

Business, Energy and Industrial Strategy Committee:

Post-pandemic economic growth - levelling up

The Royal Institute of British Architects champions better buildings, stronger communities and higher environmental standards through the practice of architecture and our 40,000 members. We provide the standards, training, support and recognition that put our members – in the UK and overseas – at the peak of their profession. With government and our partners, we work to improve the design quality of public buildings, new homes and new communities.

The Royal Institute of British Architects (RIBA) welcomes the opportunity to respond to this inquiry. This response builds on our submission to the Business, Energy and Industrial Strategy Committee's inquiry into [post-pandemic economic growth](#).

Productivity and quality in the construction sector remain very low across the UK. Local and regional government structures have a key role to play in addressing this and help deliver local growth. However, they must be given the ability to make decisions, have adequate funding and resources, engage all relevant stakeholders and take a long-term approach to projects.

To help “level up” the UK, the RIBA suggests that the Government must:

- Take a more decentralised approach to decision making with decisions taken at the appropriate level
- Ensure that local structures have adequate resources and decision-making capabilities
- Ensure that local knowledge is integrated into project from the outset
- Ensure a greater focus on procuring projects in a way that focuses on quality and long-term value rather than just minimising costs today
- Improve the energy efficiency in existing homes to help a green economic recovery and level up across the UK

A more decentralised approach to decision making with decisions taken at the appropriate level

The RIBA would welcome a more decentralised approach to decision making. At present even in areas with significant devolution, decision making on issues including transport and planning are taken at an inappropriately high level.

Different projects will require different levels of decision making. For example, local authorities are often too local to tackle large housing or infrastructure projects and local authority boundaries do not necessarily reflect regional economies. Where combined authorities already exist, further powers should be devolved to allow for greater coordination of public policy aims.

Where combined authorities do not exist, the RIBA suggests that new devolution deals should be struck. Combined authorities can support wide-ranging visions for their areas and better reflect Functional Economic Market Areas (FEMAs). FEMAs are defined by a range of factors, such as travel to work areas, consumer market areas, and infrastructure networks. However, in the UK, there are often no public bodies reflecting the geographical location of FEMAs. This is worrying, because international evidence suggests that devolved government at the level of the FEMA is critical to economic success.

We have already seen the success of this approach under the Greater London Authority (GLA) in London. With Transport for London, the Mayor has oversight of swathes of public transport, and can deliver rationalisation of prices and service delivery across the capital. The Mayor can use transport policy to support a range of goals and initiatives, from extending rail networks to stimulating regeneration and housing growth, to improving public health through schemes like the congestion charge and cycle hire.

Recommendations:

- Strike new devolution deals until there is a solution in place for every area of the country.
- Create a pathway to deepening devolution deals to ensure powers can be at least as extensive as those held by the Greater London Authority.

Ensuring that local structures have adequate resources and decision-making capabilities

To ensure that the devolved administrations are successful, they require adequate resources and decision-making capabilities. Research by Planning Futures highlighted that between 2006 and 2016 Government cuts have led to a reduction of planning department staff by on average 15% and highlighted the challenges of attracting quality planners. It will be difficult to “level up” regions across the UK if combined and local authorities do not have the resources, skills and capacity they require.

The RIBA would like to see local structures have the ability to deliver funding and make decisions that are right for their own ambitions. We recommend that there should be greater flexibility in the co-ordination of housing funding stream, council tax flexibility on

empty sites and empty homes combined with a move towards greater fiscal devolution.¹ For this to occur, HM Treasury must be prepared to give local and regional bodies greater freedom to make decisions and finance investment.

Recommendations:

- Local authority planning departments should have funding ring-fenced.
- Initiatives to boost the planning profession should be supported such as Public Practice, a scheme for planners along the lines of Teach First.
- HM Treasury should give local and regional bodies greater freedom to make decisions and finance investment.

Ensuring local knowledge is integrated into project from the outset

Local stakeholders, who are embedded in the urban environment, can make substantial contributions to ensuring the most is made of new infrastructure schemes. Stakeholder engagement needs to be more than a tick box exercise to satisfy legal requirements if the benefits of regional investment are to be maximised.

A more productive approach would ensure that local stakeholders are more involved in the actual process of decision making about new projects. A better system of local engagement could also be used to set out the broader context of a development. Backed with better and more relatable information, project teams will be able to explain and explore the benefits of a proposals as well as setting out the impacts of a scheme not progressing.

Typically, less than one third of the time spent on project development is given over to this ‘front-end’ of decision making. But it is during this phase that decisions are taken that most shape what is subsequently delivered. These decisions must include relevant stakeholders to ensure the projects delivered meet local requirements.

A greater focus on procuring projects in a way that focuses on quality and long-term value rather than just minimising costs today

Productivity and quality in the construction sector remain very low across the UK. Outside of London, the lack of public sector investment has meant that innovation and the adoption of new approaches has generally been slower to materialise. This has meant that the quality of new homes, offices and infrastructure is often far lower than in London and the South East because of the lack of public sector investment to raise the bar. If the Government wants to address these issues it needs to both increase the level of investment and push local government to procure projects in a way that focuses on quality and long-term value rather than just minimising costs today.

¹ Institute for Public Policy Research North, *Closer to Home*, <https://www.architecture.com/-/media/GatherContent/Closer-to-Home/Additional-Documents/DevohousingtextcvrWEB161025.pdf>

Improving the energy efficiency in existing homes is key to a green economic recovery and levelling up the UK

The RIBA's response to the inquiry on [post-pandemic economic growth](#) highlighted that upgrading energy inefficient homes can stimulate the economy, create jobs, upskill workers, and alleviate demand on the NHS whilst mitigating climate risks.

To realise these benefits, improving the energy efficiency of homes must become a national infrastructure priority. The Government must set more ambitious retrofit targets and set out a National Retrofit Strategy which includes clear governance arrangements, targets, and a long-term action plan which identifies incentives and ringfences funding.

The RIBA welcomes the £2 billion announced by the Chancellor in the summer economic statement; however, this must be just the beginning. The Conservative Party earmarked £9.2 billion in their election manifesto for three energy efficiency programmes – the Social Housing Decarbonisation Fund, Home Upgrade Grants and Public Sector Decarbonisation Scheme. These must be confirmed in full and implemented as soon as possible.

As part of the National Retrofit Strategy, the Government should support training and education through ringfenced funding. In their response to COVID-19, New Zealand allocated NZ\$1.1 billion (£0.55 billion) as part of an environmental jobs package, and a further NZ\$1.6 billion (£0.8 billion) over four years for trades and apprenticeship training.² Investment in energy efficiency and related training and education will help “level up” opportunities across the UK.

Recommendations:

- Improving the energy efficiency of homes must become a national infrastructure priority and Government must set more ambitious retrofit targets.
- The Government must set out clear retrofitting policies as part of a National Retrofit Strategy, including incentives to stimulate private capital and funding for training and education.
- The £9.2 billion earmarked in the Conservative Party's election manifesto must be confirmed in full and implemented as soon as possible.

² EEIG, *Rebuilding for Resilience*, pg. 17