

Radical project governance reform demanded

A radical overhaul to corporate governance of major construction projects – to be overseen by the Infrastructure Projects Authority – is called for by senior construction figures in response to the public procurement Green Paper on which consultation closed this week.

The response says that despite the Latham, Egan and Farmer Reports there has been little meaningful reform to the construction industry, and the UK has fallen well behind other countries like Canada, Singapore and Australia in introducing reforms to better protect taxpayers' money and 'provide industry stakeholders with confidence in the efficiency and integrity of the processes'.

The Green Paper outlines government proposals to speed up and simplify the procurement processes and sets out how these measures are intended to take place, but the group warns that major cost and programme over-runs and contractor insolvencies will continue to happen unless tight and effective corporate governance controls are put in place at the same time as the proposed procurement improvements.

The response says: "There is an urgent need to reorganise, adequately resource and empower one of the existing agencies – most probably the IPA – with the necessary legislative powers so that it can operate in a properly independent way to monitor the procurement and delivery of government projects and construction industry practices;

and act immediately on contractor malpractice, not leaving it until long after the event."

Signatories include Construction Law contributors such as mediator Amanda Bucklow, risk management consultants Charles O'Neil and Stephen Woodward, and around 25 others including former head of the Chartered Institute of Arbitrators Anthony Canham, former Group Chairman of Scott Wilson Consultants Bob McGowan, former Chair of the NEC User Group Graham Clarkson and ICE Past President Professor Paul Jowitt.

The group say they are "seriously concerned at the serial failures in the delivery of the Government's major projects", pointing to Government's 'Annual report of Major Projects 2019-20' in which only three out of 125 projects were rated as 'highly likely to achieve objectives'. HS2 and Crossrail were among those highlighted as being at risk of failure. The group says: "This level of failure does not reflect the skills and expertise we see every day among the two million people working in the UK construction sector and prompts this call for drastic change in the current ineffective governance of Government led projects."

The response argues that it is essential rigorous corporate governance starts when new government procurement is being considered. "So, it is our view that the new public procurement measures that are being proposed will not effectively protect taxpayers' money unless corporate governance is radically overhauled at the same time." [CL](#)