

Edge Commission of Inquiry on Future Professionalism

Summaries of Evidence Sessions

Session 2: 23.4.14

The Economy - How can professionals continue to do what they regard as the right thing, when this is not a priority for their client?

Keynote speaker: Ian Brinkley, Chief Economist, Work Foundation

The UK has one of the most "professionalised" labour markets in the OECD, in terms of the number of professionals in work - even more than Germany which is twice the size of the UK labour market. Professional jobs are one of the biggest single sources of new job growth so far in recovery, and the number of professionals can only go up for four key reasons:-

- Over the last 40 years employment growth across the OECD has come from knowledge intensive services. And these are the services which disproportionately employ professionals. It's a common trend starting in the United States spread to the UK. Now it's affecting Germany and Japan but it is absolutely common across all major OECD economies.
- Secondly, investment has shifted away from the tangible to knowledge-intensive intangibles. It used to be we had a very neat model of the economy where we talked about firms investing in buildings and capital and things but now we have to talk about the economy where people invest in human capital, design and brand, Intellectual Property and R&D. Technological changes are making available vast quantities of information which is often worthless unless interpreted and turned into knowledge.
- Thirdly, there is a big increase in global demand for professional services, including health and education services UK is well placed to deliver (UK higher education has increasingly focused on global markets, and health may follow).. We've been pretty successful exporting professional knowledge based services and if I was going to make bets for the future, it's probably more realistic to think about how we expand that than trying to revive manufacturing.
- Professionalism conveys quality assurance and therefore status on the people who adopt it. More job types are now claiming to be professional which wouldn't have considered themselves professional previously, especially in public services (eg teachers and nurses) but also elsewhere, including adoption in some low pay areas (such as the security industry)

So if you're professional there's a feeling you have greater status than everyone else. This is a world in which intermediaries rule and when we talk about the development of the knowledge-based economy there is a lot of thought that this would cut out the middleman. But exactly the reverse has happened. The big growth in jobs is in intermediary business to business services not consumer services. This is principally attributable to two factors:-

- One is that supply chains and the relationship between businesses and clients are becoming much more complicated, than they used to be 30 or 40 years ago, as businesses need more and more specialised services.
- The second is that we have got many more professionals now working for themselves or in some sort of Twilight zone where you're becoming freelancers, subcontractors and so on. And that's been a marked shift in driving forward a big rise in self-employment that we've seen over the past six or seven years. And we've seen some eye watering

increases in the numbers of some of those professional categories; whether that's entirely voluntary or not we don't know.

None of this is likely to change much over the next decade. I certainly don't think robots or off-shoring are likely to take jobs in the lifetime of anyone in this room, because the currency of professionalism is tacit knowledge - knowledge that you can't write down in a manual or a set of instructions. That is basically where a lot of the economic information and a lot of the value in the modern economy is locked up. We have more information now and then we've ever had in our history and information exchange can be anywhere, but is still mainly face to face - so we see global industries squeezed into incredibly expensive small space in the City or Madison Avenue, and businesses spend a small fortune on moving people around rather than teleconferencing.

Meanwhile professionals will keep on expanding, with the growth of existing professions, the invention of new ones and incursion into new areas previously not considered professional, because they are the only ones that can interpret all that information and actually give it value for someone in the future.

But an increasingly professionalised labour force throws up some future challenges:-

- Professionalism conveys status and higher pay and better conditions for those who are incumbents but what about the people who aren't professionals, and therefore can't break into these areas? Are we actually pulling up the drawbridge, cutting off access, increasing polarisation, and reducing social mobility - effectively creating a two-tier society, one that's highly professionalised and one that isn't?
- Secondly, if more professionals are working as self-employed or freelancers, who invests in their development? If everyone was working for large companies the question would be fairly self-evident, but if you're working for yourself and most of your career is going to be spent working for yourself who invests in your development? Are you expected to do that alone?
- Thirdly, is there a better future for unions as professional development organisations? Should they actually be spending much more time and attention to how they develop professional skills of their members rather than their traditional agenda?
- Or are professional organisations the trade unions of the future? Are they the ones who are going to do some of the collective bargaining we used to do in the past?
- And then lastly how do you actually protect the quality of professionalisation? How do you protect that and give consumers and businesses the confidence of what they're buying if everyone is trying to be a professional or wants to describe themselves as a professional organisation?

Additional point made in response to questions from the panel or the floor:

On whether clients, politicians and the general public would have more respect and listen more to the advice of professionals if there were a single institution for professions of the built environment.

No. No one would really know what "professionals of the built environment" meant. They understand who architects are, or civil engineers or surveyors, but to present it as a single body for the built environment wouldn't mean very much, and it would be necessary to start from scratch in rebuilding a reputation. There are some advantages to having a single body: a single voice, economies of scale, and the ability to talk about a wider range of issues; but in terms of professional recognition it would make things more difficult. Collaboration is probably more realistic.

Background

Do professional institutes support members in serving public good or just their own interests?

The RIBA's mission is to advance architecture in the public interest. We set out to create the conditions in which architects can contribute to economic, social and environmental sustainability. We set high professional standards, stimulate innovation and share knowledge to make sure the profession is up to the challenge, and we promote the profession and demonstrate the value of our skills to ensure there is a demand for architects. I am convinced that better architects can create better outcomes *and* promote business growth - the two reinforce one another. But I do recognise that in recent years striking the balance between business and social responsibility has been a challenge.

Rem Koolhaas recently observed that since the Thatcher era the domination of the market economy has severed architects from their public purpose. The practice of architecture has moved from a regulated profession in the 1960s and 70s working predominantly on public programmes, to a liberal free market. Since the 1980s and 90s, the profession has been challenged to strike the right balance between embracing business values and competition, whilst maintaining its ethics and social responsibility. Professional skills and services have become increasingly commoditised and exposure to a competitive marketplace has brought commercial pressure on fees.

In the face of market-led short-termism and deregulation, who is responsible for doing the right thing? In many ways the question posed at the start of this debate implies that clients' economically driven priorities are the main barrier to achieving the best outcomes for society and the environment, and that they are divergent from an architectural ambition. But this depends on whether a client's ownership and financial model incentivises them to consider the long-term and wider impacts of their decisions; clients with a stake in the long-term outcome of their projects - developer landlords or even homeowners - often lead by example.

Can we rely on government to set clear and consistent policy and regulation? The RIBA has been effective in influencing policy and regulation to support better outcomes. But in practice we know that the regulatory environment often lags behind best practice and market demand and doesn't support or incentivise investors, developers, land and building owners, or even government clients to prioritise long-term outcomes over short-term costs. The viability waiver in the NPPF is a good example of this.

So, how can architects do the right thing individually and as a professional body?

1. Influence from the start and take responsibility for the whole-life of projects

Often the important decisions on project scope, budget and priorities have been made before architects are brought on board. The RIBA Plan of Work 2013 has been developed to enable architects to take greater responsibility for outcomes by getting involved from the start when projects are strategically appraised and defined (stage 0). Remaining involved beyond project delivery to monitor the performance of a building in use through post-occupancy evaluation (stage 7) is a step towards greater accountability. The 'continuous cycle' recognises the significant benefits of feeding back learning from completed to subsequent projects. If we can consistently and transparently measure the impacts of our design decisions, architects can make a robust case that good design adds value not cost, and cost follows carbon and become accountable for the performance of their buildings.

2. Understand what we are doing

As professionals, we are more than technicians, and must go beyond compliance with regulation and policy. If we take responsibility for understanding what we are doing within a broader context, we can become trusted experts. This means understanding the principles of environmental, social and economic sustainability, developing skills to work collaboratively and to resolve competing priorities through efficient and innovative design. The RIBA is supporting improved professional knowledge and skills through the current education review, promoting research in practice, and CPD.

3. Value the profession's role in better outcomes

Collectively we are in a position to advise clients if their budget is realistic, and include sufficient allowance for professionals to charge the fees needed to do a job properly. It is an RIBA priority for architects to reclaim the ground of interface management and our post-contract role, and I recognise that this will require specialist technical knowledge of construction innovation, and a willingness to take on risk and responsibility.

4. Cross-industry collaboration and knowledge building and sharing

The RIBA is becoming a more outward-looking institute, which means understanding our clients and collaborating with industry partners. We need more evidence about what works in order to do the right thing and demonstrate whole-life value; knowledge is more powerful than opinion.

5. Innovative and efficient design

As architects we must constantly remember what we do best. We are 'envisioners' who communicate compelling narratives to get buy-in from clients and stakeholders. We help clients ask the right questions. We synthesise complex and competing priorities (cost and sustainability) through the design process and deliver innovative and efficient solutions. In the currently commercially driven and risk averse industry context, do architects have a duty to innovate? We will only get different outcomes by doing things differently.

At the same time, cost, time and other resource management must be seen as a natural part of the intellectual and emotional adventure of designing

Additional points made in response to questions from the panel or the floor:-

On whether "doing the right thing" should be enforced as a professional duty.

No. It should be worked out in collaboration and negotiation.

On whether it has ever been necessary to let a client go because of a difference of view as to what "the right thing" is.

No. Instead it has been a case of listening to the client's wishes, and addressing points of difference in the client's agenda whilst recognising responsibilities that go beyond the brief.

On the issue of whether an institution can/should have a point of view about anything

It's the job of the RIBA to advance architecture in the public interest so it should (and does) take a very strong moral stand in promoting the importance of architecture in the public good – with a worry me that the implication is that it is not a priority for clients.

Similarly, HomeWise (the RIBA's campaign for national space standards in homes) has its foundations very much in the public interest, and has been pursued notwithstanding the fact that it has been controversial and has potentially created discomfort amongst members.

The HomeWise campaign has also demonstrated that the Institute can engage with some quite difficult issues, such as tall buildings in London, through focused research and messaging aimed at decision-makers, politicians etc.

On whether, for all its code of behavior, the profession has still managed to produce a lot of poor work.

Yes – I acknowledge that the world is littered with poor architecture. This goes to the notion of feedback and the importance of building evaluation.

Sean Tompkins, chief executive RICS

Our world is in a continuous state of change - market forces, culture, regulation, competition and growth of the corporation have all impacted the roles each of us and our members play today. Client behaviour is a consequence of the market conditions at play.

RICS holds its self-regulatory function and we require our membership to do the right thing against our principles based standards – and we take regulatory action. But do markets, government and society really value and support professionalism today?

What works against professionalism

In the UK we seem to take professions for granted. You can get different figures but construction probably represents about 8% of real GDP, and yet we lack any real clarity as to the embedded value of professions to UK plc. It's a bizarre moment because while professional institutions are doing what they can to enhance value, UK plc itself doesn't appear to place value on the professions or even know what that value is.

The UK Government does not always provide support for the role of professional bodies or professionalism in the UK. In order to continue to be a leading world economy this approach is no longer sufficient; many international governments and firms in emerging markets are being explicit in their call for professionalism in our industry.

Positive scenarios for professionalism in the UK

As a professional body we're seeing absolutely huge demand for professionals in the built environment from the future economic superpowers where there is great middle class growth, a population explosion and urbanisation, but yet I don't hear that same value necessarily being placed within the context of the UK. It leads me to pose the question: have we somehow or other devalued ourselves?

Trends from key international markets

We are also seeing across the world a real growth in professionalism: governments, regulators and markets looking to do things at a higher standard, putting in more professional practices. Recognising that value is part of recognising the status and prosperity of professions.

What is the RICS already doing?

- regulating our profession
- developing standards
- maintaining clear and relevant standards of entry
- support open and transparent conduct
- actively engaging the clients in our sector

What needs to change

- Professions need to forge greater cross-sector collaboration, and professional bodies need to be less siloed and less introverted.
- Professions need to represent a more collective force in the eyes of policy makers and opinion formers. Professions tend to think too narrowly within their own discipline and probably their own role and contribution to public life. Even education within the built environment is pretty siloed, although we are looking to create a much more collaborative workforce in the construction process.

- For people to have real belief in the professions, and for the professions to be able to demonstrate that sort of additional value, we need to look at how standards join up - not just within the professions themselves but across other professions, such as accountancy.
- We need to make sure that we aren't pulling up the drawbridge and that we are inclusive and more diverse in the way that we allow people to access the profession. Social mobility is a large part of building and economy, and certainly as an organisation we subscribe to everything that concerns social mobility. To put that into context in terms of professions, their values and some of the challenges they've got, at the RICS we spend about a third of our turnover specifically on developing standards, education, ethics and regulating the profession.

Conclusion

Professional bodies have changed quite substantially but haven't managed to communicate that change. So I think in an era of quite significant change we need to start to work cohesively together both in terms of developing standards, changing perception, but also to think critically about how we get UK plc to value professions in the first place.

The UK's skills and professionalism are in huge demand overseas, are marketed by UKTI and are setting the benchmark for professionalism in many countries worldwide. It is important that the UK government recognises this and places renewed explicit emphasis on professionalism to maintain its competitiveness in the professional services arena. We also have an obligation to look continuously at the relevance of professions and regularly make changes to how we operate.

- There needs to be greater cross-sector collaboration
- We need the professions looking at how they can support standards that link better across sectors internationally e.g. Financial > Accounting > Valuation > Measurement > Ethics > Environmental etc.
- We need to be explicit about the benefits of professionalism to wider society
- We need to be more inclusive and diverse

Additional points made in response to questions from the panel or the floor:-

On whether an institution could/should have an official point of view about anything
We expect a certain level of ethical approach and thinking. In terms of looking at specific scenarios, we have five core principles that we expect people to follow. But ultimately the nature of a professional is that they will weigh these things up and make the right decision.

On what would be lost from the professions' conduct and standing if it was only about members having a marketing proposition for themselves, rather than professing a duty to the public interest.

It depends where you put the central core of what you mean by the public interest and how you develop that, because it might not always equate with what's in the members interest and that might be an interesting cultural challenge. In terms of the professions themselves, what sits at the very heart of them is about ensuring that what they do in terms of developing themselves, and in their advice, are in the spirit of what is in the public interest. That's probably how it differs from a union, which I think has a very different interest.

On what the Institution has commented upon in the last three years that has been controversial and has risked creating discomfort amongst members (such as the dangers of the housing bubble)

We regularly provide economic analysis and commentary on the housing market and we provide guidance, and warnings - and that's not always an accepted position, but as a professional body we would have to. That may mean that we have some elements of our

membership who may not agree, but our role is to take on as much of the good professional opinion and advice as we can, weigh that up in the interests of society and deliver those views. And we have done so: we have gone out and warned of the dangers, although we have had other sectors of the profession say 'Hold on you shouldn't be doing that' - but that's the differentiator.

Another example is Home Information Packs, for which we took out a judicial review because we felt the proposal was pretty ill-considered and that there wasn't enough consultation.

On how to proceed when what we in the UK think is the right thing is not the same as the view taken overseas, with financial consequences for UK businesses and the economy.

There is a massive mismatch in standards around the world, but the beneficial effect that UK organisations are having in the markets that they're operating in is raising standards. That's not to say there aren't markets that have got higher standards than the UK, because there are; but in the markets where there are issues I think the way in which those organisations are behaving in line with their brand and professional standard is having the effect of challenging some of the norms. Yes, there probably is a short term commercial trade-off, but for those organisations that stick in there in the long term, we can see that the international standard is becoming the norm rather than the local one.

On the carbon bubble, and the apparent lack of understanding of the scale of the crisis that's coming.

There has been engagement amongst the professionals to try and look at the carbon issue but I think that personally there has been a bit of a swing of emphasis as we've gone through a bit of an economic challenge. Everybody was coming together to look at carbon and then everyone started to look at cost. I would suggest it will probably start swinging the back the other way again and I think that's absolutely the right place for it to be. And I think that's a great area where actually professions can come together I think and really make a contribution in thinking that through.

On whether clients, politicians and the general public would have more respect and listen more to the advice of professionals if there were a single institution for professions of the built environment.

The problem is you never know where to stop. I would argue that the built environment includes accountants and lawyers, and you end up actually creating a professional body of all professional bodies. However I do think that there is a real need for a vehicle that has the voice of collaboration on issues of public interest, and that's probably the bit that is missing. Professional bodies have got to be allowed to get on and do the things that they need to do, but I there's an overarching piece that is missing here and a lot of the issues that are raised here would be brilliant issues for an organisation with a much wider spectrum. On some of those issues the professional bodies cannot comment on their own.

On institutional collaboration

The word collaboration has been around for a while but I'm not sure it's entirely embedded or is part of what's happening. I once visited a university and they said we did something absolutely brilliant last week. I said what was that? They said we put surveyors, architects and planners together to see how they can collaborate on the project, and you know what? It was really good. So I said are you going to repeat that, and he said no: some of the deans were upset because it challenged their silos within the University. I think that there is a role here for professions and industry and academia to come together and have a look at this issue of collaboration for the long term, to address silos that are embedded silos right at the beginning through education.

As for topics for collaboration, we've just done a piece of work on housing in the nation and what's required, and that is a great area for us as professional bodies to look at and ask some of the fundamental questions that are failing to be asked at the moment. So that it is certainly an area where professional bodies can come together and collaborate.

Nick Russell, President, The Institution of Structural Engineers

A common thread uniting small and large professional firms is that they often are faced with uncertainty over what is the right thing to do. For example, there is often a question of how to maintain their independence and do what they regard as the right thing when this is not the priority for their client. Would professionals be prepared to do take their client's instructions when it might be a breach of professional duty. Where do the professional institutions lie on this?

There are many instances of professionals and clients agreeing on what are the right things to do. Lots of our clients these days are professional people who develop and carry out construction projects.

However, in the light of emerging legislation, greater knowledge, and a huge amount of emerging technology, there are choices to be made and consequences to be faced.

Not infrequently, onerous or changing conditions of engagement can also mean that risks have to be evaluated and choices have to be made. For example, you might start working for a particular client, and then be novated to a contractor - and of course the priorities of the client that you started with might be rather different from those of the client you then move to. Many of us will have been there.

So "doing the right thing" covers a wide remit, and the issue for professionals is not so much doing what they feel is right, but remaining independent and explaining to their clients why they are recommending particular solutions or courses of action.

But there is no one correct answer any more. This is very much the role of the modern consultant, and clients also have to consider the options that are made available to them and make informed decisions. At the end of the day it is their project; they are the people who are in control of the project; and they must also have some input into what it is that's being done.

Our own institution encourages innovation and encourages the members to think outside the box to advise their clients. But there is a very clear code of conduct which stipulates that we must not stray outside our area of professional expertise.

To keep our expertise and knowledge as contemporary as possible, our institution makes CPD mandatory for all our members – and I believe it is the only construction-related institution that has this requirement.

Clients do have a choice - and this not a case of the consultant passing an informed "buck" but allowing clients to consider the options available and make informed decisions, by and for themselves.

Additional points made in response to questions from the panel or the floor:-

On whether "doing the right thing" should be an enforceable professional duty.

Absolutely not. And what is the right thing? It would be an absolute goldmine for the lawyers.

On whether an institution can/should have a point of view about anything.

Sole practitioners don't always have guidance and there's a role for institutions there, to provide education and technical support and a code of conduct

On institutional collaboration

Interestingly a month or two ago we went to the RIBA and we all talked about how our institutions could collaborate. Some of the best jobs that I have done in my career have been where we have won the job with the architects and we have talked about how we are going to resource the project, how we're going to design it. There is a job to be done to see how the institutions can collaborate further and possibly institutions have been working in silos looking after their own interests, but on the ground I think it's a lot better than you suggest; there is a great deal of collaboration.

On whether professionals have the requisite skills to understand and interpret their clients' corporate social responsibility, statements and aspirations and then hold the clients to account?

When you start to unpeel environmental policies, corporate social responsibility statements and the like, a lot of them start to say very similar things with similar messages. I think there is a truism that huge corporations will go and appoint larger firms of consultants, and I do think that most structural engineers are equipped to read between the lines and understand what they need to understand for the projects they work on.