital Project should periodically publish updates to the common requirements and any associated guidance, working towards a point where each public client will be empowered and equipped to manage and publish their own specific information requirements.



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