

The Farrell Review

Submission by Finn Williams

The evidence and recommendations submitted below are based on my experience of studying architecture in the UK and abroad (Glasgow School of Art, FAUP in Porto, and the Royal College of Art), practicing architecture (for offices including OMA in Rotterdam), working as an urban designer within a London Borough (Croydon Council), sitting on a Borough Design Review Panel (Vice-Chair of Tower Hamlets CADAP), being an active participant in neighbourhood planning (Chair of the Friends of Arnold Circus), and teaching architecture at universities across Europe (including the Bartlett and Chalmers, Sweden). It represents a view from different sides of the table; as a student and a tutor, a consultant, a council officer and a community spokesperson.

Public Sector Design Capacity

The mismatch between the relatively high quality of Britain's architectural expertise and relatively low quality of our everyday built environment is, in my view, proportional to architects' lack of influence over the UK's construction output. Many of the most significant decisions affecting a typical development are made before an architect is commissioned – if an architect is commissioned at all.

It is estimated that 73% of buildings in the UK are designed without the input of architects, yet almost all of these require planning permission. At the same time 40% of the UK's construction output is from the public sector. It is public servants, perhaps more than architects, who hold the key to challenging the majority of mediocrity that makes up our built environment. Though many of the measures necessary to bridge the gap in quality lie beyond the architecture profession's influence, they are within the gift of central and local government.

The fact that this gap has not already been bridged is not, in my opinion, because we lack the right policies. Policies on good design are only as strong as the people who interpret and apply them. Where there is a strong planning department, for example at Croydon Council, it is possible to secure excellent design with (or even despite) the current policy framework. Where local authority resources are inadequate, unscrupulous developers can secure consents that would be unacceptable elsewhere. The variable quality of chain stores (for example supermarket buildings) is often a telling barometer of local authority design capacity.

Fundamental to all of the following recommendations is the need to reverse the depletion of design expertise within local authorities, and rebuild the capacity of the

public sector to stipulate, create, commission and deliver high quality sustainable development.

Public Sector Resourcing

Britain has a proud history of public servants working to improve the "everyday" quality of our housing, public spaces and buildings. But today, for people with an architectural education going into public service is too often seen as a last resort - an admission of failure as a designer, or an abandonment of ambition and creativity.

I chose to work as an urban designer at Croydon Council over working for a high profile architecture practice because I felt it was important to try to raise quality thresholds at the bottom of the built environment rather than only stretch the top. I witnessed first-hand the stigma of bureaucracy, which is not helped by government rhetoric that has, for example, branded planners "the enemies of enterprise".

Too many people with the built environment skills that would strengthen the public sector are deterred from even applying, and too many of those that do start working for local authorities for the right reasons become discouraged by the working conditions and soon leave for the private sector. Successive cuts to local authority budgets have decimated the public sector skill and knowledge base, contributing to a very real "brain drain" in departments involved with the built environment. This is not about numbers but quality - the first people to leave are invariably those with the ambition and capabilities to find better jobs elsewhere.

This loss of expertise within public authorities has been temporarily mitigated by commissioning work that would previously have been carried out in-house, and by employing agency staff on short-term contracts. Both models carry the additional longer-term costs of procurement and private profit (an agency project manager will typically cost £500/day, twice as much as an officer directly employed by the Council). Both models weaken the "memory" or local knowledge base of a public authority - invaluable when it comes to dealing with long term relationships and processes necessary for bringing about improvements to the built environment.

Recommendation 1: Geared Public Sector Job Conditions

The longer-term solution to redressing the loss of expertise in public authorities is not "training-up" or

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"talking down" to the few officers remaining in post, it should be making the posts attractive to those with the right levels of expertise in the first place. This requires rethinking the job conditions of working for the public sector - and not necessarily increasing pay or costs.

*Local authorities in particular need encouragement and the legal freedom to accept that one size doesn't fit all when it comes to job conditions. Ambitious employees with a design background may be keen to work longer than 36 hours a week, willing to forego a state pension or "gold-plated" employment benefits if it brings other opportunities, or prepared to work in more fluid, freelancer-type structures. The perception that the public sector offers a "job-for-life" with short hours, low risk, reasonable pay and slow progression acts as a disincentive for ambition. *Instead public sector jobs need to be geared to allow them to be more challenging, more mobile, more intense, even less secure. Making it quicker for public authorities to hire and fire direct employees would reduce their reliance on agency staff and help reverse the "brain drain".**

Template contracts could be developed by government for use by local authorities, offering:

- Longer working hours
- A commensurate increase in pay
- Greater flexibility to allow parallel private practice
- Alternative pension arrangements
- Shorter notice periods
- Less job security
- Better rewards for excellent performance

Recommendation 2: Graduate Placement Programme

*The growing divide between the skill-sets of the private and public sectors in relation to the built environment could also be bridged by a placement programme for architecture graduates in, for example, local authorities in need of expertise. *A high profile national programme could transform the image of public service by offering inspiring, experimental, socially minded placements that feel like a privilege rather than a last resort.**

The Teach First programme has turned round perceptions of teaching amongst high-performing students to the extent that it has become the UK's top graduate recruiter in 10 years. Another example is the Finnish Government's innovation fund SITRA's Design Exchange programme which has been placing strategic designers within Finland's ministries and municipalities on long-term contracts, supported by a network for horizontal knowledge and experience sharing. The

Design Exchange programme aims to "build design capability within national and municipal government in Finland, prepare a new generation of promising, capable strategic designers in Finland, in the short term, accomplish more effective services through direct use of design methods", and "over the long term, create a healthy debate about current institutional structures".

Public Sector Delivery

It is generally recognised that we need to build 300,000 new homes a year to meet the UK's housing demand. The only period this scale of production has been achieved post-war was between 1964 and 1969 when the public sector was building more than 100,000 homes a year. The public sector currently accounts for around 1,500 homes a year, or 1% of total completions. In contrast private sector house-building levels have remained relatively consistent since the late 1950s, between around 100,000 and 200,000 homes per year. *To build enough homes to meet the housing demand the public sector needs to pull its weight.*

In the 1960s and 1970s local authorities were building approximately 40% of new homes, and had the in-house expertise to deliver as efficiently and professionally as the private sector. The lasting popularity of developments such as the Alexandra Road estate by Camden Council's Architects Department is evidence that with the right in-house expertise, Council-built housing can be a success. At this time approximately 50% of the architectural profession was employed by the public sector. Today it is less than 9%.

London Boroughs are now beginning to build significant numbers of both affordable and market homes again. Barking & Dagenham, Camden, Hackney, Newham and Westminster all have major Council-led regeneration programmes underway. However these organisations have had to rebuild their delivery capacity from scratch, often relying on temporarily employing external consultants at additional cost to the taxpayer. At its most extreme this culture of commissioning can result in local authorities employing agency staff to write a brief to procure consultants to write a brief to procure a development partner to procure a design team to design a scheme, each of whom takes a cut reducing the proportion of the budget which goes into the ground. The same outcome could have been carried out directly, in-house, at a fraction of the cost.

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The default approach of employing agency staff or contracting out delivery services has a number of disadvantages over building in-house expertise:

- Additional resource required for brief writing, procurement, contracting and managing agency/contract staff
- Agency/contract staff can cost approximately twice as much as in house expertise
- High turnover rate of agency/contract staff results in a lack of continuity and wasted time re-briefing new employees (I have worked on projects which have had 5 different project managers before even reaching RIBA Stage D)
- Lack of local knowledge / political awareness can result in unnecessary delays to projects.
- Lack of commitment or accountability to a place or project.
- Loss of learning from delivery, as public servants are increasingly only commissioning and not carrying out work themselves.

The deficit in delivery capacity within local authorities also affects other public infrastructure works, such as public realm and public transport projects. It is commonplace for some local authorities to decline to bid for capital funding, even when it is all but guaranteed to be awarded, because they do not have the capacity to deliver the projects. The regular underspend on the GLA's funding programmes is evidence that too many Boroughs have forgotten how to build.

Recommendation 3: Insourcing Delivery

Relearning how to deliver is a difficult and painful process for public sector organisations – like exercising muscles that have not been used for years. To extend the analogy, the government could act as a kind of fitness-instructor, supporting Local Authorities to assemble – and possibly share – directly employed in-house delivery teams. These could include project managers, quantity surveyors, design advisors, planning consultants, services and structural engineers, architects etc... working as an efficient multi-disciplinary team. Delivery teams that work across local authority boundaries would also help distribute learning and best-practice throughout the public sector – building a feedback loop between contracting and commissioning.

Design Review

Design Review is endorsed in the NPPF and promoted by organisations such as Design Council CABE and

Architecture Centres across England as a method for ensuring design quality. As the member of a Borough Design Review Panel for over 4 years, I would agree that it can benefit the design of individual schemes if practiced well.

However, it is important that Design Review is recognised as just one of a range of measures to improve design quality in a particular place, and not a panacea. In my experience, where a local authority has adequate in house design expertise embedded within the planning system (as Urban Design and Conservation officers) Design Review should not be necessary. In fact, where in house expertise exists, its coverage is far greater than a Design Review panel, which typically sees a very small percentage of only the most significant applications.

Croydon's Placemaking Team currently provides design advice on approximately 12% of all the planning applications the Council receives annually, and 94% of major applications. In an average year Croydon's Planning Committee determines about 100 cases, approximately 3% of all planning applications. The Tower Hamlets Conservation and Design Advisory Panel comments on approximately 33 applications a year; under 2% of all applications received and about 12% of all Major and Listed Building applications.

In its first 10 years CABE reviewed 3,000 schemes. In that time around 6,091,000 planning applications were made in England, meaning CABE had a direct say on 0.05% of the proposed changes to England's built environment. **Design Review simply can't be comprehensive.** Even if only every Major planning application in England was to undergo Design Review, at Design Council CABE's current rate of £8,000 per review, it would cost over £120m. The same sum could fund approximately 3,000 design officers – almost ten for every local planning authority.

Recommendation 4: Prioritise Design Officers over Design Review

Design Review should be recognised as a temporary sticking plaster rather than a panacea. If the deeper problem of a shortage of in-house design expertise embedded within the planning system can be addressed, the benefits of Design Review can be rolled out across a far greater proportion of our built environment. To this end the government could encourage the use of planning fees to employ in-house design expertise as a priority, above the use of Design Review panels.

Public Sector Procurement

The EU Directive (2004/18/EC) introduced OJEU procurement regulations to open up equal opportunities for public contracts across Europe. However the OJEU process is so lengthy (minimum 52 days for an open tender, 77 days for a restricted / two stage tender, plus a 10 day standstill period for each) that public authorities in the UK increasingly rely on pre-procured Framework panels as a quicker and simpler workaround.

With relatively few framework panels nationally available for the procurement of architectural services, public authorities tend to use and re-use the same panels (e.g. The HCA Multi-disciplinary panel). This has exactly the opposite effect of the intentions of the OJEU regulations - the most established practices who were able to qualify for the frameworks only get bigger, whilst smaller, newer or less-experienced practices don't get a look in.

In my experience these few frameworks become increasingly 'tired' and uncompetitive, as members of the panel become either saturated with work or inured to losing bids and stop bothering responding to Invitations To Tender (ITTs). For example Croydon Council issued an ITT for a pair of lots worth over £10 million to the LDA Architecture, Landscape and Urbanism Framework (now obsolete) in 2011 and received only three submissions. The same ITT was reissued via OJEU and received 26 submissions, resulting in a more competitive field, greater opportunities for smaller practices, and better value for money - albeit a slightly longer process.

The bias of the system against smaller businesses is compounded by the trend in the UK for local authorities to minimise their exposure to complex and arduous procurement processes by bundling or aggregating work into a smaller number of larger contracts. The UK has by far the highest average contract values in the EU (Public Procurement in Europe: Cost and Effectiveness).

The use of Frameworks to the exclusion of smaller businesses is particularly acute in the school building sector, where for example the Scape Framework worth £1.25bn has only one supplier selected on the basis of a minimum turnover of £562.5m, and all but 2 of the 15 firms shortlisted for the new EFA Contractors Framework, worth £4bn, have turnovers of more than £650m.

British public authorities' dependency on Frameworks needs to be reduced, but this will only be achieved by fundamentally revising the way OJEU regulations are interpreted so that open and competitive procurement is manageable.

Recommendation 5: National Procurement Guidance

The UK has the third slowest procurement procedure in the EU – almost 50% longer than the EU average (Public Procurement in Europe: Cost and Effectiveness). The tendency for public procurement to become convoluted and onerous in the UK is partly due to the 'belt and braces' approach of risk-averse local authorities wary of legal challenge. The government could provide simple, clear and constructive guidance for local authority officers to help dispel some of the myths around procurement that result in overly slow and complex processes. This should be web-based for ease of updating, and address the following aspects (see recommendations 6-10).

Still, it should be remembered that even the most perfectly calibrated procurement process is only as good as the people who are writing the brief, carrying out the tender assessment and clienting the contractors. No detailed guidance or level of sophistication in the criteria can substitute the need for the right level of design expertise on the client side. This requires the government to ensure that public commissioning bodies have architects and other suitably qualified professionals employed in-house (see recommendations 1-4).

Recommendation 6: Valuing Quality

Design fees represent an extremely small proportion of the whole life cost of public construction projects. As a comparison, the ratio of design costs to construction costs to lifetime maintenance costs for buildings is about 1:10:200 (Improving Standards of Design in the Procurement of Public Buildings, CABE). In other words, investing in quality up front can make valuable savings in the longer-run. Yet it is common for public authorities to look for short-term savings on design services by using quality:cost ratios as low as 40:60. This is a false economy. Government guidance could recommend quality:cost ratios proportionate to the complexity and scale of projects. For example the Treasury's Procurement Guidance recommends a quality:cost ratio of 85:15 - 70:30 for innovative projects and 80:20 - 60:40 for complex projects. Only

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straightforward or repeat projects should be given a quality:cost ratio of less than 60:40.

Recommendation 7: Assessing Cost Relative to Quality

Guidance should recognise that allocating a weighting for cost of more than 30% makes cost the dominant factor. The numerical scoring system for cost produces exaggerated scores (e.g. 30/30 or 0/30) whereas quality scores are averaged out from 4-5 professional opinions, meaning cost is automatically given a greater weighting than quality. Also assessing cost by the lowest price only is not an accurate reflection of value. In previous procurement exercises we have found lowest bidders to be inadequately resourced in terms of total days, seniority of resources, or balance of expertise between different specialisms and therefore incapable of carrying out the job properly- yet they still score highly overall. *It is essential for cost to be assessed at the same time, and in relation to, quality.*

Recommendation 8: Whole Life Costs

If good design costs more in the short-term but saves money in the longer-term through greater durability, flexibility and sustainability, then it is crucial for value judgements to be made over a long-term timeframe. In other words, good design is cheap if it is assessed in the long-run. *The government could require the use of Whole Life Costs as defaults for public sector procurement, budget-setting and cost engineering exercises.* This would help internalise actual costs within a development and incentivise the use of higher quality materials or detailing. It could even be possible to calculate the “Lifespan” of new developments (i.e. the time before a certain proportion of the original build cost needs to be reinvested) based on warranties of products and engineering specifications. This “Lifespan” could be built into sales details for new buildings to develop consumer awareness (like Energy Performance Certificates).

Recommendation 9: Proportionate Requirements

If in doubt, local authority procurement teams tend to require excessive information from tenderers at an earlier stage than legally necessary. Even for projects under the OJEU threshold at PQQ stage this additional information on policies or management standards can run into hundreds of pages, placing a greater burden on a higher number of bidders and generating a larger workload for assessors. *The frontloading of information disadvantages small practices and wastes the time of*

reviewing officers. Government guidance should recommend limits on the volume of PQQ and ITT responses (e.g. 16 x A4 or 2 x A1). Guidance should also recommend that generic checks are minimised, and where absolutely necessary they are loaded towards the back end of the procurement process.

Recommendation 10: Proportionate Pre-Qualification Criteria

Public sector procurement exercises often discriminate against smaller practices by setting unnecessarily high default thresholds for indemnity insurance, annual turnover and financial health checks. The RIBA estimate that turnover requirements typically applied to OJEU contracts exclude 85% of architectural practices. In my experience automatic financial thresholds set by local authority procurement teams have resulted in the exclusion of lead designers who score extremely highly in both quality and cost terms, and go on to successfully deliver projects with larger budgets for the private sector. *Government guidance could set recommended thresholds for pre-qualification criteria that are proportionate to the type, scale and complexity of contracts.*

Recommendation 11: A National Framework Database

Where procuring via a framework is unavoidable, it is important that commissioning authorities have as wide a choice of frameworks as possible to ensure competition. Whilst there are many frameworks for construction projects currently in operation in the UK, there is no easy way of local authorities finding out what frameworks are on offer. The result is that some authorities return again and again to a limited pool of frameworks which become tired and uncompetitive. *The government could establish a web-based national database of frameworks available for use by local authorities. This could be combined with benchmarking of rates to ensure best value across public projects.*

A National Frameworks Database should go hand in hand with guidance to any public authorities procuring frameworks, setting out how they can make their frameworks more widely available. (e.g. The London Legacy Development Corporation recently undertook a thorough and time-consuming process of procuring a new set of OJEU Framework panels, which local authorities would be keen to use, however a technical oversight meant this was not made available for use by local authorities.)

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Recommendation 12: Building Ladders of Opportunity

The 2012 RIBA report 'Building Ladders of Opportunity' sets out a series of detailed and sensible recommendations, which the government should be strongly recommended to implement. Whilst all of the proposals are important, recommendation 1.1 to simplify the UK interpretation of the EU Directive and align best practice with other member states is fundamental.

The Client

Recommendation 13: A Qualification for Clients

It is relatively common to hear architects absolve their responsibility by claiming that "architecture can only be as good as the client wants it to be". If true, it points to an absurd situation where the judgement of a professional who has undertaken seven years of training and qualification is subordinate to a client whose eligibility is determined by access to finance and little else. The same could be said of consultants with qualifications from the RTPI or RICS. The government could support the creation of a qualification for clients, equivalent to an MBA, which could for example cover areas such as design quality and social, environmental and economic sustainability.