

# FROM LATHAM TO FARMER: FROM CHANGE AND PROSPER, TO CHANGE OR DIE

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- ▶ Things have only got worse since the Latham Report.
- ▶ The industry does not earn enough to sustain itself.
- ▶ The Farmer Review forecasts a 20%-25% decline in the available labour force within a decade.

The Latham Report, published over 20 years ago, painted a picture of an adversarial, ineffective and fragmented construction industry in need of a massive cultural overhaul. Latham asserted that a more integrated approach with greater partnering was needed and that by placing the client at the core of the construction process, all involved would be richly rewarded.

The recently published Farmer Review paints a similarly bleak picture of the industry, but there is a very different focus – whereas Latham pointed the way to change for the better, Farmer believes that the industry is in terminal decline from which it can be rescued only by urgent and radical reform.

It is not that Latham's recommendations have been ignored - far from it.

First and foremost, the Latham Report led directly and in record time to the enactment of the Housing Grants, Construction and Regeneration Act 1996, which proved to be (as Latham and his fellow committee members intended) the most significant piece of legislation in living memory to be aimed directly and exclusively at the construction industry.

The Latham Report also led to the setting up of a number of industry organisations, the latest embodiment of which is Constructing Excellence. It pumped oxygen into the ethos of partnering, collaborative working and supply chain integration which has become the constant drumbeat of numerous academic reports, industry studies and public policy pronouncements right up to the present day. It started the movement towards the dominance of the NEC ECC for conventional public sector procurements which has now become almost complete.

However, Farmer believes that things are moving too slowly and that too little has been achieved. His report highlights a number of long-standing problems: the industry's dysfunctional training model; its having paid little more than lip-service to collaborative working & the ethos of continuous improvement; and its non-existent culture of research, development & innovation.

Farmer makes ten recommendations including:

- ▶ comprehensively reviewing and reforming the CITB;
- ▶ investment in R&D and innovation;
- ▶ government promotion of pre-manufactured solutions in the housing sector; and
- ▶ taxing businesses to fund skills and innovation (avoidable if clients could show they are supporting skills development or other forms of innovation).

Farmer believes that the sector must recapitalise in order to heavily invest in better technology and better skills, reducing its reliance on a shrinking and under-trained workforce. Quite simply, if the current trend continues we will not have the numbers to build the way we do today. The labour force is dwindling and will continue to do so at an alarming rate over the

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next decade. The uncertainty around Brexit and the free movement of workers is likely to accelerate this rate of decline.

Even if that does not happen, today's construction methods simply do not deliver value for clients. While industry margins have reduced, construction costs continue to rise. To have any hope of survival, Farmer believes that the sector must invest in its people and embrace new technologies. The way we build must evolve, and this requires collaboration from all parties, including the client. A pro-active approach to change must be embraced to help secure the future of the construction industry and this must be implemented as soon as possible

## Who to contact

### STEPHANIE KOSAKA

Managing Associate

0113 209 2115/0161 934 6504

07725 734900

stephanie.kosaka@addleshawgoddard.com



addleshawgoddard.com

Doha, Dubai, Hong Kong, Leeds, London, Manchester, Muscat, Singapore and Tokyo\*

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