HOW DO WE UNLOCK THE FUNDING TO TURN PPP AMBITION INTO REALITY?

BE NEWS

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INDUSTRY GUESTS:

Lesha Chetty, business unit director, Mace

Caroline Compton-James, deputy chief executive, SCAPE

Simon Martin, director, capital and housing, Bath & North East Somerset Council

John Percy, head of public sector for London and the South East, CBRE

Gary Stevens, planning director, Stantec

Sophie White, regeneration sector head, Aviva Capital Partners

Peter Freeman CBE, chair, Cambridge Growth Company (kenote speaker)

Liz Hamson, editor-in-chief, *BE News* (chair)

Public-private partnerships (PPPs) will be key to realising Labour's huge ambitions relating to the delivery of new homes, critical infrastructure, urban regeneration and sustainability.

But how do the public and private sectors come together to form a strong partnership, what role can PPPs play in realising Labour's ambitions to "get Britain building again" and to what extent will they drive truly transformative change?

These were among a number of questions answered by six leading industry figures representing a cross section of the built environment, at a panel discussion sponsored by SCAPE and Stantec and held at CBRE's Henrietta House HQ in London.

Louise Wyman

Louise Wyman, executive director at CBRE, kicked off proceedings by reflecting on the challenges and opportunities facing the public sector. "It's clear that well-structured PPPs and effective joint ventures are often so central to unlocking the solutions our public sector clients seek," she said.

"As we approach the Autumn Statement with public finances increasingly under pressure, the role of private investment and the technical expertise typically found in the private sector in enabling public sector goals feel more important than ever."

Peter Freeman CBE, former Homes England chair and co-founder of Argent, then took the lectern to deliver the keynote speech. He said that to form a true partnership, risk and reward must be shared. He added that government can sometimes act in the best interest of taxpayers "by being a genuine equity partner in a project".

"Many of the best sites in the country are part-owned by the government," Freeman said. "The willingness to stay invested brings both a greater control of the outcome in regeneration terms and potentially a greater reward to the taxpayer."

In the development world, especially in terms of major schemes, the government and the private sector need each other, he argued, because "the government can make a very good risk-adjusted return from a loan or equity investment the private sector might not make".

Peter Freeman

> ***Remember, mutual trust is at the heart of any agreement***
>
> *Peter Freeman*

Freeman added that the private and public sector have got everything to gain from forging close and transparent relationships. "Remember, mutual trust is at the heart of any agreement; you bury me if I die" is a great principle to abide by, he concluded.

Following his keynote, the panel debate got under way, chaired by *BE News* editor-in-chief Liz Hamson.

QUESTION: How will the government's recent cabinet reshuffle affect PPPs?

STEVENS: I'm encouraged by the background of the new secretary of state, Steve Reed, and the work he's done in Lambeth. There is a real familiarity with what the development industry and the planning industry are seeking to achieve and how that can affect the ability to deliver these large-scale investment projects.

COMPTON-JAMES: I am optimistic and positive as there will always be political change, and over the years we have learned to find those gold nuggets and to work with our political leaders. What we can do is be ready to accelerate and deliver projects that make a long-lasting positive impact on people's lives.

PERCY: What partners want is certainty of delivery, given the scale of the housing crisis ⊳


Gary Stevens

in recent years. While it's early days to make a judgement call on our new housing secretary, maintaining some themes and trends that allow people to make decisions and invest on the back of those rather than continuing uncertainty will be critical to progress.

QUESTION: Will recent bold government announcements, such as the 10-year infrastructure plan, make it easier for the public and private sector to work together?

WHITE: When we think about wider GDP and economic growth, having a government that is clear about the projects coming forward, and what that means for the wider economy, for our builders, for steel, concrete and everything else we need, [is important].

In terms of enabling the pension funds to help deliver this aspiration for growth, it is positive that Labour is engaging with the PRA [Prudential Regulation Authority], to think about regulation and how that works. It is recognising we have different forms of capital.

The latest political changes make the situation constantly taxing. We need some plain sailing, to start looking longer term and making strategic plans.

QUESTION: Has the private sector become more willing to participate in PPPs?

CHETTY: The whole concept around PPPs is everybody thinks about it like a financing tool, whereas we see it as a delivery partnership tool. If we do it well, we will be focusing on system-wide transformation and it needs to be centred around those intricate projects that require a different way of thinking, a different type of partnership.

The connectivity between housing, social infrastructure and physical infrastructure is where PPPs could work well.

QUESTION: The government has committed to building 1.5 million new homes. How big a role will PPPs play in hitting that target?

STEVENS: The 1.5-million-homes target is a clear challenge, and everybody in this room would testify to the industry's efforts in working to achieve it. The government's announcement of the 10-year infrastructure strategy in June was an important moment for the industry to gain longer-term certainty about what is coming down the pipeline.

It seems the government is placing significant importance on the ability of PPPs to make a meaningful contribution – in the region of 580,000 homes – when meeting its overall housing targets.

MARTIN: PPPs present an opportunity to diversify the market and get traction on delivering homes more quickly. We have relied for far too long on a very narrow route to market in terms of delivering homes and hopefully this will supplement the big housebuilders bolstering capacity with an opportunity for new, more innovative models of delivery.

QUESTION: How are you setting up partnerships to ensure they align with the interests of the public and private sector?

COMPTON-JAMES: The SCAPE offer creates fast and easy frameworks for public sector clients to access amazing partners. We do all the heavy lifting and the best-in-class procurement for public sector clients, so when they need to access services in the built environment, they can use SCAPE as a conduit and a gateway.

We currently have about £8bn worth of projects running through SCAPE frameworks across the country. We are clear in what we offer. It's accelerated. It's compliant. It sounds too good to be true, but procurement can be a force for good, picking up on that social value on local labour. Importantly, we enable clients and suppliers to come together.

PERCY: We have talked a lot about relationships and building the right relationship. The best kind of projects are those that are delivered with passion and real leadership. If the parties are coming into the room, and it is clear from an early stage they share similar objectives around the project, that is when you know things are going to go well.

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> *Simon Martin*


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John Percy


Caroline Compton-James

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Sophie White

Lesha Chetty

Both parties need understanding of what each other wants to get out of that process and how to bring that together and how to deliver against it.

QUESTION: How confident are you that we will see transformative change in the next five years?

MARTIN: I am optimistic about the next five years. The single biggest constraint is people – resource. But we are also the greatest opportunity. We make things happen collectively as a sector through the drive of our respective organisations and for me the issue that we really need to focus on is building the talent pool to enable us to be as effective as possible.

WHITE: If you've got certainty, you've got something for the industry to get its teeth into and that could be very impactful. Aviva and its peers are here to help, but we need the assurances to get things moving. If that happens, there is the potential to see transformative change.

CHETTY: Where I see future opportunity is this real drive and hunger to create strong delivery models, which do not necessarily have to be local; they could bring in international financing. We have two major regeneration projects currently that are marrying international investment with government investment.

For me, international investment is another funding cocktail you bring in that allows you to deliver and deliver at pace. Ultimately, it is private sector investment that is going to be the driver. If we can get that right and we get a significant amount of money coming in, that is going to be a positive driver of GDP in the UK. □