



Plan For Jobs - July 2020

British Property Federation
policy analysis



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[2.30] Eat Out to Help Out – In order to support around 130,000 businesses and to help protect the jobs of their 1.8 million employees,⁴ the government will introduce the Eat Out to Help Out scheme to encourage people to return to eating out. This will entitle every diner to a 50% discount of up to £10 per head on their meal, at any participating restaurant, café, pub or other eligible food service establishment. The discount can be used unlimited times and will be valid Monday to Wednesday on any eat-in meal (including on non-alcoholic drinks) for the entire month of August 2020 across the UK. Participating establishments will be fully reimbursed for the 50% discount.

[2.31] Temporary VAT cut for food and non-alcoholic drinks – From 15 July 2020 to 12 January 2021, to support businesses and jobs in the hospitality sector, the reduced (5%) rate of VAT will apply to supplies of food and non-alcoholic drinks from restaurants, pubs, bars, cafés and similar premises across the UK. Further guidance on the scope of this relief will be published by HMRC in the coming days.

[2.32] Temporary VAT cut for accommodation and attractions – From 15 July 2020 to 12 January 2021, to support businesses and jobs, the reduced (5%) rate of VAT will apply to supplies of accommodation and admission to attractions across the UK. Further guidance on the scope of this relief will be published by HMRC in the coming days.

The ‘eat out to help out’ initiative and VAT cut should provide much-needed support for our hospitality and leisure businesses, providing support to the businesses at the sharp end of lockdown who property owners have also been working to support, helping to maintain jobs and get the high street back to life.

However our high streets will need longer term support over the coming years to repurpose and re-invent themselves, so it is disappointing not to see any measures to address this longer term challenge. In particular, business rates reform will be critical to give businesses confidence in the long term. We need a fairer and more sustainable business rates system that is responsive to changes in rents and the wider economy – and at the very least, downwards phasing, which means current rates payable continue to reflect valuations from 2010, should be abolished without delay.

[2.39] Temporary Stamp Duty Land Tax (SDLT) cut – The government will temporarily increase the Nil Rate Band of Residential SDLT, in England and Northern Ireland, from £125,000 to £500,000. This will apply from 8 July 2020 until 31 March 2021 and cut the tax due for everyone who would have paid SDLT. Nearly nine out of ten people getting on or moving up the property ladder will pay no SDLT at all.

A temporary SDLT holiday will provide a welcome boost to the build-for-sale market, but other parts of the market equally need further support. To drive the delivery of new, high-quality rental homes, the Chancellor missed a trick today by not giving investors in the build-to-rent sector an exemption from the SDLT 3% surcharge.

[2.40] Green Homes Grant – The government will introduce a £2 billion Green Homes Grant, providing at least £2 for every £1 homeowners and landlords spend to make their homes more energy efficient, up to £5,000 per household. For those on the lowest incomes, the scheme will fully fund energy efficiency measures of up to £10,000 per household. In total this could support over 100,000 green jobs and help strengthen a supply chain that will be vital for meeting our target of net zero greenhouse gas emissions by 2050. The scheme aims to upgrade over 600,000 homes across England, saving households hundreds of pounds per year on their energy bills.

It has long been established that in order to make significant strides towards the decarbonisation of the built environment, we must prioritise energy efficiency in the extensive stock of existing homes across the UK. Heating, lighting, and broader unregulated energy use in our homes is a central contributor to our carbon emissions. The £2bn Green Homes Grant is a welcome first step in tackling issues of energy efficiency and fuel poverty in households across the country whilst stimulating employment and skills in a sector that is going to play a vital role in decarbonising the built environment in years to come. The announcement will also hopefully support SMEs as energy saving measures are typically installed by smaller businesses and through local supply chains.

We are glad to see that the grant will be available not only to owner occupiers but to landlords who wish to upgrade the homes within their operation. Communicating the benefits of the scheme will be critical to its success and ensuring that associated works are carried out to a high standard, delivering real monetary and energy savings.

This is however, hopefully the first step in a broader plan to green the economy and the real estate sector. We await further detail on the government's Heat and Buildings Strategy which should be published as soon as possible so that we do not slip back into processes and ways of working that have contributed to significant carbon emissions.

[2.43] At Budget 2020, the government set out plans for £88.5 billion of capital spending in 2020-21 and public investment over the next five years totalling £640 billion. In June, the Prime Minister announced that the government will accelerate over £5 billion of infrastructure projects to support the recovery of the economy and begin to transform UK infrastructure.¹⁵ This package will help the UK build back better, build back greener and build back faster, and to unite and level up the regions.

[2.44] Taken together, the Prime Minister's infrastructure package and this Plan for Jobs mean that the government is accelerating £8.6 billion of capital spending. This means many projects will start sooner than previously planned, bringing them into 2020-21 and 2021-22, and there will be new programmes of activity supporting jobs and delivering improvements to our infrastructure this year.

Accelerating capital spend is welcome, with the caveat of prioritisation of a geographic spread of shovel-ready projects is needed to forestall adverse economic consequences of the Covid-19 outbreak, particularly for construction and real estate. Giving construction and real estate companies visibility of forthcoming pipelines is welcome as it helps the development industry to understand the local context in respect of forthcoming infrastructure, which clearly has an effect on viability and supports the Government's levelling up agenda.

[2.45] As part of the government's plans to boost productivity through infrastructure, the government will now focus on how we can build better, greener and faster. A new taskforce to oversee this work has been created ('Project Speed').

There is an opportunity arising from Covid-19 to consider how to bed-in some advanced techniques, routines and technologies that have become commonplace. It is also clear that in talking to our members that there has been no reduced commitment to the net zero agenda, but the specifics as regards what that means for the built environment are lacking given that real estate stands at the interface between people, place and premises.

[2.49] Public Sector Decarbonisation Scheme – The Clean Growth Strategy set out the government's ambition to halve greenhouse gas emissions from the public sector by 2032. To help achieve this and support economic recovery, the government will invest £1 billion over the next year in a Public Sector Decarbonisation Scheme that will offer grants to public sector bodies, including schools and hospitals, to fund both energy efficiency and low carbon heat upgrades.

[2.50] Green Jobs Challenge Fund – The government will invest up to £40 million in a Green Jobs Challenge Fund for environmental charities and public authorities to create and protect 5,000 jobs in England. The jobs will involve improving the natural environment, including planting trees, restoring habitats, clearing waterways, and creating green space for people and wildlife.

[2.51] Direct Air Capture – The government will provide £100 million of new funding for researching and developing Direct Air Capture, a new clean technology which captures CO2 from the air

The measures outlined above go some way in providing leadership towards a cleaner, greener future for the UK. Encouraging the public sector to decarbonise its activities will help to set a standard for the economy as a whole and will hopefully drive change in the awarding of public contracts to deliver sustainable outcomes whilst creating more environmentally friendly supply chains.

The Chancellor's statement was understandably focussed on boosting employment and creating new job opportunities and to this effect the Green Jobs Challenge Fund is welcome. We must however continue to advocate for deeper and more systemic change in the economy. If we are to truly green our activities, sustainability must touch every facet of our society and the ways in which we live, work, and play.

Again, the commitment of funding towards carbon capture technologies is welcome, but must be thought of as a small part of a broader set of solutions.

[2.55] Affordable Homes Programme – The government has confirmed that the £12.2 billion Affordable Homes Programme announced at Budget will support up to 180,000 new affordable homes for ownership and rent in England. The £12.2 billion will be spent over five years, with the majority of homes built by 2025-26 and the rest by 2028-29. The Affordable Homes Programme will also include a 1,500 unit pilot of First Homes.

The reconfirmation of the £12.2 billion Affordable Homes Programme, and confirmed clarity around the investment (over 5 years) versus delivery (over 8 years) will protect and create jobs in the housing and construction industries – as well as move people out of temporary accommodation and into affordable homes. However, this investment is not enough to ensure that the government’s own housebuilding target of 300,000 homes per year is met – more needs to be done to tackle the housing crisis and put more affordable, quality homes onto market via diverse housing offerings such as Build to Rent. Whilst government is looking at reforms to the planning system that will help expedite delivery of housing, further efficiencies in housing delivery need to be explored and supported – such as the benefits of modern methods of construction (MMC). Ultimately, what Government will be judged on is the number of homes, the mix of affordability and the timeframes in which these are delivered. Government should have been more ambitious on these accounts, and has missed an opportunity to stimulate economic recovery through expediting housing delivery.

[2.56] Short-Term Home Building Fund extension – The government will support small- and medium-sized housebuilders that are unable to access private finance by boosting the Short-Term Home Building Fund, providing an additional £450 million in development finance to smaller firms. This is expected to support around 7,200 new homes in England, boosting housing supply and adding resilience to the market. A proportion of this fund will be reserved for firms using innovative approaches to housebuilding such as ‘Modern Methods of Construction’.

The decision to provide an additional £450 million to support small-medium sized housebuilders with government-backed development finance is welcomed and will help secure new housing development.

[2.57] Brownfield Housing Fund – The government will allocate a £400 million Brownfield Housing Fund to seven Mayoral Combined Authorities to bring forward land for development and unlock 24,000 homes in England. To allow authorities to begin delivering projects quickly, 90% of the fund will be allocated immediately on a per capita basis, with 10% to be allocated through a competitive process

Reconfirmation of the Brownfield Housing Fund and commitment of £400 million is welcomed. Whilst the change to how funding is allocated – moving away from a competitive process – may help to speed up delivery, checks and balances will need to be upheld to ensure that all brownfield housing developments adhere to sufficient standards of affordability, design and sustainability and are in suitable locations close to jobs, services and infrastructure.

[2.58] Planning reform – The government will introduce new legislation in summer 2020 to make it easier to build better homes in the places people want to live. New regulations will make it easier to convert buildings for different uses, including housing, without the need for planning permission. In July 2020, the government will launch a policy paper setting out its plan for comprehensive reforms of England’s planning system to better support the economy and release more land for housing in areas that need it most.

Future reforms that focus on building greater speed, certainty and better design into the planning process will be well received by the development sector. However it is equally important to make sure local planning authorities have greater resources to deliver results on the ground.

We wait to see further details on the government’s ambition to pursue more radical planning reform through their forthcoming policy paper and stand ready to work with government once it is released.

We would also note that there are many opportunities to improve the existing plan-led system, such as ensuring all local authorities have up-to-date local plans in place and revitalisation of the presumption in favour of sustainable development in the NPPF to ensure that unnecessary delays and frustrations are avoided.

[2.59] NHS maintenance and A&E capacity – The government will provide £1.05 billion in 2020-21 to invest in NHS critical maintenance and A&E capacity across England.

It is unclear whether this announcement is a new commitment of funding to the NHS or whether it is a reannouncement of previous packages. The detail of this commitment will no doubt surface in the coming days. It is however important to emphasise the critical role that the NHS plays in our society, now more than ever. We know that significant backlog maintenance issues persist in the NHS estate and should this announcement be a new commitment of funding, it still falls short of the investment needed to ensure that the NHS estate is fit for purpose into the future and in order to deliver positive health outcomes for the population. Such investment will not only deliver numerous benefits for the population but will also ensure that the health service can carry on with its outstanding service should we find ourselves facing another widespread public health emergency.

[2.67] Local infrastructure projects – The government will provide £900 million for shovelready projects in England in 2020-21 and 2021-22 to drive local growth and jobs. This could include the development and regeneration of key local sites, investment to improve transport and digital connectivity, and innovation and technology centres. Funding will be provided to Mayoral Combined Authorities and Local Enterprise Partnerships.

[2.68] Towns Fund capital acceleration – The government will accelerate £96 million of investment in town centres and high streets through the Towns Fund this year. This will provide up to 101 towns across England with funding for projects such as improvements to parks, high streets, and transport.

These announcements made on the 30th June by the Prime Minister are welcome, and should provide a good stepping stone upon which to start our recovery across the country.

We have long advocated that Mayoral Combined Authorities and Local Enterprise Partnerships are ideally placed to make decisions that are most likely to bring success for each area and look forward to the Devolution and Local Recovery White Paper in the Autumn.

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