HOW TO UNLOCK PUBLIC-PRIVATE PARTNERSHIPS TO DELIVER SUSTAINABLE INDUSTRIAL DEVELOPMENT

BE News and SEGRO recently gathered a panel of experts to discuss how partnerships can create regeneration opportunities, drive investment into communities, realise commitments made in local plans and aid the transition to a lower-carbon economy

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INDUSTRY GUESTS

Mark Bradbury, director of place, Thurrock Council

Sarah Birt, head of development, Greater London Authority

Robin Dobson, group property director, Network Rail

Alice Dockar, partner, Freeths

David Francis, director, West London Alliance

Neil Impiazzi, partnership development director, SEGRO

Jonathan Kay, head of regeneration, London Borough of Brent

Bonnie Minshull, head of London, SEGRO

Liz Peace, adviser on property, politics and the built environment

Simon Ryan, investment director, Locate in Kent

Patrick Shannon, industrial and growth areas lead, London Borough of Waltham Forest

Colin Wilson, head of strategic development and Old Kent Road regeneration, London Borough of Southwark

Noella Pio Kivlehan, journalist, *BE News*

Liz Hamson, editor-in-chief, *BE News*

The UK's industrial and logistics development scene is a two-way street between local authorities and public sector organisations, which own the planning process and often own the land, and private developers, who have the capital, the expertise and the will to deliver industrial development that supports local authority objectives.

But how can public sector authorities work more effectively with private sector partners to unlock employment and regeneration opportunities, drive investment into communities, realise commitments made in local plans and help enable the transition to a sustainable, lower-carbon economy?

Senior representatives from local authorities, the Greater London Authority (GLA) and Network Rail, along with industrial development experts and legal experts, joined BE News editor-in-chief Liz Hamson to discuss these issues at a roundtable debate sponsored by SEGRO.

QUESTION: How important is the industrial sector to the UK?

IMPIAZZI: At SEGRO, we understand the value of the industrial sector, and the economic and social contribution it can make to local communities, towns and cities, because we live and breathe it daily.

It enables job creation, attracts

investment and supports a reliable and resilient supply chain.

The sector is also helping to drive the country towards net zero and is enabling businesses to meet their own sustainability targets. [Industrial] is underpinning the growth of many sectors – creative industries; high street food retailers; ecommerce; manufacturers; high-value engineering firms and data centres – which all require industrial space.

And it is the likes of SEGRO and our peers making those investments. What we're trying to do is create a thriving industrial sector that will enable business to grow, but also help tackle some of the inequality that is in our communities through skills, training and job creation.

In the same way housing developers will look to deliver affordable housing, our customers can provide the jobs and security for people who are unemployed.

This is not a debate about industrial versus housing – the two must co-exist because they rely on each other. This is about how we create thriving, sustainable, resilient and inclusive communities where industrial space plays a critical part of that success.

We can't do it alone. It's about thinking very strategically about industrial.

QUESTION: How important is industrial development to your area and how confident are you about the prospects of the sector?

Neil Impiazzi

Patrick Shannon

SHANNON: Our industrial areas are critical for people's local jobs and our local economy. We're currently doing an economic assessment, and early results show most employment is in SILs [strategic industrial locations] and our LSISs [locally significant industrial sites], alongside our high streets.

Our sentiment towards the sector, and confidence in it, is shown by recent successes. These include SEGRO and BlackRock bringing forward detailed applications, which we have worked through together via our Blackhorse Lane Framework, that safeguard areas for a much longer period of time, 10-15 years.

By creating buy-in from surrounding landowners, we are confident that the groundwork and precedent for more industrial applications to come forward has been set.

In Waltham Forest, we're very clear what we want and where: it's about the right sectors in the right locations and picking up that idea that some of our right locations and questioning if the planning designations are appropriate in some locations.

In appropriate situations we have strengthened some LSIS designations to SILs.. We've been strategic on a borough level in terms of moving things around and helping to unlock opportunities in partnership with landowners and the GLA, and then working through the policy together.

> ***The sector is helping to drive the country towards net zero***
>
> *Neil Impiazzi*


David Francis


Jonathan Kay


Colin Wilson

FRANCIS: As a collective, there's an opportunity for west London to be an exemplar for how we can get things done, like the circular economy, achieving net zero and moving things around in a much more sustainable way.

Also, sectors such as film and screen provide challenges for us in understanding the different types of land uses and how you can get mixed-use across a functional economic geography, and creating a vision for it. But you need to work with the market and know what the demand is and how that affects overall planning.

It's a mixture of individual sites and recognising that in west London we've got the highest level of manufacturing of all the subregions in London, and that's a lot to do with Park Royal and the businesses there, and understanding what's happening across our boroughs, including [considering] the housing challenges. It's not easy.

KAY: There are various different types of industrial, a lot of different shapes and sizes, fulfilling numerous functions meaning there's different parts to that portfolio.

You need to understand the functions industrial fulfils. With economic confidence, you can look at the rental growth and see it's been punchy over the last 10 or 20 years, partly because of the squeeze in supply, and maybe that's dampened down a bit. That's one type of confidence.

Another type of confidence is whether industrial can fulfil local needs. How is that changing? Some sectors are subject to automation and provide fewer jobs.

> ***There's an opportunity for west London to be an exemplar for how we can get things done***
>
> *David Francis*

What's the situation around trends around environmental, for example? Are designations, which were done decades ago, still fit for purpose? Now clearly there are strategic areas and there are strategic functions that need to be fulfilled for London. You can't just change everything.

But some industrial is poor quality in places and some of it doesn't provide that much employment, so there's also a question of saying that while we're talking about land, we also need to talk about floorspace.

WILSON: In Southwark, our strategic industrial location is Old Kent Road, which has around 400 businesses, employing 10,000 people, In 2017, we developed the Old Kent Road Area Action Place plan to co-locate housing and industrial uses. In terms of ⊳


Sarah Birt


Mark Bradbury

referred strategic schemes for the GLA, for co-location, we have the most in London – around 30 – with 20 of those schemes currently under construction.

Barratt is constructing 253 homes above 3,000 sq m of B8 space. British Land has received planning for a four-storey 15,000 sq m logistics hub on Mandela Way and it wants to make a start on site just before Christmas. This is all planned to be located with 20,000 new homes, with 9,500 homes and 120,000 sq m of co-located workspace already consented, and 2,000 homes and 13,000 sq m of workspace currently under construction in co-located developments.

It's quite an ecosystem, but it's not on its own. What we do happens in Lewisham and in Greenwich. But it makes no sense to look at it borough by borough – it should be holistic. You need a strategic approach.

The co-location we're doing is not going to work everywhere. We're in zones one and two and land values and proximity to central London can sustain the approach. Could you do that in Havering or at the top end of Enfield? Probably not. It would be a real struggle. But you can do it in zones one and two and maybe in zone three, meaning one size doesn't fit all.

QUESTION: What are the key priorities for public landowners when it comes to housing and industrial? How do you approach those two in conjunction with one another?

BIRT: The big question now is how we ensure – through partnerships – what the right form of development is. Is it multi-level industrial intensification, is it side by side or is it co-location? And how do we look to deliver what is in the London Plan to make sure schemes are commercially viable and the best consideration for the public sector.

We've got some objectives and ideas, but we need to engage with the market and understand how far we can push it in terms of sustainability, intensification and what impact that has on land value. Then we need to look to prioritise across sites so we're not going to deliver the same thing everywhere, and only where it's more appropriate for those uses.

Ultimately, industrial and commercial are key for us and we've got a bit more flexibility to be more creative.

BRADBURY: Industrial in its widest sense is hugely important to Thurrock. London Gateway Port is currently carrying 2.3 million containers of goods into the UK every year; the Port of Tilbury more than 20 million tonnes; and Purfleet Port over half a million vehicles. Clearly, on the back of that port infrastructure and goods movements there are huge opportunities around logistics, which we want to support. We also want to look at using freeport status to attract last-stage assembly of goods.

We are starting to go beyond the simple PPA [planning performance agreement] ⊳

approach to planning, or the standard economic development approach to working with business and developers. Joint ventures don't always have to involve shared ownership of land. They can involve shared ownership of aims and objectives to deliver growth.

For example, we are working with DP World, Port of Tilbury and others involved in the Thames Freeport to create a whole development team that will support the delivery of the freeport, accelerating the necessary regulatory processes.

This is an approach that others can look at as many other local authorities are facing financial challenges, will be disposing of land and will have restricted access to capital.

At Thurrock we are effectively banned from borrowing now so we need to start working differently with the property industry and being more creative in our approach. We're not going to own the land and we're not going to have the capital to invest, so we're thinking about how we enable developments, and what a joint venture means without money or land, but using the powers that we have to best effect.

QUESTION: In Network Rail's opinion, what does a good partnership look like?

DOBSON: It's basically a sharing of risk, of rules. TfL is good example, with Places for London. The 'new' TfL and Network Rail partnership seems to just go from strength to strength, because they can unlock multiple sites and multiple issues. Pick any tube station or rail station in Greater London and you can't move without one of us getting an approval or pulling the land.

It's a shared objective to say how do we deliver all sorts of mixed-use – so industrial as much as commercial and residential. We're probably the largest forward funder for PRS [private rented sector] with Grainger. We are building 3,000 homes annually.

The second thing is having a flexible approach: what is the role that best ensures delivery? People don't have a flexible enough approach currently. The business I joined was literally like 'we just sell land, and that's what we do'. But you're selling at 2p, 20p in the pound, and it's not going to get anywhere because it's politically charged.

[The Network Rail change in approach was sparked] because we now have much more of a private sector mentality, an open-door policy to say how do we do things.

And we're in it to deliver. Yes, we're in it to make money, but we're in it to also ensure that if you're handing things across, or you're working on them, the prize isn't the process; the prize is building industrial space, regenerating places and creating jobs and investment.


Robin Dobson

The 'new' TfL and Network Rail partnership seems to just go from strength to strength

Robin Dobson

Hopefully in our property business, you'll see and hear a lot more of that over the coming years.

QUESTION: What does the public sector want from a private sector partner?

BRADBURY: Honesty – particularly about their aspirations. Everybody wants to work with long-term investors and everybody wants to work with patient money, but that's an everyday fact of life.

RYAN: When we have discussions with developers, before we go and support them at pre-application and in the stakeholder management process, they've got to understand we need a mixed economy of businesses and it can't just be sheds.

SHANNON: On the point of a shared vision, this is where placemaking comes in. How do we make sure communities can move across industrial places to get to other kinds of communities or leisure facilities? How do you make sure they're greener, or how do we make sure people who work in these locations are proud to call them places of work? Better design doesn't have to come at a higher price, but it must be considered from an early stage and that's where the sector is lacking.

MINSHULL: We have got to remember what these buildings are for, and function is the critical thing. Planners and local authorities have asked: can the yard effectively be a garden? In some instances, we've been asked to put a glass wall on a warehouse, but that's not going to work from a practical perspective or from a security perspective. While we can and do incorporate public realm into our developments, we can't have random people walking through the middle of an industrial development where there are many vans, HGVs and forklift trucks moving around. It's not safe and must be done in the right way.

There's a balance between creating a great space that as much as possible has an active frontage and fits within the local environment, and is operationally effective.

We always try to design the best-looking schemes we can, but the challenge for us is we can't necessarily do everything in the space we've got, so there needs to be some compromise.

Simon Ryan

Developers have got to understand we need a mixed economy of businesses and it can't just be sheds

Simon Ryan

BIRT: Sometimes the focus is on public and private sector partnerships, but take the likes of TfL and Network Rail working together to unlock sites – if the industrial and residential sectors work together, like SEGRO and St George, that will also unlock sites and help to create places.

Also, there's the potential on the industrial side to partner with other industrial players – maybe SME providers or those in incubator space, because talking to local authorities there's the perception that yes we've got land, but we don't want it all to be logistics, sheds or data centres. How do you have that diversity of industry space provided? You have to work with other industrial providers.

QUESTION: What do boroughs not want from private sector partners?

FRANCIS: It depends on the relative positions of the partner. Are they landowners or investors looking for land? You don't want dishonesty and you don't want someone who's in and out.

QUESTION: What is SEGRO looking for in a public sector partner?

IMPIAZZI: Going back to the point about shared vision, it's about understanding, trust ⊳

and listening. Then there's flexibility. This is a difficult one, because if you're looking at a long-term vision there are many bumps in the road, and with the best will in the world you're not always going to be able to foresee what they're going to be. Covid showed us that.

The most important thing is to be confident and never lose sight of what you have set out to achieve. You can get bogged down in the detail. You've got to keep your eyes on the prize and find ways of working through the difficulties and the challenges.

QUESTION: From a legal perspective, what does a good partnership look like?

DOCKAR: With my investment and development lawyer hat on, in any kind of partnership you are always thinking about what the exits are. The point that's been made, in various contexts, is about flexibility. And that ability to be flexible is essential.

The other issue is use class: making sure the system is kept as flexible as possible and feeding into that through planning reforms. Investors and local authorities need this future-proofing to ensure that developments can be built out with sustainability in mind.

On a national basis, it is important to make the best of the transport infrastructure we've got and in all forms of transport – airports, ports and railways, as well as our motorways – and to ensure that, for example, distribution centres are connected on a more regional basis.

If all of that can be maximised, it will support a more sustainable future of real estate development across the country.

Alice Dockar

QUESTION: Where are the development hotspots going to be over the next five to 10 years and how confident are you that in a decade's time we will see public-private partnerships delivering the sustainable industrial development we need?

SHANNON: There is huge potential in the Upper Lee Valley where you have three boroughs (Enfield, Waltham Forest and Haringey) working more closley together, harnessing our assets and different sectors for shared economic gain.

The next decade is going to be about change. The industrial sector is at the beginning of a new era of how it's going to proceed, what the quality of [development] offer is and what the designs are going to be like, which is more important to councillors than ever before. Many councils have growing design departments that they didn't have before and therefore the design benchmark is rising all the time.

WILSON: I am confident about the next 10 years. There's probably going to be a change of government, which will provide opportunity. In and around London, you have Thurrock, Kent, DP World, the Elizabeth line and the Bakerloo line extension, so what's not to be optimistic about being in this part of the UK, where you have lots of good people who come to work here?

> ***In any kind of partnership you are always thinking about what the exits are. The ability to be flexible is essential***
>
> *Alice Dockar*

BIRT: I'm upbeat about the coming decade. There's a focus on growing jobs, sustainability, social value and ESG. Partnerships are important, but it's not just those partnerships involving the landowner – there will be other partners as well.

KAY: Brent will continue to go from strength to strength. At Park Royal, HS2 is now planned to end there, which could clearly benefit us locally. We are masterplanning Staples Corner, and I would hope we can soon publish some of our thinking about what its future will look like, including industrial intensification, but also potential opportunities to link to the Brent Cross regeneration.

Electrification and net zero are big trends and factors, and while it's not something you're going to see so much in the immediate term, people will need to be thinking about those issues.

Next year there's an election and it would be nice to see some sort of fresh policy from whatever colour of government we have.

DOCKAR: Up to 2033, it's a combination of things such as taking that regional approach and to achieve sustainable development within industrial, looking at how to do that through the types of materials used in the buildings and how the buildings and their use interface with the local environment such as through the use of transport networks.

And it's about ensuring that we are

Liz Peace

placemaking, and developing places people where want to live and work within those communities.

RYAN: On the ESG point, data centres and industrial units that use their waste to power or heat homes is an extraordinary opportunity. If you're building big chunks of residential – 3,000 to 6,000 homes – and 100 acres of industrial, then if we're clever in the next 10 years, we can create big pockets of net zero.

PEACE: While everybody is being hugely optimistic, I still feel – especially in the context of London – that too few of our politicians, particularly at national level, understand the need for, and the role of, industrial space. Industrial needs a better PR agent. Perhaps we as an industry don't spend enough time explaining to people what industrial is about because residential wins votes and it's obvious that trumps industrial.

I'm quite depressed about the perspective of central government, particularly on London and its industrial land, and the obsession with housing. I think it's much less of a problem elsewhere – it's a very specific issue in [the capital].

As an industry, those who are interested in genuine mixed-use public-private industrial partnerships need to become more proactive in looking at how we sell that concept to those people who don't understand the benefits of industrial development. □