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Quote of the month

“Bringing a solution to the housing shortage under the remit of the NIC would show the Conservatives mean business... Having accepted that the UK’s long-term infrastructure needs are best identified and planned by a body removed from the short-termism of a five-year political cycle, it makes sense that the same logic is applied to the shortage of homes.”

Sarah Richardson, Editor, Building Magazine

Stat of the month

145,000 Housing Association tenants will exercise the Right to Buy over the next five years.

Estimated by the Chartered Institute of Housing

John Rowan and Partners is a global property and construction consultancy specialising in the delivery of cost management, project management, building surveying, health and safety, planning, sustainability advice, information systems and strategic asset management services to all areas of the construction and property industry.

www.jrp.co.uk
Following the great success of 2014 and the delivery of our biggest project to date, East Village, 2015 was a much tougher year of trading and across the sector we have seen many of the large companies announce profit warnings. Much of this is due to continuing tight margins for consultancies and with project workloads increasing at the same time it has become increasingly difficult to secure new staff.

The good news is that we have overcome the major issues of last year, completing our new financial year’s business plan, which has left our teams very excited about what is in the pipeline. For example our commercial team is seeing strong growth after our framework win with Sainsbury’s and the Rocco Forte hotel group.

The company is also continuing to spread across the globe with John Rowan and Partners International now fully established in the UAE and headed up by Partner (Member) Andrew Nycyk. In addition to the UAE, we are expanding into India and are now entering our fifth year in Christchurch, with the team continuing its great effort to keep the rebuild on track.

Housing still remains contentious with many questions still remaining on how the Right to Buy and proposed Rent Cuts will affect both the income and development plans of Registered Providers of affordable housing. That aside we are celebrating two new clients which we have recently added to the business following framework wins with Poplar Harca and London & Quadrant.

Back at HQ, our graduate development programme is in full swing. We have just finished our tour of the university open days and undertaken the next round of assessing potential employees at our graduate assessment day at our offices in Ealing.

So all in all after a stalled year the future seems bright once again and we are looking forward to 2016 and a return to profitable growth.

Stephen Gee
Managing Partner
Adrian Van Rooyen talks to Insight about working with one of the UK’s largest supermarket chains.

In 2015 we were appointed to Sainsbury’s framework of service providers for the provision of cost consultancy services. Our role is to support Sainsbury’s national construction and improvement works over the next four years. The supermarket has around 1,200 existing stores and the projects are varied from space re-configuration and concession modelling to store refurbishment.
Currently, commonplace within the retail sector is increased brand awareness and space optimisation where we are adding value to the overall process from conception phase. We are driving best value and cost certainty on their projects and are working closely with their property team, identifying opportunities within their portfolio and running appraisals on the options available to them.

It comes at an interesting time as there is huge competition within the supermarket sector with Sainsbury’s vying with Asda for second place in the UK market and budget chains such as Aldi and Lidl looking to grow their market share.

With the big supermarkets all having a solid foundation of stores across the UK there isn’t a glaring need for new large developments. However defending market share is a key strategy for them and the real competition lies with maximising the development options within their existing stores.

Long gone is the time when supermarkets just sold food and drink and nowadays you can buy everything from swimsuits to flat screen TVs. Many of the UK’s superstores are vast and there is huge opportunity to make the best use of the space available – dead and unprofitable space is simply not an option.

Sainsbury’s is at the forefront of utilising its space and in 2015 announced that it will be piloting 10 Argos digital stores where people will be able to order products online and collect them in their stores.

For us they are a great client to work with, we have extensive experience delivering for national retail clients and helping to identify and realise opportunities within existing stock.

Our Services:
• High level cost modelling
• Feasibility cost estimating
• Pre-contract cost/contract assembly
• Post-contract cost management
How did the joint venture come around?

The joint venture opportunity arose through existing contacts we made in Dubai when Paul Sherwood (one of our Partners) was working out there in the late 90s.

In the UAE most projects have a lead consultant who is responsible for procuring all of the consultants and supply chain including the QS and cost consultant. RW Armstrong had previously had mixed success with a number of QS firms and saw an opportunity to align themselves more formally with a leading QS firm in order to secure the right standard on its projects. They approached us in late 2014 and we have been established here since spring 2015.

What are the key challenges to working in the UAE?

I would say resource is one of the biggest challenges. While in the UK we have a skills shortage we also have excellent construction schools – so we have a very good standard of construction professional. In the UAE there are lots of QSs and PMs, but many are unqualified and not formally trained as they come through different technical backgrounds and countries.

Language is also a challenge, on most projects we have found a large proportion of the project team don’t (understandably) have English as a first language or even in some cases as their third. This is even more noticeable during discussions on contracts where the legal base is Arabic but the contracts are usually drafted in English.
Is the procurement process similar to the UK?
The procurement process is similar to the UK with the exception that most projects are procured on a Bill of Quantities basis. In the UK this approach is far less common. The key difference today being we can use modern ways of working such as BIM to support this approach.

With the drop in oil revenue, cost is also becoming a much bigger part of the procurement process and so it is harder to find the right balance of quality and cost of delivery. Previously tenders would be scored 70% quality and 30% price, but we have now seen clients change the assessment criteria to 60% price and 40% quality.

What is it like living in Abu Dhabi?
Abu Dhabi is a lovely place to live, although it is expensive – around 30% more than the UK. For 6 months the weather is perfect and then it becomes incredibly hot. Those that can manage it leave the country for this time, but for those of us who are here to work you just run from air conditioned car to air conditioned building. You also learn to build in a lot of time for traffic jams. With little public transport everybody drives and the traffic here can be very demanding!

What is your favourite part of the UAE?
My favourite part of the UAE is the Corniche at Abu Dhabi on the coast.
Cutting through the red tape, Mash Halai, head of Residential Development and Regeneration at John Rowan and Partners talks to Insight about the key issues for the future of affordable housing delivery…

Since the news earlier this year that Housing Associations (HAs) overwhelmingly voted in favour of the voluntary Right to Buy (RTB) deal which was set up by the NHF, the affordable housing sector has been somewhat in turmoil.

For some HAs, the NHF proposal was seen as the best of a bad situation. The deal potentially allows them the opportunity to retain ownership over their best assets/properties (alternatives still need to be offered to tenants looking to buy). Under the voluntary NHF deal, as of 2016 tenants will be able to start purchasing their own homes. HAs will therefore need to start getting prepared for its implementation and they need to have a clear understanding of which properties might be eligible and at potential risk of being sold off.

Will it help the housing situation?

There are many questions that still need to be answered around RTB such as loss of assets and income and gaining capital receipts. It is also simply unknown how HAs will manage to replace sold homes (on top of their existing housing quotas) in under 3 years when we have limited land opportunities, lengthy planning processes and an already heated construction market.

At present it is hard to see how it will improve housing supply, historically out of all the homes sold off through RTB, only around 1 in 10 have been replaced. There are also questions around the movement of investment out of high value areas such as London. For instance there is a concern that the money made from RTB sales in London could be taken out of the capital and used to develop affordable housing in other counties where build and land costs are considerably lower, further exacerbating London’s affordable housing issues.

A key factor that was previously overlooked when RTB was first introduced in the 1980s was the management of the building post sale. For tenants who become leaseholders the reality is that they will have to pay a service charge which will include all outgoings. If a HA gets this wrong it could cost thousands in unrecoverable service charges, many years’ disputes with their customers and low leaseholder satisfaction rates.

The devil is in the detail and much of this is still missing.

Another key factor is the current lack of assurance around the 100% gap funding. The NHF voluntary deal only works if the mechanics of exactly how HAs will be reimbursed for the discounted sale is fully outlined in the Housing bill.

Not only has RTB split opinion within the affordable housing sector but now Local Authorities (LAs) such as Camden Council has threatened to review its relationships with any HA that has signed up to the deal. This is due to the concern that LA housing will need to be sold to finance the tenant discount – a potentially worrying situation for HAs.

This all comes at a time when the proposed rent cuts are causing HAs to reconsider their business plans and potentially stall housing projects while they review how a 1% rent reduction could affect their development plans. Perhaps not the best start to increasing housing supply. Developing HAs will have to take on more risk as they develop more private sale housing to cross subsidise affordable housing – how will the HCA view this?
Almost four years ago the Government published its one-size fits all, single piece of planning policy guidance, the National Planning Policy Framework. With it came the “presumption in favour of sustainable development”, the so-called “golden thread” of planning policy. This was to be the basis for making better planning decisions, for balancing social, economic and environmental considerations and, critically, for boosting housing delivery.

What the Government didn’t do was actually define this “presumption”, leaving it open to interpretation. All we knew was that if a council was unable to demonstrate a 5 year housing supply, or if a local plan was “absent, silent or relevant policies are out of date”, then planning applications must be determined in accordance with that presumption in favour of sustainable development and planning permission granted, unless the adverse impacts of granting the permission would significantly and demonstrably outweigh the benefits. As more than 250 councils still have out-dated plans (or no plan at all) or cannot demonstrate a 5 year housing supply, the question of what the presumption and sustainable development actually is has started to play a significant role in planning applications and appeals.

Of course, where legislators leave gaps, the Courts happily fill them with case law. Clarity of the Government’s position has been provided in a case in Dartford progressed through the Courts last year by the Secretary of State. The judgement in this case effectively summarises the correct approach as: If local plan policies are absent, silent or out of date then the decision-maker looks at the balance of benefits and disbenefits, and grants planning permission unless any adverse impacts of doing so would significantly and demonstrably outweigh the benefits.

Simple, eh? In those cases, grant permission unless any adverse impacts are significantly and demonstrably greater than the benefits. The onus of proof is on the council; the bar set high with significant and demonstrable harm to be proven. And so, with that judgement, as the fourth anniversary of the National Planning Policy Framework approaches, we now have a working definition of the presumption in favour of sustainable development which manages to avoid any mention of sustainable development. The law of unintended consequences, or an absolutely intended consequence?

Ian Blacker, Head of Planning and Chairman, John Rowan and Partners.
WE RAISE MONEY BY HOLDING A MACMILLAN BAKE OFF

WE TAKE JOHN THE LEGO MAN TO UNIVERSITY CAREER FAIRS

CO-HOSTING THE FOURTH HOSPITALITY REAL ESTATE GROUP BRIEFING

SUPPORTING THE CONSTRUCTION YOUTH TRUST WITH THE Budding Brunel's Project
On October 6th 2015 the final changes to the Construction (Design and Management) Regulations 2015 came into effect. Previously any CDM coordinator who had been appointed before 6th April 2015 could still continue in the role until 6th October 2015. Now however the position of the CDM coordinator has been fully replaced by the principal designer.

Guy Chapman in the Safety Compliance team at John Rowan and Partners talks to Insight about what has changed…

The new version of the regulations (CDM 2015) was introduced because it was felt that across the industry too often appointments were made too late, appointees were not fully embedded into the pre-construction project team and the HSE wants to realign the way in which the coordination function is delivered.

What does this mean for clients? Previously the CDM coordinator was the client’s main safety adviser. With this position now gone, clients have a number of additional responsibilities ranging from notifying the HSE of the project details and appointing (in writing) a principal designer and principal contractor. In reality once the client appoints a principal designer they will carry out many of the responsibilities on their behalf.

Key to all of this is the fact that the principal designer should be appointed as early as possible in the design process, ideally at concept stage. This will help to allow them to pull together the pre-construction information, such as asbestos surveys, existing health and safety files and structural drawings.

What has changed with the role? The new role of principal designer takes on many of the duties of the CDM coordinator. The principal designer must plan, manage, monitor and coordinate health and safety in the pre-construction phase of a project.

It is important to mention that a common misconception is that the principal designer needs to be the lead designer on the project. There is no requirement in the regulations that the lead designer has to take on the role of the principal designer. In many cases we have found that the lead designer does not want the role and/or may not have the necessary skills or knowledge to do so.

The only requirement is that the principal designer must be a designer and that they must have control over the health and safety aspects of the pre-construction phase. It therefore makes sense that consultants who have previously acted as CDM coordinators (building up many years’ experience), are designers, and have been given control over the health and safety aspects of the pre-construction phase, make for the perfect principal designers.