



THE NEW WORLD ORDER?

Contractor Colin Harding has come up with a proposal to totally redesign the industry's contractual arena - using far fewer consultants and putting sole responsibility for the performance of the building onto one single contractor. **Joey Gardiner** asks if the idea has legs - and what the likely backlash from consultants will be

There's a very good reason why the companies that build things in the UK are most usually called contractors. While to the layman, the core of their expertise is in putting up buildings, those in the industry know that just as fundamental - or possibly even more so - is the management of the legal and commercial relationships between all the often hundreds of parties involved in any building project.

Now Colin Harding, a lifelong contractor and past president of the Chartered Institute of Building, has come up with a serious proposal to totally redesign how this contractual playground works. If adopted, he says, it would result in nothing less than a radical restructure of the industry - completely shifting the power balance of the sector in favour of contractors, once and for all removing from architects and engineers their prized role controlling the design of a building. Harding reckons his plan will cut the need for 50% of the supervisory roles consultants currently carry out on behalf of clients. Unsurprisingly, the backlash from consultants has already started.

But the idea can't be dismissed when someone of the calibre of James Wates, the chairman of industry body, Build UK, as well as the CITB and contracting giant Wates Group, has endorsed it as a practical system that is the "final extension of the paradigm shift" initiated by Sir Michael Latham and Sir John Egan two decades ago. Harding's concept is that buying a building

should be just like buying any other high-value, bespoke manufactured product at a fixed price - such as a new car. Re-organising the industry around this principle, he says, will finally enable contractors to escape the low margin, low investment, high-risk business models that are widely seen as the reason for most of the industry's ills. So what exactly is he proposing, can it work - and how worried should architects really be?

Design and build

Harding's name for the idea, "Integrated Design and Construction - single responsibility", certainly isn't catchy. In simple terms, he suggests a client doesn't take out a contract for construction services, rather it buys a building whose performance is guaranteed by a product sale agreement and a warranty. In his system, the body delivering this "product" is the Integrated »

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» Design and Construction (IDC) constructor – essentially the builder – which takes total and single responsibility for standing behind this guarantee of performance, and is also, vitally, in charge of the design process.

The IDC constructor, therefore, employs and directs the architect and design engineers, working to a budget and a detailed client brief. In this sense it can be likened to a pure form of design and build contracting – except that the client doesn't have its own concept designs to pass over to the design and build contractor in the first place. Indeed, one of the biggest changes would be that the proposal envisages far fewer client-side advisers overall – the IDC constructor would be trusted to deliver the design brief (see “How it works” box, opposite).

So far, so technical – but what does it mean? Harding says the model could have far reaching consequences, and he's not alone in thinking so. “This is a step change in how we've been thinking for the past 50 years,” he says. “It will probably halve the number of people in external consultants managing and supervising construction which is what they're afraid of.

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DON WARD, CONSTRUCTING EXCELLENCE

Long term, I see IDC constructors running the industry. Most of the architects who are dead against it don't want to lose their authority.”

Don Ward, chief executive of Constructing Excellence, and the chair of a Cabinet Office committee trialling new forms of procurement, says Harding's idea is one of a new class of procurement and delivery models that allow contractors to “break free of the low-margin high-risk environment they're in” and deliver on the aims outlined in the industrial strategy,

Construction 2025. “If widely adopted, this would have to lead to consolidation at a tier one contractor level between those who were willing to take on the risk of design as well as delivery. It would lead to more standing supply chains like you get in other sectors such as the automotive industry, and would lead to contractors employing designers directly in-house.”

He's so enthusiastic that he says he's willing to recommend the model is put forward for a pilot with a live government project. Harding's idea is that with the early involvement of the IDC constructor (contractor), who is given control over the design process, and the use of collaboration tools such as project bank accounts and integrated insurance, a fully integrated team is created. This means – Harding says – there will be no “dumping” of unrealistic, incomplete or defective designs on contractors in the expectation they will sort out the design mess later. So all parties will be incentivised to achieve the outcome desired by the client.

Harding says it is reasonable for the IDC constructor to accept all the risk because it “has total authority in return for total responsibility backed up by the IDC project insurance cover. If you have full control over design and construction, risk can be assessed much more accurately.”

Nevertheless, critics of Harding's plan point out that since the Latham report first recommended “partnering” in 1994, much of the focus for reforming construction has centred around ways to share risk between different parts of the construction process, in order that all members of a project team have a financial interest in the project's success. They say this proposal will make integrating the project team more difficult. Industry consultant Alan Crane, another former CIOB president and long-time director at contractor Bovis, says: “Latham was all about sharing risk, rather than single point responsibility. This is the antithesis of risk share.

“There's nothing fundamentally wrong with this system in process terms, but I don't see why it would produce an integrated team. Architects are not going to be happy at all to work like this, and you'll have a standard contractual chain.”

Backlash

Harding says in his book detailing the proposal that “client need, particularly cost certainty, will take precedence over design-centric aspirations”, hinting at the most controversial aspect of the proposal: the loss of the architect's pre-eminent role controlling the design. Architect Rab Bennetts, founder of Bennetts Associates, says Harding has long been the “nemesis” of the architectural profession. “He absolutely hates architects. He talks about integration, but what he's actually talking about is subjugation. He just doesn't understand what architects bring to the process. If contractors were put in charge you'd have a fantastic dumbing down of the process as



they don't understand the finer points of design and building for the long term."

Harding, a former Building columnist, has long made a distinction between what he calls "real" construction - actual building work on site - and "virtual" construction: the design phase, populated by myriad consultants who aren't necessarily around when the project is built. He has talked of "parasitic" consultants feeding off the "real" construction industry, but he denies his proposal is coloured by an anti-architect stance.

"I don't have anything against architects. They're one of the most important professionals engaged in the building process. They're just not the most important professional, as they have thought they are for some time. IDCsr is about integrated, collaborative team work."

"The vast majority of architects I've worked with are conscientious, competent and diligent designers. But many lacked the basic skills of 'buildability' and basic construction management and in some cases even design management," he says.

Bennetts says he accepts many architects need to take on new skills to improve the deliverability of their buildings, but also says a move to a system which prioritised buildability above traditional design values would be socially insupportable. "The public won't accept it. They need to feel secure someone is standing up for design and the environment, and it's hard enough for architects to do this, let alone contractors," he says.

It's not only architects who dispute this viewpoint. Peter Jacobs, another former CIOB president, and MD of construction logistics business Wilson James, says the debate between "real" and "virtual" construction is outdated. "I think contractors versus consultants is an old debate, it's yesterday's argument and I think we've moved on. The industry is more sophisticated about teams coming together for the project."

Harding says this controversy was behind a decision by the CIOB to remove its name from the cover of his book detailing his plan, despite the institute having provided invaluable assistance in developing his idea. Initial copies including the CIOB logo have had to be reprinted. He says: "There were one or two senior people from the virtual construction side of the industry who would prefer not to see this full integration happen. They tried to stop publication but it was too late."

The CIOB wasn't able to comment in detail as to why it insisted its name be taken off the book cover, but said in a statement: "The book is a publication supported by the institute as an alternative view and we have provided support in its formation."

Harding's critics admit that the system may work well for relatively simple buildings, such as warehouses, or ones where designs are likely to be

IDC - SINGLE RESPONSIBILITY: HOW IT WORKS

He may not have come up with the catchiest of titles, but you can't accuse Colin Harding of not having thought through how "IDC - single responsibility" could work. He says it is based on how his Bournemouth-based construction firm, George & Harding, worked for the last 30 years, and it is similar in principle to certain forms of design and build contracting such as turnkey or engineering procurement and construction (EPC) contracts. It relies on a three-stage process. In the first stage the client appoints a client team manager with which it then works up a client brief and budget. The second "selection" stage will see the client team manager work with one or more IDC constructors to come up with a design and bid that meets the brief and the budget. Once an IDC constructor is selected, a preliminary sales agreement is signed by all parties. In the third "delivery" phase the finalisation of the design is overseen by an IDC project manager who works to ensure all outstanding issues are resolved before signature of part 2 of the sale agreement. Construction then proceeds, with the building's performance warranted for 30 years under a product sale agreement. Integration of the IDC team is ensured through the use of project bank accounts and an overall project insurance which works in a similar way to the Integrated Project Insurance system that the government has been trialling since 2011. While the model sees all the risk fall on the IDC contractor, Harding says the contractor will be able to manage the risk through being in full control of the design.

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rolled out again and again. Crane says: "This is a process-led delivery system. So you can imagine if it was applied to standard buildings for Travelodge or McDonald's, then it would be much more applicable. Unfortunately, most buildings are not like that." Construction Industry Council chief executive Graham Watts says: "If you want a Stirling prize-winning building, then as a client you're not likely to think that the design ingenuity you need resides in a

firm of contractors."

Harding, in response, maintains that his system would allow for buildings with very high design values to be created, if that was part of the original client brief.

Client challenge

Harding's critics suggest the biggest hurdle for the proposal to overcome is with clients - despite the fact his aim has been to make buying buildings simpler for them - because of a fear they may lose control. Harding says that clients will have full control of the process through their appointed client team manager, and that the system actually addresses common client concerns about lack of direct access to their builder. But former chief construction adviser, QS Paul Morrell, says: "Given that real value is generated in the design stage, and never on site, how can clients have reasonable confidence that the IDC constructor will be focused on whole life value, rather than relative ease of construction?"

Under traditional procurement forms, clients work directly with an architect to generate a design before going to the market to find someone to build it. Crane says: "Clients find it very difficult to define what they want from a building, and they use the traditional design development approach to help them get to a definition of what they want. This [proposal] doesn't allow you to get to the best knowledge at the front end of the process."

While this traditional procurement is not necessarily in the best interests of the contractor, the fact it allows the client to directly control the design up front, and then still pass off the construction risk as well remains very attractive. Rupert Choat, construction barrister at Atkin Chambers, says: "The elephant in the room is the commerciality of this. This kind of thing is potentially available already, but I haven't seen anyone offering it, as we have contractors fighting each other already to offer standard design and build. Most of them have clients who want far more control over the project than this envisages."

Given the implications of his new system, Harding knows converting the industry to it is not going to be an overnight job, estimating it will take 25 years to become the standard. Constructing Excellence's Don Ward, likewise, admits "it won't happen in my lifetime" because of the "vested interests" lining up against it, and supporter Rudi Klein, chief executive of engineering specialists body SEC Group, says it'll be 20-30 years before projects commonly work in this way.

But for Harding, it is worth the long gestation, the aim being nothing less than a return to a "golden age" of construction preceding the first world war, "when builders were architects and architects were builders - now working together again as constructors". Whether he's right remains to be seen.