

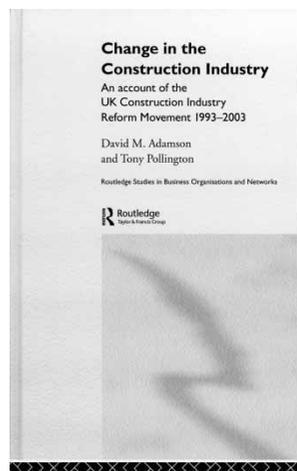
# Chronicles of the revolution

Sebastian Macmillan

## Change in the Construction Industry: An Account of the UK Construction Industry Reform Movement 1993–2003

David M. Adamson and Tony Pollington

Routledge, Abingdon, UK, 2006; ISBN 0 415 38599 7



The title of this book may convey that its contents are going to be bland and rather technical. Nothing could be farther from the truth, however. Not only does it tell the inside story of the UK government's engagement with the industry and support for reviews and programmes between 1993 and 2003, but also it does so with the pace and style of a well-written novel. David Adamson and Tony Pollington give a first-hand account of the setting up of the government-supported review of the UK construction industry undertaken by Sir Michael Latham in 1993–94 and what happened to the review and its implementation when a new government was elected in 1997 and launched its own review led by Sir John Egan.

The narrative benefits from the authors' first-hand knowledge not only of the issues and chronology, but also of the people and organizations. The authors show how the reform of construction during the decade was far from being a rational, orderly or linear process. Rather it was the outcome of political change as well as political will, of protection of territory by interested

parties, of unilateral actions by individuals, and occasionally of accidents of timing. Their account shows also how much political support, human effort, and government funding of 'initiatives' are needed to make an impact on as large and diverse an industry as construction. As participants and observers they write not with scepticism or cynicism, but with enthusiasm and dedication, and the unfolding story makes compulsive reading. For anyone interested in the UK construction industry from a strategic perspective, or in the prospects for similar reforms in other countries, this is an informative book as well as a fascinating one.

### **Constructing the Team and its aftermath**

The authors' story starts in the 1980s. UK government preoccupations in the 1980s under Prime Minister Margaret Thatcher were with deregulation and privatization, and construction was expected to survive as best it could in response to market forces. The industry has typically been used as an economic regulator by successive governments, and during the deep economic recession in the early 1990s it suffered hugely with a 39% decline in output between 1990 and 1993, the loss of half a million jobs and 35 000 small businesses, together with a reduction in expenditure on training, research, and innovation. Pleas to government for public investment fell on deaf ears.

The industry itself undertook various initiatives including the formation of the Construction Industry Council (CIC) and the Construction Industry Employers Council (CIEC). In 1991 these bodies issued a joint manifesto. The notion of a review of the industry's internal structure and its relationship with government first surfaced at a meeting of the Building Employers' Confederation in November 1991 and was repeated at a CIEC industry dinner in 1992 attended by the Construction Minister and the Secretary of State for the Environment. Bread rolls were hurled!

These calls were repeated again and acted upon following the 1992 General Election. Michael Latham emerged as the candidate most acceptable to the various sectors of the industry to conduct the review and was approached in February 1993. Terms of reference deliberately embraced both supply-side and demand-side. Latham took evidence from a series of assessors and produced an interim report, *Trusting the Team*, in 1993 and a final report, *Constructing the Team*, in 1994. Both described an industry beset by adversarial relationships, confrontational attitudes, and a blame-culture, exacerbated by poor tendering practices and a lack of trust. *Constructing the Team* urged government to become a best-practice client, while private clients were called upon to come together in a forum. Improved practices together with good-practice guidance were called for, and with adjudication as the normal form of dispute resolution.

*Constructing the Team* was welcomed by government and enjoyed a good press. A Review Implementation Forum was established to take forward the review's recommendations and to consider proposals for a permanent organization for the strategic development of the industry. The Construction Industry Board (CIB) (confusingly sharing its three-letter acronym with the Conseil International du Bâtiment) was formally launched in February 1995 as a strategic body to represent the industry and its clients. Its members were the newly formed Construction Clients Forum (CCF), the CIC representing the professions, the CIEC, the Construction Liaison Group (CLG), the Association of Construction Product Suppliers, and government. There was considerable jockeying for numbers of seats on the board with the largest eventually going to the CCF. Latham was its first Chairman with the Secretary of State for the Environment as its President. Just over half the cost of the Board was met by government, with the remainder from subscriptions from the member bodies. Don Ward, a high-flying civil servant, was appointed Chief Executive, formally taking up office in the Board's offices at the Building Centre in July 1996. By the end of 1996, twelve pan-industry working groups had produced a set of good-practice guides that were published as a boxed set, of which over 1000 sets were sold. National Construction Week was established in 1997 to improve the reputation and image of the industry, together with the Considerate Constructors Scheme.

The CCF itself was established at the end of 1994 as a meeting ground where clients could speak collectively to the supply side and communicate with government. There were a dozen members including the Confederation of British Industry, the Chartered Institute of Purchasing and Supply, the Capital Projects Clients Group, and, from the public sector, the Treasury's Central Unit of Procurement, the Highways Agency,

the Estates Division of the National Health Service, and the Works Division of the Ministry of Defence. The CCF provided client input to the CIB Working Groups, promoted good *clientship*, worked on guidance for small and occasional clients, encouraged whole-life costing, and established client panels to promote research and innovation. It went on to publish *Construction Improvement – The Clients' Pact with the Industry*, launched in March 1999. Nevertheless, the CCF was not fully representative of the industry's clients and some major sectors, such as retail, supported the Construction Round Table (CRT) where they could discuss private client issues independently from the supply side.

### **Rethinking Construction and its aftermath**

In May 1997 there was another General Election, but this time entailing a change of government from Conservative to Labour. John Prescott became Deputy Prime Minister with wide responsibilities across the Department for the Environment, Transport and the Regions (DETR), and with Nick Raynsford as Minister for Construction and London. The CIB had taken the precaution of speaking to Raynsford when he had been in Opposition. Now the five umbrella bodies making up the CIB wrote in their individual capacity a joint letter to Prescott endorsing its achievements and calling for continued support for it. Nevertheless, Raynsford's keynote address made no mention of the CIB, its programme or its constituent members. Instead he announced that the Deputy Prime Minister had asked Sir John Egan, a known Labour Party supporter and dynamic businessman widely credited with having improved the reliability of Jaguar cars before taking over as Chief Executive of the British Airports Authority (BAA), to chair a Construction Task Force to improve the quality and efficiency of UK construction. None of the members of the Task Force had had any involvement in the CIB, and consultation with existing representative bodies in the industry was kept to a minimum.

The Egan Report, published in 1998 as *Rethinking Construction*, identified a wide range of improvements needed in the project process including the development of long-term relationships or partnering rather than competitive tendering, and greater standardization, together with improved leadership and customer focus. It set some challenging targets for on-time delivery, reduced costs, fewer defects, improved profitability, and health and safety. The report invited the industry to bring forward projects demonstrating the new ways of working, with government forming the Movement for Innovation (M4I) as a focus for capturing and disseminating knowledge about them. Key Performance Indicators (KPIs) were devised and published under the leadership of Alan Crane, who

went on to head M4I. The Construction Best Practice Programme (CBPP) was set up at the Building Research Establishment (BRE) to promote good practice guidance.

The DETR agreed to a strategic framework for CIB with funding for a set of core responsibilities including continuing responsibility for the Considerate Contractors Scheme and National Construction Week. But despite attempts by the CIB to forge links with the new initiatives, neither M4I nor the CBPP had any connection with the Board. When Raynsford addressed the CIB annual conference in June 1999, he praised its achievements but suggested it would need to be adapted. The following month, deputizing for the Deputy Prime Minister at the first M4I conference in Birmingham, he praised the achievements of M4I in its first few months of operation and called for the whole client community, both public and private, to draw up a new clients' charter setting out the minimum standards they expected in procurement.

Both the CCF and the CRT had published good-practice guides independently, but faced with the challenge from the Minister, they went on to merge as the Confederation of Construction Clients (CCC). Both the new body and the *Clients' Charter*, which had largely been developed by the chairman of the CCF, were launched in December 2000. The authors consider the *Clients' Charter* one of the lasting achievements of this period.

The CCC proceeded to embark on an ambitious programme to produce training resources for small and occasional clients, as well as to recruit public- and private-sector clients. A contract was let to Achilles Information Ltd to operate and develop the charter commercially, the CCC becoming a private company limited by guarantee to enable it to do so. The CCC did not, however, enjoy complete support. Crucially, the British Property Federation remained uncommitted to adopting the terms of the *Clients' Charter* and declined to join. Other clients also proved elusive. By the beginning of 2002 it was apparent that funding was insufficient to ensure the organization's continued viability and, despite some short-term financial cover from the Department of Trade and Industry (DTI), the CCC was put into liquidation at the end of 2002.

Unease within the CIB about the true level of support from both the supply and demand sides led to a decision in mid-1999 to carry out a 'root-and-branch' review of the Board's achievements and to assess whether there was a need for a pan-industry strategic body at all. A new body was proposed to succeed the CIB. However, the CCC was still in its infancy and in no position to commit to funding the new body. Major contractors too were unenthusiastic. And the perception of duplication between the CIB and the

Rethinking Construction initiatives reduced the willingness of senior members of the industry to volunteer their time. Consequently, the umbrella bodies accepted the inevitable dissolution of the CIB.

Meanwhile, in an initiative originating from Minister Raynsford, the Strategic Forum for Construction was established in July 2001 with Egan appointed as its first Chairman. The Strategic Forum reviewed progress with the original *Rethinking Construction* report and published an update as *Accelerating Change* in September 2002. The authors report that the Strategic Forum has involved leading personalities in the industry and issued codes of practice, although they give few details about its membership or the extent to which it engaged the former participants in the CIB, if at all.

In 2000 the National Audit Office's review *Modernising Construction* identified a need for more coordination between the various initiatives set up to promote good practice. The CBPP and the M4I merged as Rethinking Construction, later becoming Constructing Excellence (CE), although the book gives no details of the steps involved. Elsewhere, the Reading Construction Forum and the Design & Build Foundation (both set up in response to the Latham review) merged to form Collaborating for the Built Environment ('Be'). 'Be' then merged into CE. As of 2006 CE is the central UK source of advice, performance measurement and best practice for the industry. Its chief executive is . . . Don Ward.

Why did the Labour government not support the Latham review instead preferring to launch their own Task Force, and then bypass the CIB as a possible implementation body to set up their own initiatives? The authors conclude that the Construction Task Force must have been unimpressed with the Board's achievements. The Labour government was committed to a major programme of infrastructure and rebuilding that demanded not just improvements in the existing industry, but more radical improvements. Existing representative bodies were seen as committed to the protection of their own members' interests. Referring the Rethinking Construction agenda to established groups within the CIB would have implied that improvements to existing practice, rather than radical change, were adequate.

One of the consequences of Latham, the CIB, the CCF, Egan, M4I, the CBPP, the KPI, Rethinking Construction, the CCC, and the Strategic Form was a frequently heard complaint about 'initiative fatigue'. Were they all necessary; was there duplication; and are there lasting achievements? The authors quote Alan Crane's view that the innovations promoted during the period of reform have been profound in establishing a new mood in the industry. National Audit Office statistics are cited to demonstrate improvements

in on-time delivery and budgetary control. The authors do not stand back and list or examine for the reader the overall achievements, but many can be extracted from the narrative and include the following:

- notion of clientship and the development of expertise in procurement
- improvements in supplier–customer relationships
- widespread use of integrated collaborative working and partnering supported by new forms of contract
- sharing of risk and reward
- introduction of performance measurement
- improved training and health and safety
- widespread use of adjudication to resolve disputes in place of litigation

### Benefits of hindsight

In *L'envoi* at the end of the book, the authors note that further work is underway to collect and disseminate evidence about the measurable advantages to client and supply-side organizations arising from adoption of the new methods of working, which they will publish in due course. Arguably, though, more facts and figures about the impact – such as reduced tendering costs, fewer disputes, lower spending on legal fees, or fewer deaths and injuries – would have strengthened the book's claims about the achievements of the various initiatives. Clearly a huge amount of industry effort, not to mention public money, went into the reforms during the decade covered, and a more detailed account of the impacts and benefits would be a valuable addition to the descriptive style of the book.

The authors themselves are entirely open about their involvement in the reform movement and the

perspective, as senior and successful industry figures, from which they write. Pollington was a former civil servant at the Highways Agency who went on to be appointed as Executive Secretary of the CCF and then Director of the CCC. Adamson was Deputy Chairman of the CCF and represented the Committee of Vice Chancellors and Principals; he went on to become Director of Estates at the University of Cambridge before being seconded to the Office of Government Commerce.

On the whole their account seems remarkably even-handed. Nevertheless, if one interprets Latham and the CIB as rivals of Egan and the Rethinking Construction movement, there remains a nagging suspicion that the authors' allegiance is towards the Latham camp. There is far more insight into the CIB and the CCF (including reporting openly on weaknesses in the two organizations) than into the Egan Report, M4I, the CBPP or the Strategic Forum. Indeed, the whole book could be seen as an attempt by champions of the Latham review to ensure that its contributions to industry reform are not unfairly supplanted in the historical record by the subsequent achievements of the Egan agenda and the initiatives that followed it. Perhaps this explains why there is only an implicit and descriptive, rather than explicit and quantitative, account of the impacts of Latham and Egan – deliberately to avoid differentiating between the achievements of the two movements. If this was their motivation, to ensure the contributions of the Latham review and the CIB are fully acknowledged in the decade of reform in the construction industry, one should be grateful they felt so strongly. Intimately involved in the process, they have produced a highly readable and accessible account of a period of momentous change.

*Sebastian Macmillan*  
Eclipse Research Consultants, Cambridge, UK  
*s.macmillan@btconnect.com*