Clear as glass or growing panes?

Public-private partnerships are evolving, but to what extent is the sector growing? From recurring pitfalls to critical success factors, **Alex Bell** explores modern partnering

Big changes coming to Preston

There are good public-private partnerships, and there are the bad. To align this crucial sector temporarily with a famed 'Spaghetti Western', there is also the ugly.

The future of partnering, however, according to a research paper by Avison Young and Pinsent Masons, is overwhelmingly positive. Two thirds of participants in the 'Modern Partnering' survey believe the number of partnerships will increase over the next five years.

Stuart Howie is Avison Young's head of regeneration, and soon mentions a "pivotal shift" to outcome-focused partnerships.

"In practice, that means client bodies being more prescriptive about 'what good looks like' rather than 'what they want'," says Howie.

"It necessitates processes and structures that give real weight to outcomes such as the quality of jobs, benefits to local people, education and housing when considering how the enabling physical real estate development outputs will be delivered."

The North West has a long history of collaboration, and good PPPs sit reasonably comfortably alongside other successful cross-sector partnerships.

"The North West has a good track record of successful and innovative collaborations," says Darren Ashworth, real estate partner from Trowers & Hamlins' Manchester office. "Major infrastructure changes, delivered through partnerships, have helped to transform vast areas, bringing the many social and economic benefits that come with it. Manchester City Council's partnerships with various private sector developers, registered providers, funders and other public sector bodies have helped to transform large parts of the city."

Access all areas

A few weeks ago, plans for Preston's city-owned £40m cinema and leisure complex, Animate, were given the green light.

Animate – a council partnership with Maple Grove Developments – is one of six projects planned under Preston's Harris Quarter Towns Fund Investment Programme following a £20.9m boost from the government's national Towns Fund.

Designed by Leach Rhodes Walker, Animate will be located on the city's former indoor market and will host an eight-screen cinema, bowling alley, food hall, restaurants and bars and a public square.

Approximately £7m will flood into the city's economy annually, with 140 full-time jobs also created.

Andrew Dewhurst, development director at Maple Grove Developments, says: "The Preston Partnership undoubtedly gives us easier access to senior officers and local politicians."

However, he warns: "Partnerships such as the Preston Partnership can only be effective if enough funding is behind them."

Howie says their findings revealed a likelihood that alternative products and solutions may come into the market or gain popularity in the next five years, along with a focus on wider value goals such as carbon reduction, well-being or social mobility.

"These may include more direct local authority investment into housing and other development, potentially buying in skills directly," he adds.

New solutions

"We are seeing an increasing willingness to explore stable investments that are underpinned by a public sector covenant," says Howie. "While there are a range of reasons for this, one key factor was the 2019 increase in Public Works Loan Board (PWLB) borrowing rates, which pushed local authorities to become more innovative in the financial solutions they consider."

Looking forward, Ashworth adds: "The likely streamlining of public procurement rules post-Brexit may offer public sector bodies the ability to react more quickly to some opportunities. The public sector is probably going to be able to continue to partner in more entrepreneurial and flexible ways than in the past.

"If the interests of both sides are properly protected, with inherent flexibility to react to changing political or economic landscapes, benefits can be maximised while managing risks."

PPP UP CLOSE AND PERSONAL

St Helens' £54m Glass Futures

Just a matter of weeks ago, ground was broken in St Helens.

If judged by speed of delivery alone, this is no ordinary PPP, for a 165,000 sq ft transformational global glass research and innovation facility is expected to complete in around six months.

The partnership includes not-for-profit research organisation Glass Futures, St Helens Borough Council, the Liverpool City Region (LCR) Combined Authority, UKRI (UK Research & Innovation) and delivery manager Network Space Developments (NSD), while Bower & Kirkland is the contractor responsible for delivering the building at Saints Retail Park.

What will happen on-site after completion?

The facility will be capable of producing up to 30 tonnes of glass per day, to be used for windows, bottles, fibreglass and other products. And it is labelled 'the world's first platform for the glass industry'.

Job creation

There are set to be 80 employees once fully operational, plus apprenticeships. There will also be tests and trials run on site for implementation at commercial scale, and to generate new R&D projects. Members, researchers and industry leaders are expected to collaborate and experiment with different energy sources and raw materials and come up with solutions leading to lower energy usage in the glass-making process.

University talent, too?

Links are expected to be forged with the Universities of Leeds, Liverpool, Sheffield and Hallam for hands-on training, R&D access and a small-scale production line capacity aimed at the SME market.

GVA boost

Amion Consulting has independently estimated the total net operational GVA benefit of the project within the LCR at £119.2m.

What is Glass Futures' USP?

The scheme will deliver the only openly accessible test and trial furnace operation in the world.

Checklist

✔ Innovative mix of public and private funding to deliver the project
✔ Considered, tiered approach to risk management and project design
✔ Start on site less than two years after Glass Futures scheme conceived
✔ Ensure construction pricing maintained through efficient transaction timescale
✔ Flagship project for UKRI at COP22
✔ Redundant and former glassworks site (United Glass) being regenerated into a global R&D hub
✔ Synergy with St Helens and its people and history

Getting to this point: challenges, solutions, risks and rewards

- NSD submitted a planning application and secured consent in June 2021.
- Scheme marketed by B8 Real Estate as a forward funding investment opportunity.
- Building sold to global investor Standard Life Investment Property Income Trust (Abrdn) in December 2021.
- £10.3m grant from LCR Combined Authority to support pre-development and capital construction costs.
- Not-for-profit startup Glass Futures Ltd secured £15m investment from UKRI.
- The asset, pre-let to St Helens Council, via an Agreement for Lease with NSD, generated a gross receipt of circa £15m on forward funding terms (gross yield of 4.25%).

What Mayor of the Liverpool City Region Steve Rotheram said:

"This is a massively important project, not only for our region but for the future of the planet. St Helens has always been a global leader in the glass industry with a proud industrial past. Glass Futures will help it maintain that prominence and give the town a significant role in the Green Industrial Revolution, too.

"The work being done to decarbonise the glass production process is of international significance and should have really important lessons for helping other industries to cut their carbon emissions."