

BUILD, BUILD, BUILD – BUT WHAT, WHEN & WHY?

In July the Prime Minister, Boris Johnson, announced the Government's plans for a "New Deal", promising to pump £5bn into infrastructure projects to 'build, build, build' our way out of a post-coronavirus recession. The launch came accompanied by a loud fanfare, but it was quiet on the detail. A White Paper on planning reform came out in August, but there has been little else.

As specialists in the built environment, real estate law firm Davitt Jones Bould decided to host a round-table discussion with leading

thinkers in the sector, to help fill in the gaps and identify what really needs to be done to improve the way we live.

The participants were:

Madeleine Davitt, Senior Partner, Davitt Jones Bould (Host) – MD

Niall Bolger, Chief Executive, London Borough of Hounslow – NB

Vivienne King, Chief Executive, Revo – VK

Ray Morgan, Chief Executive, Woking Borough Council – RM

David Partridge, Partner, Argent Property Development Services LLP – DP

Gavin Tuck, MD, Small Back Room – GT



“Now is the time to pause... not rush into building vanity projects.”

Vivienne King

In a lively and frank exchange of ideas, two things quickly became apparent. First, that £5bn may sound like a lot of money, but it is really only a drop in the ocean. As RM put it, “In Woking alone we are investing £1bn in regeneration, so £5bn is not going to stretch very far”.

There were also shared concerns about rushing into things. GT said: “‘Build, build, build’ is a catchy title, but really it should be ‘Assess, think, build.’ You need to truly understand a place to get the best out of it.” VK agreed and added: “Now is the time to pause and think, not rush into building vanity projects’.

So to kick-start the discussion MD's first question to the group was: “If you had £5bn to spend, where would you spend it and why?”

PRIORITIES FOR £5BN SPEND

RM highlighted decades of failure by successive governments to provide genuinely affordable housing for people and suggested a direct grant of £80-160k per dwelling

(depending on locality) focused on the provision of housing for social rent.



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He felt this would stimulate house building and place making and begin to tackle the housing need. He rejected the idea of more conversion of commercial properties, in favour of purpose-built housing. “That model does not work, we are just building slums.”

He pleaded for an additional £5bn to support the move towards greener vehicles, with scrappage schemes and grants for private car owners, taxis and private hire companies to move to electric vehicles. “It may not be building as such, but we need to invest in the infrastructure to support the change to electricity.”

GT agreed but went further, advocating getting rid of vehicles altogether from our streetscapes, saying they should be “aspirationally appropriate places for people to live, work and visit. Invest in the spaces between buildings” he urged. “Every town and every city is different and should spend some time working out what’s important and then be guided by that to create an environment where incoming new business can thrive.”

Like the others, NB wanted more than £5bn, but if that was all he had, his priority would be retro-fitting London’s housing stock to help meet CO₂ emissions targets. “This would have a knock-on effect on skills and employment opportunities as well”, something he is all too aware of in Hounslow where there are currently 189,000 people furloughed, many of them in the transport and distribution sectors associated with Heathrow. “It is not enough just to build; we need to diversify our economy” he said.



“It is not enough just to build; we need to diversify our economy”

Niall Bolger

DP would direct his windfall at enabling, rather than investing in projects per se; looking at rebalancing the relationship between public and private sector and re-casting how we think about public spaces. “The public sector has land and can borrow money far more cheaply than the private sector, which is being squeezed all the time.” Using the public sector’s borrowing capacity, a new partnership would help them spend the money better. “We have the skills to help them create income streams for the future” he said. He

would spend the money “**upskilling local authorities so they know how to work with the private sector better and understand the rewards that come from taking risks.**”

The pandemic has had a devastating effect on retail. High streets were already in trouble (the UK has a 30% oversupply of retail space) but recent months have seen more shopping moved online. VK said Revo had adopted the mantra ‘retain, shrink, better’ and she would focus her £5bn budget on **re-shaping our high streets for their communities.** She is concerned about the lack of consultation by decision-makers. “There is no cookie-cutter. Community involvement is vital, but we also need to recognise that those who are quick to engage with the process are not always the end-users. We need to support communities and ensure their local retail evolves into something they need.”

A range of ideas then, which highlighted that this is a rare opportunity to refocus on a number of priorities and, in MD’s words, “shake things up.” So what might hold us back? MD’s second question addressed that point, asking: “What, if anything, needs to change to get things moving?”

WHAT IS HOLDING US BACK?

GT was concerned about the Government’s current approach to planning. “The public/private partnership is key to delivery, but planners, who are incredibly talented people, seem to be being swept aside. To get a place right you have to plan for it.” In an echo of VK’s comment about consultation, he added: “The loudest voice is not the most important.” RM picked up DP’s point about risk. “How do you create a culture of risk taking? Don’t ask your lawyer if you can or can’t do something; ask them how you do it.”

He agreed that skills were lacking in local government. "The Localism Act gave empowerment without skills" he added. But real change requires a U-turn in government policy towards local authority decision-making. "Local authorities have historically had a culture where risk management is risk avoidance. The Treasury's monetarist attitude is pushing us further down that route. They have a subsidy culture and focus on numbers not value".

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The current procurement system came in for criticism from DP. He likened the current mood to the post-war situation and felt there was a real opportunity for change, re-emphasising his view that the public/private partnership could unlock huge potential. "The private sector would love to do it all, but the cost is too high. There is a virtuous circle there" he explained. "The private sector can bring the attitude and skill to help convince the Treasury that the risk is shared, but the **red tape in the procurement system slows everything down.**" There's a need to reassess what constitutes best consideration, to bring in social and environmental outcomes as well as purely financial metrics". NB also singled out the Treasury, bemoaning the fact that the power of the Public Works Loan Board is being taken away because of a few rogue cases. "It is always a bad policy if the exceptions are used to design the policy," he said. **"The Treasury is not interested in investing in social and economic performance or gain**

and environmental considerations are rarely taken into account in investment propositions." As an example he cited their opposition to imposing a small levy on flights in and out of Heathrow, a potential revenue stream that could be invested in the community. "It is not a new idea, it is one that is done all over the world, but the Treasury is implacably opposed to it."

The new White Paper on planning also came under fire from NB. "It is aiming at completely the wrong target. **If we want to fix planning, the answer is not in that paper.** The problems are not how it describes them." The proposals would, he felt, actually be counterproductive for the real estate sector in the long term. "The White Paper only looks at the regulatory side not the supply side, but that is where many of the problems lie."

VK supported the notion that there has "never been more need for public/private partnerships that we can have confidence in".



"Don't ask your lawyer whether you can or can't do something; ask them how you do it."

Ray Morgan

But she added, **"The public/private partnership needs to be released.** Local authorities need more freedom so they can exercise planning and implementation in a way that works." The judicial review of the relaxation

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Niall Bolger

of Use Classes was, she said, "A great pity. That would give Local Authorities the discretion they need to bring about regeneration."

The group had no shortage of ideas for how to spend £5bn, or how to go about it, but are there other issues that are impacting on our built environment that need to be tackled? MD's final question raised this point as she asked: "How do we make our urban spaces better places to live, work and socialise?"

SHAPING OUR BUILT ENVIRONMENT FOR THE FUTURE

"Mix it up", said GT. **"We need to connect experiences and give people reasons to return.** Once we have provided the essentials of homes, jobs, health and education, we need to ask ourselves: "How can we enhance life? Is there a cultural void? Do we need adult learning opportunities?" and so on. Monocultures are dead."

NB agreed. **"We need to look at the future of the world of work and how we connect with each other.** We should be aiming to

make the 15-minute city a reality. The pandemic has generated real questions about how we work and we have some massive questions facing us."

Humans are social animals and VK pointed out the importance of communities. "Lockdown has highlighted the huge value in people getting together and meeting in places. Moving forward, **we need to create spaces where people feel safe so we can socialise and support each other.**"

DP picked up the theme. "Diversity is what makes places rich." He agreed that the impact on retail and how we work are some of the biggest issues we are facing and pointed out that there is money available from pension funds and investors which should be used as the catalyst for change. "Interest rates are low and returns are squeezed, so everyone is after yield. **We need a re-think on how we create revenue**, especially from retail." As the world of work changes, "even home working is producing 'rent' now" he suggested. "We should ask ourselves, how can society capture that in a way that puts it back into the things society needs? Let's shout about the ones that work. This is a great opportunity for a brand new economic model."

RM brought things back to Earth with a final reminder that £5bn will be spread very thinly around the nation. But It is not just about building projects. Improvements can be made from re-thinking our approach to the use of spaces. He is talking to the local NHS about taking all the 'wellness and recovery' aspects of the health service out of hospitals and into the community. "Post-Covid, you can't send well people into hospital" he said. **"We are taking things like physiotherapy and maternity services and integrating them into the community."**

Like the others had attested, the way



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David Partridge

forward is to create diverse and re-purposed spaces to create revenue streams for communities. Mix it up!

An hour is too short when ideas and conversation are flowing. It is clear that many in the real estate sector realise that the post-COVID world will be different and some things may never return to how they were. But there was also a strong sense that we should use this opportunity to take stock and plan for the future, not just rush into decisions. Several people mentioned the need for a return to Keynesian economics (basically advocating higher government spending and lower taxes), but this has to be matched with greater freedom for local authorities to act in productive public/private partnerships. There is concern that we are not there yet and moves like

the new planning White Paper may be taking us down the garden path rather than leading us out of the maze.

It feels like a watershed moment. There is no shortage of skills, ideas and energy in the real estate sector to make a positive difference to the built environment and how we live within it. Let's not waste the opportunity.



Madeleine Davitt

If you're interested in the topics raised by our guests and would like to talk to someone about your organisation, please feel free to contact the host and our Senior Partner, Madeleine Davitt.

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