



REGIONAL PERSPECTIVES MAY/JUNE 2020

Regional

The BPF regional forums are vital in ensuring the organisation is able to speak authoritatively to government and civil servants on the impact of national policies across Britain and on the state of regional markets.

Introduction

The Covid-19 pandemic has had a significant impact on our routines, communities, and industries – claiming the lives of many and changing the way we work, live and play. At the same time, the important role that real estate plays in our lives – from being the cornerstone of our local high streets and regional economies, to delivering affordable quality housing for our key workers – has become a clear catalyst for recovery and positive change. The Covid-19 pandemic has reaffirmed the need to redefine real estate – to demonstrate the contribution to the UK’s communities and to improve trust in what we do in partnership with national and local governments.

The latest series of our Regional Forums (held virtually between the 18th May and 3rd June 2020) sought to identify the regional priorities that will underpin the future success of our communities, economies and industries across the UK, whilst recognising the current challenges. Regional Forums are held to engage regularly with six key cities and surrounding regions in Birmingham, Bristol, Leeds, Liverpool, Manchester, and Newcastle.

Given the fast-moving nature of the Covid-19 pandemic and associated market conditions, the content of this note reflects only the state of play between the 18th May and 3rd June 2020.

Our Regional Forums brought together key regional players – including combined city authorities, local government, and real estate professionals – to discuss how these priorities could be achieved in partnership. Engagement through our Regional Forums together with our Regional Policy Committee ensures that we are able to encourage collaboration across sectors, address priorities, and elevate concerns or issues of relevance across the UK.



Summary of Discussions

Whilst each city region faces its own unique challenges, there were a number of shared themes and priorities that cut across the individual discussions:

- **Investment in regional infrastructure:** Following the adverse impacts of Covid-19 there was a consensus that further increased investment is needed in local communities in line with identified regional growth and recovery priorities. Covid-19 has highlighted some of the limits to the powers that local authorities hold and subsequently what they can do for their communities without central government interventions.

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There were clear calls for central government to provide funding to support the development of future infrastructure projects and those that were put on hold due to the pandemic, as local governments do not have the means to invest in large-scale infrastructure projects. Targeting investment at projects recommended by local and combined authorities, rather than applying a one-size fit all approach, will move the economy forward and reinvigorate local markets. Across the six cities, an emphasis was placed on central government delivering on its promises by accelerating the speed of allocated funds for projects that have been announced and committed to.

- **Wages for Health and Social Care workers:** Reflecting the importance of our health and social care workers, pandemic or no pandemic, increasing frontline staff wages was a key priority. The key challenge to delivery will be in securing the funding to increase wages.
- **Delivery of active transport infrastructure and local place-making, support for public transport:** Participants identified the need to provide more local leisure and green space, as well as better cater for more walking and cycling. Despite anticipating an increase in the use of private vehicles as people return to work and need to commute safely, the momentum to shift long-term transport trends toward public and active transport must be maintained. There was an agreement amongst the forum attendees that a prominent challenge facing the industry is finding ways to protect businesses who provide and operate transport, and furthermore, ensuring that suitable measures can be put in place to encourage social distancing. Consequently, it is crucial that local authorities are supported in their efforts devise innovative ways to motivate people to use sustainable means of transport such as walking, cycling, and using public transport.



Summary of Discussion Continued

- **Changed ways of working:** Covid-19 has accelerated the transition to work from home. This transition has largely been welcomed by workers, recognising the greater flexibility it offers. Whilst the future of offices and the occupation of workplaces is unknown, important questions will be raised around the priorities of workers and employers in coming months. One of the main challenges faced by businesses encouraging people to go back to work is providing safe transport options and working spaces – some are taking temporary measures to increase bike storage and parking facilities and some are now actively assessing how to improve productivity at home as a response to the current conditions.
 - **High streets and town centres:** A reimagining and reinvigoration of high streets and town centres will be central to recovery. Turning empty commercial properties located in the city into residential buildings will attract investment as professionals and young people often prefer living in or near city centres. Attendees expressed support of renovating commercial properties as a means of reshaping the culture of a city and enabling the industry to meet the constant change in client demands. Many noted that the events of the previous few months had accelerated a trend in retail provision from one that would have played out over a number of years to one that has taken just months to proliferate. A reimagining and reinvigoration of high streets and town centres will be central to recovery.
 - **Student accommodation:** Across the regions, student accommodation providers and investors were facing the immediate challenge of obtaining full three-term rent payments. Some providers are feeling the financial impact of refunding students who decided to go back home early due to the virus. Additionally, others are expecting to see fewer overseas students for the 2020/21 academic year.

There was a shared view that UK students may be less likely to attend university as employment prospects in the next few years may be limited. Critically, the Covid-19 crisis has prompted a longer-term shift in the university model and reduced appetite for students to take on debt to study or even how far from home they choose to study.
- **Construction and development:** Following the global pandemic, and subsequent national lockdown many development projects were paused. Participants provided some key observations:
 - The closure of construction sites meant that representatives within the industry were keen to focus on ways in which they could safely be reopened and operated. There was subsequently collaboration across the industry and with government to prioritise the delivery of Site Operating Procedures. Many site staff that were furloughed at the beginning of lockdown were therefore expected to return to work as contractors and clients continue to provide a controlled and safe working environment.
 - Following the government guidance on how to work safely during COVID-19, many sites have reopened with limited staff. Social distancing in construction comes with a unique set of challenges as the sector requires a highly collaborative working environment. Whilst workers will be moving slower than the usual in building projects, it is estimated that the social distancing measures will have the impact of reducing construction rates by 15%-20%.
 - Calculating house prices remains challenging as a result of the fall in sales during lockdown due to increased market volatility. House sales have plummeted by up to an estimate of 20% as a result of the coronavirus. Due to the lockdown restrictions, many estate agents and developers have been providing virtual tours, photos, videos, and site progress updates to prospective house buyers. Some have completed transactions as a result of online viewings.

Priorities for future action

Participants were asked to outline key priorities for government to best support regional recovery and growth.

- **Planning:** It is essential that the planning process is accelerated, in particular when transitioning from current temporary measures to a permanent solution for longer term economic growth. Unblocking the progress of current and future projects within the industry will build momentum and support local communities in the delivery of housing. Further, attendees noted that the planning system needs modernising in the long-term to facilitate remote planning practices which have to a great degree been implemented successfully during lockdown.
- **Effective partnership and associated support from government:** Public and private sector participants were in agreement that as the economic impacts of Covid-19 manifest, there will be a greater than ever need to work collaboratively. Where central and local government resources may be stretched, there will be a role for the private sector to provide skills, resources, and funding to deliver crucial infrastructure, in turn creating economic growth. Similarly, adjustments in public sector procurement, land availability, best value guidance, and central government support in areas such as speed of funding delivery could help provide certainty to private sector partners and stimulate economic growth and employment opportunities.

- **Supporting workers and the unemployed:** Across all the forums, the Coronavirus Job Retention Scheme was observed as a positive and pragmatic solution to dealing with widespread uncertainty and cashflow challenges for businesses. However, as the scheme winds up and the lockdown restrictions are lifted, most would expect to see the preeminent economic impacts of Covid-19 from the second half of 2020. To minimise job losses and any further economic shrinkage, the government must build

- The government's extension of the scheme is expected to reduce the risk of contractor insolvency. We note nevertheless that our members have set clear policies and published advice notes on how they will deal with their contractors over the coming period.

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solid foundations for recovery by targeting support for those who have been and will be made redundant, by investing in measures to level-up the country with a focus on green growth industries that have the opportunity to create new jobs and address climate change/net zero goals.



Priorities for future action continued

- **Other key takeaways:** Several additional ideas were raised by participants, which will feed into the future work we undertake on respective workstreams. These included:
- Redefining the role of Section 106 in improving clean air in our cities
- Making government-backed debt plans more readily available and creating more liquidity to compensate for financial constraints at a local authority level
- Looking at opportunities to bring back manufacturing and service industries into the UK to improve supply chain issues experienced during COVID-19 whilst maintaining international trade
- Identifying sustainable and shared models for funding frontline services and paying employees appropriately
- Local Industrial Strategies and Local Plans that facilitate investment in key areas
- Revisiting business rates and other financial obligations for town centres and high streets to help revitalise these vital areas

Next Steps

- We are committed to holding regional forums in six key cities and propose to hold the next round of meetings in September/ October 2020, with additional topical events to be held alongside these forums.

