LAYCOCKWILLIAMS
EXECUTIVE RECRUITMENT

WELL CONNECTED
NEWSLETTER
0844 800 0822

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Laycock Williams is a Global Executive Recruitment Consultancy

A New year and new optimism in the market place; that is my view writing this three weeks into the new year and also reflecting on the last quarter of 2010; we also have the views of some of the industry's leading figures.

What we have tried to capture in this edition of our newsletter are some thoughts on current issues of the day, such as the London markets and also the North South divide, which, from our experience, is as prevalent as ever.

The energy sector continues to be very high profile both on and off the grid. The state of play in the nuclear sector is summarised by Spie's Mike Knowles, as is the political argument which is a key factor in driving through this vital new energy source.

I hope that you enjoy reading this and any feedback is always appreciated.

Best Wishes

Phil Laycock, Managing Director

PROPERTY & CONSTRUCTION

ENERGY & UTILITIES

INDUSTRY & COMMERCE

INTERNATIONAL

London Commercial market ended 2010 on positive note!

London's commercial property market has probably drawn the most investment for the second consecutive year as prospects of rising rental income attract investment from as far afield as Hong Kong, Qatar and Canada.

London has been deemed a "safe haven" for investment following the announcement that £9.97bn of commercial property deals were made in 2010. This figure charts a significant rise in transactions in the capital, which is 50% up on 2009's total of £6.6bn. Cash-rich pension funds, sovereign wealth funds, insurers and wealthy individuals bought shops, offices and even luxury homes in central London, as low interest rates and concern that the global economy will deteriorate made other investments riskier and less appealing.

Among the most significant deals in the conventional office sector last year was JP Morgan's acquisition of the Lehman Brothers' former office tower in Canary Wharf, which was bought for £495m. Other transactions included the sale of Simon Halabi's former London office portfolio for £671m by Carlyle, and a sell-off by the Crown Estate for a 25% stake in Regent Street.

Since joining Laycock Williams I have been actively speaking to our Developer and Consultancy clients, and have been very heartened by the fact schemes are being dusted off shelves and consultants are now investing again in their commercial teams. At present, we are recruiting for a number of key appointments and, on the back of these, project staff.

Yes it's tentative, but it shows a confidence returning to the London market which will see a revival for Designers and Contractors further down the line, and hopefully increased work in the regions.

John Tempest, Associate Director

London's commercial property market.....

"The outlook for 2011 is probably one of little change from 2010, however the need to make savings will force many occupiers and particularly the public sector to review their property requirements. This will drive the need to reconsider the people, property and technology equation to achieve an answer that maintains service delivery but at reduced operational cost. Therefore demand for space may reduce but the quality of that space and the way it is used will change to better support the business objectives. This may result in some churn in the commercial property sector as the year progresses and only if under pinned by a sound business case."

Charles Blane, Director Mott MacDonald

Mott MacDonald

Linked in

This increasingly popular networking site has become an integral part of what we do and is a really useful way of keeping in contact with people and maintaining our network. Please check out the individual consultant's profiles and also our company site for what is happening with our business and the sorts of roles that we are working on.

On and off the grid.....

Clean Renewable Energy

The drive from our clients towards offering specialist Energy solutions has been keeping us busy over the latter part of 2010 and seems to be continuing apace into 2011. More and more companies are becoming aware of the income potential from this vastly diverse sector and are looking to bring in individuals with specialist legislative and technological knowledge to assist them in establishing an energy division and defining their service offering.

The opportunities for business are immense:

- The Green Deal, in some quarters, is seen as a massive economic and job opportunity which could help Britain's economy turn the corner. With reports of up to 100,000 green jobs up for grabs over the next five years, and even more in the long term.
- The Renewables Obligation Banding Review is underway with the DECC commencing it's consultation on new banding proposals in the Summer with confirmation of the bands expected by Autumn
- The introduction of the Renewable Heat Incentive this year will represent over £850m of investment over the spending review period, driving a more-than-tenfold increase of renewable heat over the coming decade and shifting renewable heat from a fringe industry firmly into the mainstream. It could also see biomass facilities becoming increasingly popular, as many investors weigh up their renewable energy options
- A recent study for National Grid by Ernst and Young has estimated that, under a conservative scenario, biomethane could account for 15% of the British domestic natural gas market in 2020, and for 48% under a stretch scenario. If its full potential were realised, biomethane could deliver large volumes of renewable energy through the existing grid, without digging up roads or changing domestic central heating appliances. Anaerobic digestion (AD) therefore has to be considered as a credible alternative energy process

Energy Policy

The changes to the UK Energy Policy, which were laid out by Energy and Climate Change Secretary, Chris Huhne, on his return from climate change talks in Cancun, included the creation of a new market, which will have a built-in level playing field for low-carbon. The upgrades are likely to result in the UK becoming one of the greenest in the world, as well as encouraging firms to make green investments and create jobs.

That said, according to the European Economic and Social Committee, Europe's energy policy needs a thorough rethink. It recommended that the continent's parliament sets a more ambitious target in relation to the reduction of carbon emissions, stating that the current goal of 20% by 2020 does not go far enough.

The committee is therefore lobbying for the target to be extended by five percentage points to 25%.

The political backdrop.....

As low carbon power production is a central development construction issue for the UK in the coming years, it's interesting to revisit the highlights of each political program in that area gleaned from their manifestos prior to the election.

The Conservatives backed the creation of a 'green' investment bank. Their manifesto also said they would help create an offshore DC grid. It included plans to switch Ofgem's competition and consumer protection powers to the Office of Fair Trading and a pledge to introduce an emissions performance standard for new fossil fuel plant.

Other measures included:

- delivering a 10% cut in central government carbon emissions within 12 months of coming to office
- creating four carbon capture and storage equipped power plants
- allowing communities that host renewable energy projects, such as wind farms, to keep the additional business rates they generate for six years
- providing incentives for smaller-scale energy generation
- reforming the Climate Change Levy to provide a floor price for carbon, delivering the right climate for investment and clearing the way for new nuclear power stations – provided they receive no public subsidy.

Interestingly, the Tories failed to mention a previously announced proposal to abolish the Infrastructure Planning Commission. They did say that they would publish and present to Parliament for debate a simple and consolidated national planning framework, which would set out national economic and environmental priorities.

Labour published a 'green' manifesto halfway through the campaign with low carbon aims including:

- achieving around 40% low-carbon electricity by 2020 and creating 400,000 new green jobs by 2015
- introducing 'pay as you save' home energy insulation, energy-bill discounts for pensioners and requiring landlords to properly insulate rented homes
- reforming the regulatory system to provide the certainty for investors in 'clean energy'
- repeating its Budget plan to create a Green Investment Bank
- a proposed increase in competition in the energy supply market. Labour said they would consider measures such as limiting the ability of energy companies to generate electricity solely for themselves and reducing the barriers to the changing of licence conditions
- plans to introduce a statutory code of consumer rights. This to include a requirement for clear and transparent energy bills, including information provided on every bill on the cheapest available tariffs. Under the statutory code the Ombudsman would have the power to force companies found guilty of breaches of the code, such as mis-selling, to compensate the consumer directly. They would also look at whether Ofgem needed further reform

As well as reiterating their anti-nuclear stance, even with various levels of intensity in the critics, the Liberal Democrats set out the following proposals:

- blocking any new coal-fired power stations unless they are accompanied by the highest level of carbon capture and storage facilities (CCS)
- phasing in a CCS regime for all industrial emissions by 2020
- introducing an 'Eco Cash-Back' scheme for one year only which will give householders £400 to install micro-generation and will provide for a "more attractive" feed-in tariff than under current government plans
- strengthening the Carbon Reduction Commitment energy efficiency scheme
- requiring companies and Government departments to report on their energy use and set targets for reducing it. They would set a 30% energy efficiency improvement target for 2020
- setting up of a UK Infrastructure Bank (UKIB) to attract private finance "to increase the funding available from the private sector by tapping into the funds of institutional investors, namely annuity funds looking for a home in the UK"
- setting a target for 40 % of UK electricity to come from low-carbon sources by 2020, rising to 100% by 2050, underpinned by guaranteed price support with at least three-quarters of this renewable energy coming from marine and offshore sources

Our nuclear future.......

Mike Knowles, Managing Director of English/Welsh regions for SPIE Matthew Hall, gives his views on the current status of the UK's Nuclear sector:

"All nine sites have now been confirmed for the new build of Nuclear Power Stations; sites at Hinckley Point, Somerset and Wlyfra, North Wales would appear to be the first two sites that will commence on site. Hinckley Point is an EDF site proposing to use the Areva Reactor and Wylfra site is Horizon (EON & RWE). A decision has not been made here on either Westinghouse or Areva for the Reactors.

Each of these two sites have gone to the market for initial costing and it is likely that Hinckley Point will commence site clearance and civils work this year, closely followed by Wylfra, although final planning consents are still not in place. The two current Reactor manufacturers Areva and Westinghouse still have significant work to do to obtain Safety Approval from the UK Nuclear Authority, so as we stand today there are no approved reactors that can be used. This could cause significant delays to the proposed build programme if these approvals are protracted.

The Government has said that it will not fund any part of the New Nuclear roll out therefore these funds need to come from the operators. I still think there is a massive challenge to come from the likes of EDF, EON, RWE etc. as the capital expenditure for each Reactor and associated building will cost circa £5bn each. If the Government doesn't fund at least part of this expenditure a number of these schemes will fail to get off the starting blocks. In any event, you can guarantee the price of electricity will rise significantly - the cost of which will be borne by the consumer, who will inevitably pay for this new power stock.

The construction costs in the UK are expected to be anywhere between 30% and 40% higher than the equivalent in Europe. Each of the Energy Providers will be demanding improved efficiency and labour control on these projects - we must remember this is a huge capital outlay and cost certainty will be a key driver. There is also the risk that these operators will invest their funds in other countries where planning, along with cheap labour/materials, could offer better investment opportunities and could result in the UK being dropped by the big four in favour of these.

Realistically we should expect the first orders for Hinckley by the middle of this year for the temporary works and possible design mobilisation, with the main works starting on site in 2014."

Gregg Mitchell, Managing Director of Enjoy Design (former MD at careyjones Architects) comments on 2011

"Starting up a new business, particularly a professional service provider to the property market, in economically challenging times could be argued was a brave move. Indeed, the lack of funding via the banks is the very life blood of the property industry and, as we come more and more comfortable with calling the current climate 'a recession', we need to keep sight of the fact that it started as - and very much remains - a 'credit crunch'.

Coming out of a climate where work pretty much generated itself, there has been a harsh reality check for many professions such as Architects, but there are still good, solid work streams out there. Maintaining strong client relationships is certainly a key, but the much hackneyed phrase of 'adding value' has never been more relevant in the current climate and, even more importantly, being able to demonstrate your ability to do that at every step of the process. In many respects, it's a pretty obvious statement, but so often overlooked when talking to clients about what they need and expect when appointing Professionals. By taking this approach, coupled with keeping overheads extremely tight, I remain very positive about 2011 and the potential to build a successful Architectural Practice within the current economic climate."

North / South divide…..

Is it really that Grim up North?

The built environment has suffered as badly, if not worse, than any sector in the economic downturn. This has led to a widening of the gap of the North South divide which is expected to grow even wider over the next four years, but where does the North start and the South finish?

It would appear that anything outside of London is now considered the North with the increase in investment in the Olympics not really being felt anywhere outside London and the South-East. Companies based in London have won more than £2.7bn of the contracts awarded to create venues and infrastructure, which is over 50% of the money spent so far by the ODA. With the demise of the RDA's, the regions are unable to fight this disparity, and the promised fair UK award of contracts has not materialised.

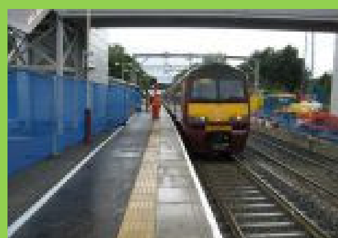
Articles in recent months have included such quotes as:

"In the beleaguered North, public sector spending cuts are biting deeper for local contractors already defending their patch from the attentions of the big boys." **Building Magazine, November 2010**

"Britain's north-south divide in economic prosperity will be "significantly worsened" by the coalition's £81bn in spending cuts, as job losses and benefit reductions savage northern communities while capital projects such as Crossrail benefit the south." **Observer, October 2010**

Specific northern cities such as Leeds, once a horizon of cranes visible from all sides, has seen the downturn hit hard with only five new starts this year which has fallen year on year after the high of 22 in 2007. However of these starts the £350 million Trinity Leeds retail development will deliver 1 million square of retail space, due for completion in 2013, and the commercial redevelopment of 10 South Parade is already 35% let before its completion. Whilst residential development is slow, the area of student accommodation has held up well and there are another three new education developments to start on top of the six completed in the last two years.

So what else is there to be positive about?



Colin McNeil, former Chairman of the CIPS Construction Procurement Group says,

"Whilst the market remains challenging and tough, there are especially in Scotland, some encouraging signals that public sector works programmes will produce some cheer into the next 2 to 3 years. This has led in Scotland to services being procured in the Framework and cluster mode, now so common in England via BSF, procure 21, LIFT etc. Rail is another area where there is hope for the future, with the National Rail network framework up for renewal in the spring with plans to reopen previously closed rail links such as the recently completed Airdrie to Bathgate rail link."

Nigel Brook - Managing Director, Kier Northern comments

"We believe that undeniably a north south split exists, for example we have 16 tower cranes being erected on commercial sites within the M25 in the next month alone, we are not seeing anywhere near this volume of work coming through in our key Northern cities. Let's not get too gloomy though as the Government spending cuts have not been as savage as they could have been, and there is still positive investment and continued work in the Education and Health sector. Another area of positive note is around office refurbishment particularly as Government departments, national and local, take stock of their assets and may take steps to make them fit for purpose. Also there is still a demand in the Hotel and Leisure sector, albeit a pent up one, as at the present moment organisations and developers in this field struggle with raising finance for this type of project; however as funding sources start to recover, I feel this could still be an area that will show shoots of recovery outside of the south."

So in conclusion, it's still a tough market everywhere with the north undoubtedly suffering; however there are signs of a slow managed recovery. With all organisations making themselves more adaptable to these conditions, and their workforce more aligned to the current market areas and fit for purpose, we at Laycock Williams are hopeful of an upturn.

Mark Hughes-Payne, Associate Director

New starters.....

John Tempest – Associate Director

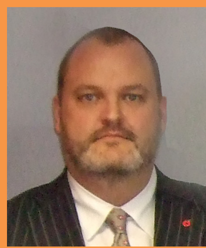
John started his career in construction recruitment in 1988 and since 1994 was the Managing Director of Tempest Search & Selection a recruitment services organisation in the Built Environment which provided both search and contingency recruitment solutions at middle and senior executive level to a range of businesses within the following sectors:

Property Developers, Project Management & Management Consultancies, Contractors and Design Houses.

John's knowledge and contacts gained over this period of time is second to none and he has a reputation of delivering results in a professional manner.

John has closed down Tempest Consulting and has brought his knowledge and clients to Laycock Williams where he heads up the London office.

Mark Hughes -Payne – Associate Director



Mark has over 13 years experience as a skilled recruiter, working predominantly with the construction and property market place. Mark has delivered both group wide and multi level solutions to organisations of all sizes across the public and private sectors.

Mark started his professional career, following university, in the retail sector in 1988 as a graduate trainee with WH Smiths and spent the next 9 years mainly in retail management and latterly logistics working on complex distribution solutions and programmes.

Marks recruitment career began in 1998 when he joined Best People a boutique IT Recruitment Company born out of Computer People. In 2001 Mark joined Hays Construction and Property as the regional sales manager for Yorkshire and the North East. In his 10 years with Hays Mark has recruited at a senior level within the private and public sectors across several disciplines outside of property and construction, including accountancy and finance, IT and education. He has done this both personally and as a Key Account and Regional Manager. He joined Laycock Williams as an Associate Director in January 2011 and works nationally across a number of sectors.

Mark is a member of the Forum for the Built Environment (formerly the Faculty of Building).

"Having worked with Mark for a number of years whilst holding the position of Director and Group Managing Director at careyjones Architects, I have found Mark to be very proactive and professional in his approach to recruitment. I would not hesitate to work with Mark to fulfil the role and would certainly recommend him to others businesses where strategic senior recruitment is an issue."

Gregg Mitchell
Managing Director, Enjoy Design

"I have worked with Mark in a professional capacity for the last eight years. Mark has always been very professional and efficient and really takes the time to understand both the business needs and the culture within. This, linked with his market knowledge and experience, has ultimately led to the right high calibre people being recruited into the business.

On a personal level, Mark is always a pleasure to deal with. I have no hesitation recommending Mark to any company that has senior and strategic recruitment to fulfil."

Andrew Green
Commercial Director, Lovell Respond

Contact details.....

Our Team

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Visit our website which contains more information about the business and our activities, including our current jobs.

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