

**IT'S NOT
WRONG, IT'S
JUST NOT RIGHT
ENOUGH...
YET.**

PPP: THE RESET

Shaping the future of Public Private Partnerships



CONTENTS

04	FOREWORD
10	INTRODUCTION
18	STARTING A NATIONAL CONVERSATION
24	WHAT WE DISCOVERED
30	TOWARDS SOME SOLUTIONS
40	OUR RESPONSE: RESETTING OUR POLICY
44	OUR COMMITMENTS
50	FINAL WORD
54	CASE STUDIES

FOREWORD

By **MATTHEW WEINER**, CEO



**WELCOME
TO THE
PPP ROUND
TABLE**

Many UK cities have undergone an extraordinary renaissance in the last decade. And much of that renaissance has been delivered by enlightened partnerships: the coming together of public and private sector parties where there is a shared vision and purpose.

That purpose is most often expressed in the language of economic development and the built environment: increasing GVA; delivering a certain square footage of commercial or residential space; enhancing the financial value of existing assets through the creation of new ones.

To use such language, however, is to miss the point. Getting the business model right to ensure financial sustainability and a return on investment is critical, yes, but we have to dive deeper if we are to articulate the real purpose and potential of such partnerships.

My belief is that the public and private sector must work together to do one thing only: improve people's lives. This means delivering authentically transformative regeneration projects which release human potential and, in so doing, unlock economic, social and financial value and returns for all.

It has become apparent, however, that Public Private Partnerships (PPPs) are under increasing scrutiny. Is that a symptom of a wider breakdown in trust and a polarisation of views in British society? Perhaps. It has prompted us, nevertheless, to facilitate a conversation with a wide range of stakeholders to better understand why PPPs are being questioned and what, if anything, our response should be.

This paper is a collaboration, authored by us at U+I but owned, in a very real sense, by all the people who took part. It's our attempt to reset the concept of the PPP so that it is fit to deliver for our towns and cities at a time of growing need.

At this point I should declare an interest: we at U+I absolutely believe in the power of these partnerships and they are fundamental to our business model. We also recognise the lasting value and impact they can have on places and, more importantly, people. The financial climate may be challenging for local authorities and other public bodies but demands for services and facilities are not going away. If anything they are growing. Businesses and communities will still need the essential infrastructure that real estate provides. Everyone will still need places to work, homes for different stages of their lives, and retail and leisure destinations where they can meet and relax.

At U+I, we are proud to say that social purpose and financial purpose share the same pedestal – by which we mean there is no profit in anything we do unless there is clear social purpose.

My co-director and partner, Richard Upton, summed it up far more poetically earlier this year. He was asked before an audience of property professionals in Manchester what our ambitions were for our Mayfield project (a PPP, by the way) in that city. He paused, thought for a moment, and then declared: "We want to create a place where people fall in love."

As a direct consequence of the insights shared by many people over the last few months, U+I is making significant new commitments, more of which later.

For now, I'd like to say thank you to all those who took part in our PPP conversation this year. Your names are featured elsewhere in this document. We value your insight and your passion to effect positive change in our communities.

And thank you to everyone who reads this paper. Please let us know what you think and please continue to work with us to deliver the kinds of partnerships which create places where people fall in love.

“

**MY BELIEF IS THAT THE
PUBLIC AND PRIVATE
SECTOR MUST WORK
TOGETHER TO DO ONE
THING ONLY: IMPROVE
PEOPLE'S LIVES.**

”

MATTHEW WEINER
CEO

INTRODUCTION



Arguably, there has never been a more pressing need for Public Private Partnerships. Nor a greater opportunity.

THE CHALLENGES AND OPPORTUNITIES FACED BY OUR CITIES AND TOWNS. How do we make our cities and towns more liveable for our diverse, growing and ageing populations? How do we create new housing and community assets? How do we create the right kind of workplaces and infrastructure for a 21st century economy where the drive for environmental sustainability may well be the dominant global theme?

All this at a time, of course, when public sector finances are under strain and when local authorities, with massively reduced resources, need to sweat their assets more than ever to deliver everything a community needs: welfare, health, culture, public spaces, housing.

Cities such as Leeds, for instance, have warned they face a near £100m funding gap in their duty to provide core services to their 800,000 residents, while the Local Government Association reports that between 2010 and 2020, councils will have lost 60p out of every £1 the Government had provided for services. Unilaterally delivering regeneration projects of scale and impact becomes an almost impossible task in such straitened circumstances.

60p BETWEEN 2010 AND 2020, COUNCILS WILL HAVE LOST 60P OUT OF EVERY £1 THE GOVERNMENT HAD PROVIDED FOR SERVICES

12

13

The challenge facing public finances is only part of the equation, however. Of more significance, in our view, is the opportunity that Public Private Partnerships present.

The House of Lords Select Committee on economic affairs reported in 2017 that some 6% of all land in England and Wales is held by public bodies. This rises to about 15% in our cities and over 20% in London. In the capital city alone, the London Land Commission estimated that in some boroughs, the proportion of land held by the public sector was approaching 40% and that about 130,000 homes could be built across approximately 40,000 publicly-owned sites.

The economic and social impact which might arise from the unleashed potential of such assets would be of huge value to the country as it enters the post-Brexit era.

20% THE AMOUNT OF LAND OWNED BY PUBLIC BODIES IN LONDON

**A KEY BENEFIT OUGHT
TO BE THE ABILITY
TO BLEND SOME OF
THE CERTAINTIES
AND CAPACITY OF
THE PUBLIC SECTOR WITH
THE SKILLS, CAPITAL
AND FOCUS OF THE
PRIVATE SECTOR.**

NICK WALKLEY
Homes England

PARTNERSHIPS FACING UNPRECEDENTED SCRUTINY.

Public Private Partnerships have a key role to play in realising these opportunities but the ideal they represent – the bringing together of complementary skills and assets in pursuit of one vision – is being questioned like never before.

This is in spite of spectacular successes such as the transformation of Kings Cross in London or the regeneration of the Anfield area of north Liverpool, one of the most deprived areas of the UK.

Notwithstanding these examples, some regard PPPs as being representative of regeneration gone wrong. And in some quarters, the very idea of the public and private sectors collaborating at all is anathema.

The controversy earlier this year over the Haringey Development Vehicle – a scheme which proved so controversial that the council leader felt she had to stand down – demonstrated this powerfully.

Such critical scrutiny is not helped by the conflation of the concept of the PPP with its occasionally toxic cousins, private finance initiatives (PFIs) and public sector outsourcing. The collapse of Carillion brought such conflation into sharp relief.

Private sector developers face a mountain of trust issues, while local authorities and others in the public sector are increasingly cautious about entering partnerships. At the same time, the pressures and strains continue to grow on people and services.

WHAT WE WANTED TO ACHIEVE. This context is why we felt we needed to understand better the drivers behind the negative sentiment and the opportunities for re-framing such partnerships so that they can continue to unlock and deliver results that would otherwise not be possible.

Our ambition was to reset the concept of the PPP, to discover (or perhaps rediscover) what makes them so effective, and to interrogate the characteristics of 'good' PPPs and 'bad' ones.

We would do this in the only way we know how – by talking to people with insight and experience, by collaborating, by asking the right questions and above all by listening.

But we wanted to do more than that. As a business which is involved in a number of PPP projects, we must consider how we can innovate to ensure our projects stay true to their purpose and deliver the best possible outcomes for the communities, people and partners most closely affected by them. This, to be clear, has always been our goal but we wanted to hold ourselves to account and demonstrate how we do this. Furthermore, our hope was to create something which our colleagues and competitors would be proud to join us in signing up to.

This paper marks a first arrival point in a journey which will continue. It is the culmination of a number of conversations which we have facilitated with a wide range of stakeholders from the worlds of politics, civic society and property development.

It does not pretend to provide all the solutions but does go some way towards asking the right questions and, at least, attempting to answer some of them.

“WE LIVE IN A TIME WHEN PUBLIC MONEY IS A SIGNIFICANTLY SCARCE RESOURCE. THEREFORE, IF YOU ARE SEEKING TO DO THINGS AT A LOCAL LEVEL THEN YOU HAVE TO TAP INTO OTHER SOURCES OF MONEY. THE PRIVATE SECTOR IS THE OBVIOUS PLACE TO GO.”

**IAN FLETCHER
BRITISH PROPERTY FEDERATION**

STARTING A NATIONAL CONVERSATION



This was one of those journeys where, at the outset, we still felt a little unclear about our destination. But we knew we needed to educate ourselves with some research and, more importantly, get the right people in the room – both literally and figuratively speaking – to facilitate an interrogation into the issues at play.

To begin, we conducted extensive desk research and worked to identify examples of projects which had succeeded and some where things had gone wrong. Standout examples of success included King's Cross Central in London, a project which put people at the heart of the scheme, presented a coherent vision for regeneration and ensured high quality design.

In contrast, high profile failures included the Haringey Development Vehicle – a scheme where the promoters were unable to effectively communicate the benefits the scheme would bring and where operational issues abounded.

Alongside this research we commissioned private polling (through YouGov) of the general public and of local councillors. A number of key statistics emerged. Among the general public, 56% of people agreed that local authorities should work with private sector businesses to help address the housing shortage in the UK and 78% felt public assets should be put to work for community benefit. Tellingly, however, some 45% of people felt negative about the use of PPPs to develop publicly-owned land.

Among councillors, a third said they would be unlikely to support their council in entering a PPP to redevelop public land. This rose to almost half (46%) among Labour councillors. Some 37% of councillors felt negative towards the concept of PPPs developing publicly-owned land, rising to 49% among Labour councillors.

This desk research and polling helped confirm what we already knew: there is a problem, and when trust breaks down, things either go wrong or don't go at all.

But to get to the nub of this issue and to stand a chance of offering practical solutions, we knew that we needed to do more than desk research. We needed to wear out some shoe leather and speak to people. So we undertook a major listening exercise with events in Manchester, London and Birmingham, all cities which have benefited from PPPs considerably in the last decade or so. Our starting point was the clear understanding that we needed to do more than speak to our peers from the property development sector.

So we very deliberately created an environment where we knew we would face difficult conversations. We invited representatives from high-profile community groups who had campaigned to resist development, especially where public-private schemes were involved. We invited elected representatives and municipal officers with experience working on similar schemes. And we invited colleagues from the private sector who have a similar interest to us in these partnerships.

These events brought together a diverse group of interested people across the public, private and civic spheres and were moderated by a skilled independent mediator to ensure that participants got the most possible out of the sessions.

The next step was to sense check our early findings by conducting private, qualitative telephone interviews with a wider sample of people from these three sectors. As with the events, our principal aim was to identify what drives the distrust that has previously undermined these projects. We conducted fourteen interviews. Each conversation lasted approximately forty minutes and began with an explanatory briefing on what we were doing and why, followed by a definition of PPPs as it related to this exercise. All interviews were carried out by independent market research interviewers.

The events and telephone interviews provided fascinating insights into why this problem exists and offered a range of important solutions for us to consider as options.

“

**I THINK THE REALITY IS THAT
THE PUBLIC SECTOR HAS LESS
AND LESS MONEY TO SPEND
ON SERVICES AND SOMEBODY
HAS TO FILL IN THE GAPS.
I THINK THE EFFICIENCY AND
THE STAKEHOLDER MINDEDNESS
OF THE PRIVATE SECTOR CAN
ACTUALLY HOLD A LOT OF VALUE.**

”

ANGELA KOCH

London Neighbourhood Planners

WHAT WE DISCOVERED



What became clear is that there is still a significant degree of acceptance of the concept of PPPs – but it is a grudging acceptance. There is no great love for PPPs and they are seen by local authorities and the communities they serve as a sub-optimal option that is on the table for a public sector that lacks the regulatory freedom and funding to deliver large-scale regeneration projects on its own, not to mention the skills and expertise.

How palatable PPP is often depends on how accepting an individual is of the financial predicament facing the public sector. In some quarters there is also frustration about how PPPs are being misunderstood.

In part, the brand itself is tarnished far more than the output it delivers. When pressed to think of bad examples of PPP, interviewees and roundtable participants would at times struggle to articulate specifics, but the majority agreed that the sentiment it provoked was a negative one. There is also a specific issue, as we suspected, in terms of the conflation of the term PPP with PFI and outsourcing.

The scepticism towards the current positioning of PPP is shared by developers who are increasingly concerned over how to manage the inherent political risk. Recent experiences in London have particularly underlined a new reality where the balance of power between developer and local authority is perceived as severely imbalanced and in need of correction.

This puts at risk existing projects but also will mean that some will never advance because the political risk feels too great.

Where PPP schemes are seen to have failed for specific reasons (and failure in this regard can still encapsulate completed schemes that are viewed in hostile terms by the local community), the reasons follow four interlinked themes. These were seen as the core challenges to the successful delivery of PPP schemes:

GETTING ALIGNMENT AND A SHARED VISION FROM ALL PARTIES. Moving beyond an adversarial, contractual relationship between public and private sector partners to a point of authentically shared vision and true partnership is critical. This means the private sector partner approaching opportunities in the right way: not thinking how can we fulfil this brief as cheaply and profitably as possible but how can we leave the best legacy possible without saddling tax payers with debt. For the public sector this means trusting the creative dynamism and expertise of the private sector partner. Importantly, an open book financial structure can help cement this trust so that, in the event of a project exceeding financial projections, all parties can share in that success.

ENSURING TRANSPARENCY WHILST MAINTAINING COMMERCIAL INTEGRITY. Local authorities can often suspect that they are not engaging with developers as commercial equals, breeding an initial sense of distrust; local communities are excluded from the full commercial discussion and are thus suspicious of the balance of benefits being delivered through the deal. There can be an assumption, which can quickly gather currency, that developers are making off with a city's family silver. Equally, local authorities are not always open about what is up for debate and discussion with the community and what is not, with the key decisions having already been taken behind closed doors.

INVOLVING THE LOCAL COMMUNITY FROM

THE BEGINNING. While developers and councils have some practice in developing partnership agreements, often communities feel as if PPP schemes are done to them, rather than with them. A perceived lack of transparency or openness on the part of developers and councils, aligned with a deficit of authentic communication and engagement, fosters scepticism and cynicism in local communities which can quickly turn into suspicion and resentment. Such sentiment is deeply contagious and can often manifest itself in direct opposition to schemes which in turn heightens political risk.

MANAGING POLITICAL RISK AND KEEPING PEOPLE

AT THE TABLE. Many developers are increasingly concerned about the impact of political risk on any partnership activity, when changes of political leadership can result in deals being unpicked or revisited. This is especially true of long-term projects which might take a decade to deliver and which are complex, challenging and expensive. At the same time, it was widely acknowledged that keeping the community involved over a long project period was challenging, given population churn as well as job and family responsibilities. This was exacerbated by the challenge of shifting political and commercial cycles which can act as a brake or an accelerant on projects. Distrust in both government and business is also cited, with some PPPs becoming the target as single issue causes for those who might otherwise feel disenfranchised.

Reframing PPPs for the future so they can be deployed to help unleash the potential of our cities and communities is no short-term fix. But some very clear themes emerged from our conversations and workshops.

“YOU NEED A STARTING POINT FOR COMPARISON PURPOSES – OFTEN THAT’S NOT DONE PROPERLY SO ANYTHING DONE IN THE FUTURE IS ACTUALLY DEVALUED. SO START ANY PROJECT BY UNDERSTANDING THE BASE POSITION AGAINST KEY INDICATORS.”

GERRY HUGHES
GVA

TOWARDS SOME SOLUTIONS



EVERYONE WHO RECOGNISES THE BENEFITS OF PPP NEEDS TO WORK TO FIX ITS REPUTATION. BECAUSE THE CONTAMINATION OF THE TERM IS UNDERMINING THE OPPORTUNITY IT PRESENTS.

Some of our participants proposed a form of re-branding PPP, given the term is becoming increasingly tainted. We believe that such an action would at best be a limited exercise in semantics and would increase scepticism of the core proposition of public and private sectors working together.

However, we recognise that there is a need to rehabilitate the brand to help create a more balanced climate for individual schemes to come forward. There is a clear need for a campaign that sets out why PPPs are a positive option to deliver regeneration and a view expressed by many is that this cannot be driven by the real estate sector itself as this is likely to be counter-productive.

Instead, we believe that there is a role for central government and the public sector more broadly to set out the positive case for PPP rather than the current situation, where it is seen as a compromise.

This extends to the big devolved authorities and to the new Metro Mayors who can play a crucial leadership role in using PPPs to help rebalance the UK's economy.

32

33

If this joint failure from central and local government to communicate the virtues of partnerships between the private and public sector to deliver benefits to society continues, then the private sector will continue to suffer consequences, along with the UK's social infrastructure.

A renewed communications effort could take the form of a national campaign or, more effectively perhaps, a localised explanation of why PPP is a preferred solution before a scheme is introduced.

This will help create the right environment in which to make PPP a success. However, the best way to fix the reputation of PPP is in the delivery of schemes by successfully overcoming the challenges identified through our research, which the following recommendations seek to address.

PARTNERS NEED TO ESTABLISH THEIR UNDERSTANDING OF THE COMMUNITY MOST LIKELY TO BE AFFECTED AND MOST LIKELY TO BENEFIT FROM A PROPOSED SCHEME – AND THEN INVOLVE THEM FROM THE VERY BEGINNING.

DEFINING THE LOCAL COMMUNITY. This first action needs to reside with the public sector partner and the local authority involved before a private sector partner is selected. They should be clear who their most important community stakeholders are - not just those directly affected but also those most likely to benefit and often the least likely to get involved.

This will help a partnership better understand the wider communities' aspirations and expectations for a scheme rather than be dominated by a singular point of view. Identifying local 'patriots' is critical. These are the people – usually apolitical – who are a community's real leaders and who can, with authority, speak on behalf of the collective. They might be vicars, teachers and health workers. What distinguishes them, in our view, is a lack of ideology and their daily integration into community life so that they have a close sense of local challenges, opportunities and needs.

ENGAGING EARLY. And once defined, they need to engage these audiences to explain why a PPP scheme is the best way to deliver a set of desired outcomes. Too often, communities are involved in the discussion once everything is 90% agreed by the council and developer. They should be involved earlier when establishing principles that underpin a scheme and when articulating the purpose and vision of a development.

MAINTAINING ENGAGEMENT. All partners in the joint venture must understand that while not everyone wants to be kept involved, they do want to be engaged. Digital engagement techniques have their role and should be explored as a matter of course early on in relationships to ensure that the partnership can better maintain engagement throughout a project's life cycle. But for engagement to be both authentic and seen as authentic, partners must expend time (and shoe leather) making and maintaining real world personal connections with a diverse range of individuals and groups. A disciplined programme of engagement would put regular face-to-face communication at its heart but deploy the full suite of methodologies to reach stakeholders.

CEDING POWER. Developers and councils also need to be prepared either to cede power or to support local communities to engage more effectively or at the very least have the opportunity to engage. This can be done in several ways – either by involving them directly in the planning decision, or by investing in them through a dedicated budget to build their capacity (in terms of time and skills or consultancy support) to effectively engage in discussions around a proposed scheme. This budget could come from the developer's planning gain contributions but brought forward into a pre-application phase rather than being dependent on consent.

PARTNERS NEED TO ENSURE THAT TRANSPARENCY AND EFFECTIVE SCRUTINY SIT AT THE HEART OF ALL PROJECTS.

A lack of transparency fuels distrust and feelings of disenfranchisement. It can also help to create the circumstances that enable misinformation to spread, undermining the successful delivery of a project. While not all members of a defined community will want to be involved in shaping a project, they will want to believe that at any moment in time they can access all the information they need to effectively scrutinise its progress.

To be effective and to help rebuild trust, that transparency means:

- + Commercial transparency – openness about the financial drivers and risks behind each scheme as early as possible, from both sides in a joint venture.
- + Political transparency – genuine accountability from local authorities, from financial matters to practical decision-making.
- + Effective oversight – a commitment for the partners in the joint venture to open themselves up to effective scrutiny that is evidence-led, takes a consensual approach and which encourages a culture of constructive challenge. This could be in the form of a specially-constituted local scrutiny panel which brings together the key representatives of a local community to scrutinise decisions.
- + Measurement – greater transparency from both sides in the partnership regarding how they are performing against the standard tests and metrics each party will have set for themselves. On a practical level, this could involve PPPs creating dedicated special purpose scrutiny panels, incorporating councillors and community representatives.

“

**THE WORST THING IS THAT PEOPLE FEEL
DISEMPOWERED, DISENGAGED WITH THE
DEMOCRATIC PROCESS... PEOPLE FEEL
THEY CAN NEVER CHANGE THINGS AND
THEY HAVE NO POWER OR CONTROL.
THE KEY IS TO GIVE CITIZENS AN ACTIVE
ROLE IN THE PROCESS, TO MEANINGFULLY
ENGAGE PEOPLE AND THEN RESPOND TO
THEIR VIEWS WITH REAL ACTION.**

”

RADHIKA BYNON
Young Foundation

PARTNERS NEED TO WORK TO A COMMON CAUSE AND BE MINDFUL OF HOW THEIR ACTIONS CAN INCREASE THE CHANCES OF A PROJECT'S FAILURE.

There is a responsibility on everyone involved in these projects to ensure that critical opportunities for progress are not missed and that, at the outset, they have agreed vision and purpose.

Developers must understand that changes are needed to repair the current trust deficit. Local authorities must improve at seeing problems early and understanding the impact that their activity/or lack of activity can have. And for some community representatives, there is a need for a greater understanding that opposition to certain elements of a scheme should not derail all development and that in many cases, PPP is the best opportunity to deliver much-needed improvements.

Developers and councils alike need to increase their emphasis on early, proactive engagement (as previously noted), but with a genuine focus on anticipating problems and tailoring communications and support to addressing people's needs.

At the same time, a strong leadership role is needed from those in local government. They must visibly hold partners to account and communicate proactively with their defined community. They must also, however, be prepared to stand up to communities and engage with them to defend their decision-making. Local political circumstances can make this more challenging in some places than others, we acknowledge.

38

39

Transparent, early agreements are required at the beginning of a relationship to identify the incentives which will be unlocked at various stages of the development. Greater openness on this from an early stage is likely to reduce the opportunity to play politics with development on all sides.

One final way to reduce the political risk of a project is if cross-party agreement can be reached on the principles that underpin it. While we recognise that political tensions at a local level are sometimes difficult to resolve, we also recognise that local councillors are motivated by delivering the best possible deal for their communities. If leadership administrations are prepared to engage with their own opposition, then that will help further protect the benefits of PPP.

OUR RESPONSE: RESETTING OUR APPROACH



We have already said we believe in the opportunity provided by PPP. We believe that it offers a commercial opportunity to our sector to deliver schemes which will make us proud. We believe that it offers our public sector partners the opportunity to deliver on their economic and social aspirations in a challenging environment.

And we believe that PPP can deliver transformative improvements for local communities – if they are properly involved – providing economic and social benefits for greater numbers of people over generations.

These convictions have to be grounded in purpose, however. And that purpose, for U+I, will always be about social impact and improving people's lives. This is not to lay claim to angelic status. It is simply to affirm, again, that we believe financial objectives and social objectives must always walk hand in hand. In short our profit must have purpose.

We have already framed some important and very tangible policy initiatives in our business as a direct response to the lessons we have learnt during this inquiry into the status and future of PPPs. These initiatives build on what we think is already good work on our part: our commitment to early and authentic community engagement; our proactive approach to ensuring worthwhile 'meanwhile' use across our sites which delivers tangible benefits and opportunities to communities most directly concerned; our demonstrable drive for quality in design and build.

As a direct result of the many conversations we have had this year, however, we have determined to put in place a number of additional measures in our own business to begin to reset PPPs.

“

THE WHOLE STRUCTURE OF THE PUBLIC SECTOR COMMITTING ALL THEIR LAND AND THE PRIVATE SECTOR COMMITTING MONEY IS UNFAIR. IF THE PROJECT FAILS THE PRIVATE SECTOR LOSES ALL ITS MONEY BUT THE PUBLIC SECTOR STILL HAS ITS LAND. THE RISK SHARE ISN'T £10 MILLION AND £10 MILLION. THE PUBLIC SECTOR JUST GET THEIR MONEY BACK AND THE PRIVATE SECTORS JUST BEEN BURNT. THERE NEEDS TO BE A DIFFERENT WAY OF GIVING, THE INITIAL CHUNK OF MONEY FROM THE PRIVATE SECTOR NEEDS TO CARRY A PREMIUM OR PRIVATE EQUITY.

”

JOHN TATHAM

Formerly GVA, now PfP Capital

OUR COMMITMENTS



1. COMMUNITY CHALLENGE PANEL. U+I will establish an independent Community Challenge Panel, bringing together representatives from the public sector, civic society and other developers with the specific remit to ensure that we are abiding by the standards we have outlined in this paper.

We will appoint a non-executive director who will be tasked with establishing and chairing this panel which will be constituted as part of U+I's corporate governance, reporting into our Board to update on our commitments and to evaluate our performance as a partner in PPP schemes.

Through our new challenge panel, we will be assessing the performance of all U+I projects against a series of socio-economic targets to determine how successful these schemes have been in delivering for the local community, from completion and then over a five-year period.

We could imagine a time when an independent challenge panel would look at PPP industry-wide and assess socio economic performance against original targets.

2. COMMUNITY PROFIT SHARE. One of the first tasks of our Community Challenge Panel will be to propose a review and governance mechanism so that any profit we make above a projected return on our major PPP schemes is directly shared with the relevant public body and the local community. This return forms part of the bidding process.

3. COMMUNITY ENGAGEMENT FUND. On all our major PPP schemes we will set aside a specific budget through a Planning Performance Agreement so that community organisations and representatives are better equipped to engage more effectively in the planning process. We believe this is an important step to rebalance the relationship between developer, local authority and community. This arrangement will be overseen by our Community Scrutiny Panel. As part of this initiative, we support efforts to establish stakeholder forums for projects – chaired by a local representative (or 'patriot') – which genuinely seek to address practical possibilities at a local level.

U+I'S SIX STEPS TO SUCCESSFUL PPP

1. ENSURE PROFIT HAS PURPOSE

Be clear that you are in the business of delivering social wellbeing as well as economic wellbeing. Say it. Most importantly, do it and live it. Then measure it, empirically, refine it and remain committed to it.

2. MARRY WELL

Many PPP models work best when land values are high. There is little appetite for optimism in the lending community, so ensure that proposals are tailored to the reality of the site.

3. TAKE THE LONG VIEW

PPPs are usually a marathon, rarely a sprint, and you will need to have the right governance, with due flexibility, to respond to changing tide and times.

4. DO NOT SELL THE FAMILY SILVER

There should never be any requirement for local authorities to relinquish their assets, the value of which will grow over time. Take a more creative approach.

5. DE-RISK OR DESPAIR

The key to making developments successful in a challenging climate is to mitigate risk at every step – and the public sector partners can play a major role in this.

6. COMMUNITY IS KING

Authentic engagement means listening and responding. If you get the community to buy your long-term vision, they will become project champions and, more importantly perhaps, project guardians.

“

THE MOST SUCCESSFUL PPP PROJECTS ARE THE ONES THAT ARE EXTREMELY ALIGNED ON THE VISION AND HAVE PROJECT CHAMPIONS ON BOTH SIDES THAT ARE COMMITTED TO REALISING THAT VISION IN AGREED WAYS.

”

DARRYL CHEN
Hawkins/Brown

FINAL WORD

By **MATTHEW WEINER**, CEO



Civic trust, we have concluded, is the magic glue which binds PPP schemes. Without it, they fall apart.

Trust is clearly a broader societal issue and we'd be fools to think we in the development community can fix it on our own. What we can do, however, is work hard to ensure that the glue is in place at the local level where we are on the ground regenerating, creating, engaging.

Taken together, we think our policy initiatives can go some way towards rebuilding trust in PPPs in general and some way, also, towards engendering local civic trust in the specific schemes where we are privileged to have responsibility.

Of more significance, however, is that we think our policy initiatives will ultimately lead to better PPPs and to developments with more impact and more reward, not just for our partners but for the communities they serve. Why wouldn't we want to give a major role to communities in shaping schemes? Why wouldn't we want to tap into their knowledge, their understanding, their pride?

We are prepared to do what we can to make PPPs a genuine partnership between developer, public sector and local community. But we acknowledge our approach is just the start and is just one response which specifically works for our organisational culture and our corporate purpose.

Others, we expect and hope, will bring forward their own initiatives to reset the PPP conversation and to ensure the PPP model continues to evolve, to improve, to change people's lives.

Others, in fact, have to step forward and play their part. This is a collective obligation and one which everyone should be happy to share. Let's keep talking.

**WHY WOULDN'T WE WANT
TO GIVE A MAJOR ROLE TO
COMMUNITIES IN SHAPING
SCHEMES? WHY WOULDN'T
WE WANT TO TAP INTO
THEIR KNOWLEDGE,
THEIR UNDERSTANDING,
THEIR PRIDE?**

MATTHEW WEINER
CEO

CASE STUDIES



PRESTON BARRACKS BRIGHTON. As a former Ministry of Defence site, Preston Barracks has a rich and vibrant past dating back to 1793 but has been derelict for over 20 years. In 2014, U+I exchanged contracts with Brighton & Hove City Council and the University of Brighton to deliver one of Brighton's biggest ever regeneration projects, which will create over 1,500 jobs and inject more than £280 million into the local economy. Our proposals initially received opposition from local groups but following extensive engagement with the community, the site was granted planning permission in 2017. The partnership will deliver one of the city's biggest ever mixed-use regeneration projects and provide 369 new homes, including affordable housing, and 534 student bedrooms in managed halls of residence. The plans also include a new space for the University's Business School and a 50,000 sq ft innovation hub for start-up businesses and entrepreneurs.



KING'S CROSS LONDON. Located on the site of former rail and industrial facilities, the 67 acre redevelopment is ongoing and involves the restoration of historic buildings combined with new construction. The entire masterplan is shaped around internal streets and 26 acres of open space to form a new public realm for the area. The area required a fresh identity having suffered from years of decline, as a “Cinderella” district, devoid of big business and investment. According to Argent’s Robert Evans, the scheme’s master-planner, the plans faced significant criticism at the outset but the developers were able to overcome this by taking a long-term view. Today the project is generally well regarded and often cited as an example of how to get regeneration right. It is set to deliver 3.4 million sq ft of office space, 1,900W homes, 500,000 sq ft of retail and leisure space, a hotel, and educational facilities. Dave Hill of On London writes “London’s largest redevelopment projects inspire a wide range of views, many of them impolite. King’s Cross has long been the exception”.



THE ANFIELD PROJECT LIVERPOOL. A public private partnership between Liverpool Football Club, Liverpool City Council and registered social landlord Your Housing Group is nearing the end of the delivery of a £260m regeneration project for the Anfield district of North Liverpool, one of the most deprived neighbourhoods in the UK. The scheme provided the opportunity to enhance significant community assets alongside the redevelopment of Anfield Stadium. From the outset, the Partnership always said they had a fourth partner – the community – and invested significant resource into engagement at every stage of the project, including a public consultation into the proposed Strategic Regeneration Framework which attracted more than 1,000 responses.





CLAPHAM ONE LONDON. The project was an £80 million public-private partnership joint venture between U+I, United House and Lambeth Council. In 2012, the development partners delivered a mixed-use regeneration scheme across two sites in Clapham town centre against a backdrop of recession, creating a challenging environment for securing funding and also increasing scrutiny and expectation around any schemes involving public spending or local authority involvement. Clapham One represented an opportunity to transform expectations of what PPP can and should deliver, especially in terms of community facilities. In addition to the community benefits, the project was also focused on high quality design and sustainability. The funding model meant that it did not require local authority money. The scheme has provided Clapham with a new leisure centre, state-of-the-art library and family health centre as well as high quality residential accommodation including affordable housing in partnership with Notting Hill Housing Group.

FIRST DIRECT ARENA LEEDS. In 2013 construction finished on the First Direct Arena, a 13,500 capacity multi-purpose venue in Leeds city centre developed by Leeds City Council in partnership with Jacobs and BAM Construction. The project faced several challenges over its economic impact and government funding and several Sheffield MPs were concerned that the venue would affect the viability of venues in Sheffield and there were also questions over government funding being used for the project. However, an independent economic impact assessment showed it would be of benefit to the entire region and then business minister, Pat McFadden, said the arena would make a “big contribution to the city’s future and create more than 500 jobs”, as he announced the investment would go ahead. The centre has received wide acclaim due to its cost-effective and sustainable design. The project also delivered community benefits and employment opportunities including 224 weeks of work experience and 90 apprentices on site.



THANKS TO:

Paul Smith The Northern Powerhouse Partnership
Lucy Smith Housing the Powerhouse
Monica Brij Greater Manchester Local Enterprise Partnership
Bob Dyson CBRE
Chris Cheap GVA
Simon Bedford Deloitte Real Estate Advisory
Vaqas Farooq Shoosmiths
Chris Bliss Momentum Property Solutions
Beckie Joyce Capita Real Estate and Infrastructure
Mike Wild Macc
Jessica Middleton-Pugh Place North West
Laura Sharman Municipal Journal
Phil Mayall Muse Developments
Gillian Postill Marple Civic Society
Jonathan Tew Birmingham City Council
Nick Glover Greater Birmingham & Solihull Local Enterprise Partnership
Marilyn Castree Greater Birmingham Chamber of Commerce & GBSLEP Business Growth Hub Advisor
David Golding Network Rail
Afzal Hussain Witton Lodge Community Association
Amardeep Gill Colmore BID
Richard Lawrence City of Wolverhampton Council
Tony Pidgley Berkeley Group
Simon Hall Slough Borough Council
Lester Hampson Transport for London
Ian Fletcher British Property Federation
Ben Rogers Centre for London
Sean McKee London Chamber of Commerce and Industry
Jerry Freeman GVA
James Leaver Knight Frank
Darryl Chen Hawkins\Brown
John Tatham PfP Capital
Jonathan Bull-Diamond GVA
Angela Koch Neighbourhood Planners. London
Francis Salway London Community Foundation
Nick Walkley Homes England
Jennifer Miles Cushman & Wakefield
Gerry Hughes GVA
Matthew Punshon Metropolitan Police Service
Katie Kopec JLL
Eileen Conn Peckham Vision
Radhika Bynon The Young Foundation
Kevin Trickett Yorkshire and Humber Association of Civic Societies
Adrian Powell NHS Property Services
Sir Albert Bore Birmingham City Council
Angela Harrowing Office of Government Property, Cabinet Office