

Royal Institute of British Architects

Rt. Hon. Sajid Javid MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Parade
London
SW1A 2HQ

7th February 2020

Dear Chancellor,

The world has changed radically since the RIBA was founded in 1834, but the founding principles of why the built environment matters remain the same – quality of life, quality of the environment, and how people can live, work and connect to their communities.

The impact of decisions made in 1834, by Government, by architects, engineers and other experts in the built environment, can still be felt today. The decisions we make today will leave a mark for hundreds of years into the future. Investing in a better built environment is investing in a better future.

You have been clear that public spending must be smarter, ensuring that value can be maximised to ensure that there is a better quality of life for people living across the country. We agree that there is a real need for significant investment in infrastructure, housing and the built environment more broadly in order to a better, fairer society for the future.

The RIBA wants this new investment round to be undertaken with long-term value at its heart. That is why we are calling for the 2020 Budget to focus on spending in the right places – and spending smarter – through better procurement, better use of information, supporting great design and fair funding for the profession.

This year the RIBA will publish a new report on developing better social housing. As you are no doubt aware from your tenure as Secretary of State for Housing, Communities and Local Government, there are significant challenges associated with the availability of houses for social rent – and investment is a significant barrier to this. With nearly £10 billion of housing benefit a year going to private landlords, there is a significant case to be made that public money could be better used for long-term investment in this area. We will bring forward more detailed recommendations on this vital issue in time for consideration in the spending review.

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Our asks in this submission focus on measures that will get the framework right, through:

- Mandating Post Occupancy Evaluations in public sector projects
- Encouraging social value through government procurement
- Fair funding for the next generation of architects
- Supporting the necessary conditions for sustainable and inclusive growth and placemaking

Further detail of these proposals are outlined below and we would welcome the opportunity to meet and discuss them in further detail.

Yours sincerely,



Professor Alan M Jones
RIBA President



Alan Vallance
RIBA Chief Executive

Mandating Post Occupancy Evaluations in public sector projects

The lack of information about how well new buildings meet the needs of their users and deliver on performance expectations is a huge barrier to improving the quality and sustainability of the built environment. While many sectors of the economy routinely analyse the performance of existing assets to inform future designs, this is rarely the case within construction. As a result, too often we simply do not know whether new or refurbished buildings are delivering value for money. While this is an issue for the whole industry, as a major client the Government would be an enormous beneficiary from increased uptake of Post-Occupancy Evaluation (the assessment of how building performance measures up to the expectations of the team that designed and built it.)

We know that good design and improved information management supports better outcomes and can reduce the long-term cost of managing a project. Where it is not the case however, poor design and a lack of efficient information management can result in preventable additional costs. For example, the RIBA's report *Better Spaces for Learning* highlighted that only 5% of schools buildings could be classed as operating efficiently and performing as intended, and it is estimated that £150m a year is wasted on unnecessary operation and maintenance costs of schools as a result of poor design.¹

It is estimated that POEs cost an additional 0.1% - 0.25% to upfront costs, but this cost can be outweighed by the cost reductions for maintenance and improved outcomes in building use.² Government Soft Landings identified that the use of POEs to "become standard practice" as part of its own guiding principles. However, uptake has been slow and the benefit of POEs is yet to be fully realised.

The RIBA is advocating for POEs to become standard requirements in public sector capital funding programmes. This low-cost initiative would have widespread benefits across Government, but it requires support at Ministerial level and the appointment of POE leads in the civil service to support it.

Encouraging social value through government procurement

Estimates put UK Government spend on external suppliers at £284 billion, forming the UK Government's largest expenditure.³ Procurement for 'works' and 'facilities and management services' are the two highest areas of government expenditure in procurement.⁴ Through its spending power the UK Government is best placed to drive more meaningful long-term outcomes through procurement.

The Social Value Act 2012 legislated to introduce better accountability of social value through government spending. However, it is clear that there is scope for more to be done, and we welcome Government moves to support this. The RIBA responded to the consultation *Social Value in Government Procurement*, in which we outlined that

¹ <https://www.architecture.com/-/media/gathercontent/better-spaces-for-learning/additional-documents/ribabetterspacesforlearningpdf.pdf>

² <https://www.architecture.com/-/media/GatherContent/Post-Occupancy-Evaluations/Additional-Documents/RIBAPOEpolicypaperpdf.pdf>

³ <https://demos.co.uk/wp-content/uploads/2019/10/UK-CLOUD-04.10-2.pdf>

⁴

https://www.instituteforgovernment.org.uk/sites/default/files/publications/IfG_procurement_WEB_4.pdf

although we supported the focus in exploring greater accountability for social value, we were concerned that the process of measurement and accountability would fail to capture long-term social value, especially in projects, such as those within the built environment, that have the potential to create positive or negative externalities over a long time period.

For example, the government will need to significantly reduce the carbon impact of the built environment, which contributes around 40% of the UK's total carbon footprint, in order to meet its ambitious targets to reduce carbon emissions to at least 80% compared with 1990 levels by 2050.

As such, we are calling on the UK Government to take an outcomes-based approach to procurement to optimise the economic, social and environmental benefits of procurement through the whole life of a building.⁵ This includes choosing a procurement procedure, selection and award criteria which will achieve particular project outcomes – including social value. Although they may bring short term procurement efficiency gains, frameworks do not always translate into the best long-term outcomes for particular projects. We have seen recent examples where complex heritage restoration projects and social housing delivery contracts have been included on frameworks where 80% of the weighting was for the cost of the project. There is little chance of these projects leading to quality outcomes or delivering long-term value to the taxpayer.

Evaluating social value must consider long term outcomes for building users and communities. The RIBA supports the development of more explicit award criteria to consider social value (covering areas such as community cohesion, health and wellbeing, access and inclusion, social sustainability, innovation and resilience). When procurement is contractor led, it is even more important that social and environmental benefits of design are key award criteria.

To have real impact the same requirements should be extended to local authority procurement, a significant amount of which is undertaken through private procurement service providers/frameworks. We strongly recommend that government takes action to more closely regulate these procurement organisations in order to ensure that the government existing procurement policy mandates are met and that the frameworks are transparent and not exclusionary.

Fair funding for the next generation of architects

Training to become an architect takes at least seven years – five of those as a student. While Government figures recognise that the cost of delivering education for future architects is amongst the highest of any discipline, the current funding model fails to reflect this.

Architecture is currently classified by the Office for Students (OfS) as an 'intermediate-cost subject'⁶ (C2) – despite the fact that OfS data found that the cost of delivering architecture courses exceeded the cost of a number of better funded

⁵ <https://www.architecture.com/-/media/gathercontent/ten-principles-for-procuring-better-outcomes/additional-documents/tenprinciplesforprocuringbetteroutcomes2016versionpdf.pdf>

⁶ https://www.officeforstudents.org.uk/media/1448/ofs2018_21.pdf

courses such as pharmacy, bio-sciences and computer sciences.⁷ The combination of high-teaching costs and growing demands on the technical and professional competence of architects is putting significant pressure on schools of architecture. The RIBA is calling for all UK courses that are part of the route to becoming an architect to be re-classified into Price Group B, alongside comparable disciplines like Civil Engineering. This would reflect the close links between the two subjects (some universities already teach the course in parallel at the initial stages) and more accurately reflect the costs of delivering a highly facilities based course. Applying high-cost subject funding of £1,500 per student⁸ to architecture would cost around £18 million per year and enable a greater focus on specialised and resource-intensive training in areas like fire safety, sustainability, digital fabrication and computer modelling. The UK is a global leader in building design – investing to further boost this will bring huge benefits at home and to our international profile.

Supporting the conditions for sustainable and inclusive growth and placemaking

The future prosperity and wellbeing of the UK as a whole depends on the quality, liveability, sustainability and inclusivity of all of our towns and cities. The RIBA has called on government to rethink how places are planned, designed and built by empowering communities and investing in local government skills and capacity to lead better design.

In partnership with the Local Government Association with Local Partnerships, Homes England, the Royal Town Planning Institute and Chartered Institute of Housing, the RIBA has set up *Future Place* - a programme to focus the resources and skills of national agencies and professional bodies to support innovative design, delivery and funding models, cross sector collaboration, capacity building and knowledge sharing at a local level. Five Future Places which demonstrated a clear vision, committed leadership, and determined to deliver meaningful change were selected to take part in the 2019 programme. Throughout 2019, the Future Place partnership worked with Gateshead, Bradford, Great Yarmouth, North Northamptonshire and Exeter to develop their visions and unlock their placemaking potential by offering capacity building and targeted strategic placemaking advice in response to defined needs.

A report and website evaluating the success of the first year of the programme and sharing lessons learned with local authorities across England will be launched with the open call for 2020 Future Places at the LGA Housing, Planning and Infrastructure Conference in March. All indicators suggest that the 2019 programme has proven to be a highly effective way to build local authority skills, capacity and knowledge, engage communities, and accelerate local authority placemaking visions – by focusing on areas of both potential and need, and sharing the lessons more broadly. The programme has drawn out best practice in a range of key priority areas: engaging diverse communities in inclusive growth; supporting better health and life chances through placemaking; climate resilience led regeneration; accommodating high-density sustainable growth in historic cities; and landscape integration of new urban extensions.

⁷https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/805057/Measuring_the_cost_of_provision_using_transparent_approach_to_costing_data.pdf

⁸https://www.officeforstudents.org.uk/media/1448/ofs2018_21.pdf

We are calling on the UK Government to invest £20 million in scaling up the Future Place programme so that the current cohort of five places can be increased to 20 in 2021, thereby multiplying the benefits of the programme for local authority skills and capacity – and placemaking – across England.