



REGIONAL PERSPECTIVES MAY 2019

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 regional agenda is vitally important to the future success of our economy, society, and industries. The importance of this agenda must also be borne out in the policy and advocacy work the BPF undertakes. It is with this in mind that we seek to engage regularly with six key city regions, through forums held in Birmingham, Bristol, Leeds, Liverpool, Manchester, and Newcastle. This engagement will ensure that the property industry is able to speak with a unified voice not only across sectors, but across the distinctions offered by location.

The latest series of BPF Regional Forum meetings were held between the 1st – 14th May 2019 and were attended by approximately 50 members and non-members in total.

Emphasising the importance of this regional engagement, we were joined at each meeting by the Ministry of Housing, Communities & Local Government (MHCLG), who found the respective insights to be of great value for the work they are doing to improve upon skills and resources within the planning system.



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:

- Perhaps of greatest note was the shared optimism across the city regions, that devolution deals and the work of respective combined authorities had stimulated growth and provided them with a greater sense of agency. In many cases, strong leadership and better joint working have led to positive outcomes. This is to some extent reflected in strong local markets despite the effects of Brexit uncertainty.
- Whilst regional devolution is seen as a positive process, through this round of regional meetings we heard a shared view that momentum was slowing. This is to say that in recent months devolution and regional growth has slipped down the central government agenda, possibly a consequence of Brexit dominating political thinking, but not solely attributable to this. This view was supplemented by the opinion that rather than slowing due to Brexit, momentum and central government commitment should be gathering pace in order to mitigate the potential economic effects of exiting the EU.
- An emphasis was placed on the importance of inter and intra-regional connectivity i.e. transport infrastructure.

The lack of efficient and affordable transport infrastructure has significant implications for growth and the ability to attract and retain skilled workers/ leading companies. This also means that the benefits of growth remain relatively concentrated within core cities, rather than being spread across a city-region.

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Local Market Perspectives

In order to gain direct insights into the state of the residential, commercial, retail, and industrial sector markets within the six city regions, we asked a mix of those in attendance to provide a summary of the current outlook.

- The **residential market** was largely described as strong, with the markets in some areas bolstered by younger, student demographics. It was however noted that almost across the board, alternative asset classes such as Build to Rent (BTR) and Purpose-Built Student Accommodation (PBSA) were either growing in their delivery or being favoured as new opportunities to explore, notwithstanding the issues of viability associated with projects that require significant associated amenity and subsequent maintenance costs. Again, the importance of supporting infrastructure and amenities were emphasised as a precondition for strong residential markets. This was emphasised in Birmingham with the impact of HS2.
- The **commercial market** was still subject to strong occupier demand in most areas, but that there is a move away from larger floor plates and lot sizes, as broader uncertainty has taken some of the risk appetite out of investment. In the Leeds city region, it was noted that there is a significant amount of public sector activity in this sector, and that this had been observed in other regions as well.

- The **retail market** has been slowing somewhat across the board. Many places have a surplus of space when compared to demand. However, there is a patchwork of strong markets. Some areas with a focus on independent retailers and with big new regeneration schemes/development have continued to function well, whilst other slightly more saturated areas have seen high tenant turnover. It was largely agreed that the most successful retail provision and high streets have been those that take a step back and plan appropriately, implementing a mix of uses and with the flexibility to shift according to consumer patterns.

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- The **industrial market** was roundly acknowledged as a growth sector. Variations on this do however exist, with attendees in Birmingham in particular stating a lack of appropriate planning by the authorities. In this case, it was suggested that not enough land has been allocated to meet need, a point that was

echoed in other city regions through comments about the buoyancy of the sector and the health of returns being largely credited to historical under supply. The BPF’s What Warehousing Where? report was noted within almost all the conversations and acknowledged as a useful indicator of the issue that now presents itself by way of ensuring the right amount of industrial space is planned for, in the right places.



Planning and Local Government Resources

For the May 2019 regional forums, we were joined in all six cities by senior representatives from MHCLG's Planning Directorate. MHCLG are currently exploring ways in which skills and resource capacity can be improved within local authority planning services, without introducing major new legislation. Representatives from MHCLG therefore sought views on what resourcing gaps exist, where these are most acute, where efficiencies can be improved, and ultimately how. We heard that:

- Strong leadership in planning is essential to delivering sustainable regional growth. Examples of this were provided from across the country, but often accompanied by a caveat that even in well-performing areas there is a strain on resource. The inception of combined authorities has somewhat helped in this regard, with the Greater Manchester Combined Authority (GMCA) offered as an example. The GMCA has brought together 10 individual local authorities who not only share resource, but relevant data.
- Levels of efficiency in the planning system can vary significantly from authority to authority, and even in relation to the scale of a given planning application. Authorities in more rural areas suffer from lack of resource, as do some two-tier authorities. Planning applications for larger strategic developments will often be afforded greater levels

of resource whilst smaller projects may suffer from undue delay. This can be particularly acute in situations where there is a challenging question of law in some applications. This is particularly significant because a lack of legal clarity at planning committee stage can markedly affect the outcome.



- Delays can often be caused by a lack of coordination, rather than resource. Communication between different local authority departments can be lacking, and delays to pre-application discussions are commonly caused by overdue responses from external statutory consultees. Part of the solution may require greater engagement between the relevant parties. There was general acknowledgement that early and robust pre-application engagement with the relevant parties will lead to better and more efficient outcomes. To this effect the Section 106 negotiations could begin earlier, in parallel with the pre-application process.

- Attracting and retaining expertise at the correct level is a key factor. A common problem can be three or four different planning officers leading an application over its lifecycle due to staff turnover. Whilst it is clearly important to attract new talent into planning, it is also acknowledged that senior planners with experience and with the ability to drive forward applications/projects are vital to the cause. Much like any other sector, incentives are critical to attracting and retaining talented staff. City areas can often represent a more attractive prospect for new entrants, due to a more diverse and engaging range of projects. Again, social mobility and connectivity tend to be indicators of opportunity. Further, the numerous benefits of public sector planning need to be communicated more effectively and creatively, in fact the relative lack of resource within certain areas can be of benefit to new entrants as they will subsequently be given greater ownership of projects.

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Exploring Solutions

MHCLG acknowledge the broader calls for increased funding at a local level, however a strong case will have to be made to the Treasury if additional funding is to be provided through the spending review process. In this context it will be important to explore ways in which efficiencies can be achieved and money can be raised to deliver these. Suggestions for action included:

- Amendments to, or strengthening of, Planning Performance Agreements (PPAs). There is broad support from applicants to pay these fees – or even increased fees – as long as the benefit is clear, and the receipts are guaranteed to be used for planning purposes. Notably, PPAs can currently offer improved access for some planning functions, but not across the entirety of a given local authority’s departments.
- An element of training or increased briefing for council members, particularly those sitting on planning committees. Communication between officers and members can in some places be severely lacking. An important issue in a decision-making process that is ultimately political.
- Improve the incentives and the signposting of incentives for entrants into planning. Private sector businesses are constantly evolving and changing to accommodate the needs and priorities of the workforce. Better infrastructure will not only help sustainable development, but also attract a skilled workforce.
- Government could play a role in piloting the automation of certain processes. It will be difficult for a local authority to embark on a new IT journey without certainty that it will deliver efficiencies.



High Streets and Town Centres – Adaptation

It is well publicised that our high streets are changing. Shifting retail trends, and changes to the way we live and work require associated adaptation and adjustment in the built environment. As a key area of policy work and as a country-wide issue, we invited attendees to share their views on the key challenges facing high street adaptation in their locality and what the focus of any respective policy work should be. We heard that:

- The Future High Streets Fund commitment from government is welcome, however the success of this initiative will be in the detail of project delivery. Those that have sight of local authority funding bids are concerned that the authorities lack a distinct vision (or in some cases any vision) at the bidding stage. This is to say that obtaining the funding is the driving force for some, rather than the strategic vision for transforming or improving their high street(s).
- Local authorities should have detailed granular visions/strategies for their high streets and town centres. Without this, change is likely to be made in a piecemeal fashion and therefore exacerbate existing issues.
- The issue of fragmented ownership on high streets and town centres is a key barrier that must be overcome. Without a consolidated plan for an area, through which all relevant parties are engaged, the mix of uses are likely to be driven by rents rather than the curation of place.
- Retail trends are shifting and therefore some flexibility in the use class order is needed. However, with any flexibility there must be clarity and certainty upfront. If an investor has clear sight of the potential for a particular asset, they are more likely to invest in it than if the system is muddy. A more fluid use class system, one that perhaps codifies an ‘acceptable range’ of uses rather than specific designations, may be an option. This wouldn’t however necessarily resolve the issue of the clustering of similar uses.
- Alternative (less customary) uses should be considered for the high street, particularly those that can increase footfall, such as health centres. Evidence shows that many high street visitors are not here to shop, the focus on retail therefore needs to shift to a focus on the quality of the place and environment.
- Local authorities should be better equipped to use Compulsory Purchase Order (CPO) powers, as the system currently stands as too expensive and cumbersome to elicit significant use. It was however noted by MHCLG that any advancement on this topic will have to be implementable within the context of existing CPO laws due to the complexity and length of time needed to amend them.



Local Enterprise Partnerships (LEPS)

In the context of regional growth and public/private collaboration, we heard that LEPs can play a valuable role, but that:

- A lot of funding to LEPs is capital funding and there is a feeling they lacked the necessary resources to perform the roles that are required of them in spending the respective capital funding.
- The requirement for LEPs to use the funding allocated to them by a certain date/deadline is at times unhelpful, particularly given a lack of resource. It could lead to sub-optimum spending as LEPs simply seek to spend funds so as not to lose them.
- Communication between LEPs and the private sector isn't always working well. This could lead to a loss of opportunities, as private sector organisations aren't always aware of what is available to support their investment, and likewise LEPs cannot leverage off the back of private sector investment intentions.
- As some devolution deals have come forward it has left areas where the LEP and Combined Authority's boundaries are not consistent, and therefore responsibility for some strategic issues has become more complex.
- In some areas it has been observed that the Combined Authority has to a large extent made the function of the LEP superfluous.

Next Steps

We are committed to holding regional forums in the six key cities and propose to hold the next round of meetings in Q4 2019, with additional events to be held alongside the forums.