



Representatives of the private and public sectors met at the Mipim property event in Cannes to thrash out their differences and find ways of working together. Despite pressures from government, localism and cuts, participants found much to agree on. David Matthews reports

PUBLIC 'VS' PRIVATE: THE BIG CONSTRUCTION CONVERSATION

Sitting by the beach at Mipim in Cannes, with the sun rising overhead and the sea just audible in the background, it's difficult to believe that the construction industry and its partner, local government, is undergoing the biggest shakeup in decades. But that is the case, and as the industry enters an era of public sector cuts, sustainability and localism, the heads of contractors, developers, consultants, local authorities and law firms agree they must radically adapt to survive. Above all, for those that gathered at Willmott Dixon's event, chaired by Building, there's a real desire to get past the age-old clash of public vs private sector. In tough times, cultures have to change.

John Frankiewicz, chief executive of Willmott Dixon Capital Works, doesn't think that money has disappeared from the public sector, but that the relationship with the private sector has to change. "There's some public sector money out there and the challenge is to do more with less money," he said. "The partnership between the private and public sectors needs to be streamlined and there are regulatory barriers to that, particularly in procurement."

Most round the table, including representatives from local authorities, agreed that if development is to get off the ground in the age of austerity, councils must take more risks. There is hope, too, for a funding and planning role for the 30 local enterprise partnerships (LEP), which join together local authorities and businesses – or so the government hopes.

Martin Reeves, chief executive of Coventry City Council, said that the industry is at a crossroads, and urgently needs to create a new funding model for development in the age of austerity. "LEPs will be part of that vehicle," he said. "There will be a bit of a culture clash between public and private, but that needs to play out. We need a very different approach to risk, and expediting of planning. I'm opportunistic. We have got to make it work because there's no other option."

The panel

- John Frankiewicz** Willmott Dixon
- Gary Taylor** Argent
- Duncan Innes** Olympic Park Legacy Company
- Chris Tredget** Willmott Dixon
- Lorraine Baggs** Invest in Nottingham
- Martin Reeves** Coventry City Council
- Sebastian Charles** K&L Gates
- Michael Taylor** Nottingham Regeneration
- Robert Lee** Davies Arnold Cooper
- Jeffrey Adams** United House
- Ian Marsden** URS Scott Wilson
- Alex King** Kent County Council
- Alastair Smart** The Crown Estate
- Tom Broughton** Building
- David Matthews** Building

That different approach to risk was a recurring theme in the discussion. Robert Lee, head of the real estate group at law firm Davies Arnold Cooper, voiced his doubts that trust and common goals between public and private will flower overnight. "My experience is that there's a very big difference between the fine words we hear and what we hear in the meetings. There's still an attitude of unbridled mistrust towards private developers. We need to move towards proper joint venturing, and a recognition that developers have got to be able to cut up risk into stages," he said.

While local authorities may lack money, in many cases they don't lack land, and putting up this asset as equity in joint ventures was mooted repeatedly. Duncan Innes, property director at the Olympic Park Legacy Company, thinks that this is "absolutely crucial".

Sebastian Charles, a partner at law firm K&L Gates, also thinks that LEPs should have a planning role in

speeding up development. "They do need to be delivery focused, and that needs a lot of pairing of skills. That involves them having some planning role," he said.

Still, the private sector can't simply expect the public to ease development restrictions for nothing, says Frankiewicz. Contractors and developers must be honest about the prospects for any scheme. "I do think the private sector should open its books more, and not just the one it wants [the public sector] to see. There's waste in the private sector too. My challenge to the public sector is to take on more risk. In the past, there was less incentive to take risk, but I think now to get projects moving that needs to be reassessed."

The government's localism agenda, which is designed to hand more powers to local communities, was also a hot topic around the table. All were agreed on the need to sell development more effectively to communities in order to gain their consent. Yet some developers already have significant experience making sure that new construction doesn't offend those living nearby.

Alastair Smart, head of development and project management at the Crown Estate, thinks that his firm is well prepared, having been subject to metropolitan constraints on building for decades. "As most of our developments are in central London, we have to work with parliament and English Heritage, so localism might not be any different from what we normally do," he said, and is also optimistic that the government will listen to industry concerns. "We feel the localism agenda will change as it goes through parliament," he said.

Frankiewicz also threw the industry down a gauntlet: how serious is it about sustainability? Local authorities, thinks Reeves, can create a tremendous amount of work through retrofitting their buildings, and he also believes cash flow is not the main issue. "I would be amazed if the LEPs don't focus on green development and retrofitting. The cash is there to do it," he said.

Other parts of the public sector are also being



THERE IS PUBLIC SECTOR MONEY - THE CHALLENGE IS TO DO MORE WITH LESS
JOHN FRANKIEWICZ, WILLMOTT DIXON

incentivised to demand sustainable construction from their supply chain, thinks Ian Marsden, technical director at URS Scott Wilson. "Universities have a real problem because the greenness of their properties affects how much funding they get," he said.

Still, it takes developers with a longer-term perspective to take energy efficiency seriously. Gary Taylor, director at Argent, said that whether developers create genuinely green buildings depends on how quickly they dispose of their assets. "For a developer you are seeing a 25-year payback period. If you're just there to trade and sell then it's not worth it."

There was cautious optimism about how green construction will be in three years' time, and Frankiewicz was the among the most bullish about its prospects. "We are going through an industrial revolution, about to fly into sustainability. The more mature businesses will also focus more on their impact on society," he said.

Optimism and agreement abounded at Mipim, on working with the public sector and the greening of the industry. There's no turf warfare between public and private and all around the table were making very positive – and collaborative – noises. The test now will be whether consensus in Cannes can translate into action in the UK.

LEPs WILL BE PART OF A NEW DEVELOPMENT MODEL. WE NEED TO MAKE IT WORK
MARTIN REEVES, COVENTRY CITY COUNCIL



Conference-goers debate the evolving shape of development



Photography: Paul Burroughs