

Levelling Up White Paper: 'Stay local, go far'

The government has published its long-anticipated Levelling Up White Paper on Wednesday 2 February. The report can be read in full [here](#).

The aim of the White Paper is to end the geographical inequality disfiguring the UK and, in doing so, releasing its latent economic potential. It will do this by encouraging innovation to drive growth across the whole country, unleashing the power of the private sector to unlock jobs and opportunities. The White Paper signals a clear intent by Government to pivot growth and investment away from London and the southeast towards the north and the midlands. The aim is to encourage the revival of the great cities of the north, allowing people and communities to thrive within them without having to move south.

As the White Paper observes:

"affordability of housing is most pressing in London and the Greater South East. This reflects in large part the historic imbalance in jobs and opportunities that leads large numbers to leave their family home and move south. This creates significant pressure on transport, schools and in particular on housing. The investment necessary to meet rising demand perpetuates geographical imbalance." (Page 223).

THE 12 MISSIONS TO LEVEL UP THE UK

The White Paper articulates '12 missions', or measures, in the medium term, that will be used to assess the success of levelling up. The missions will serve as an anchor for the expectations and plans of the private sector and civil society (page 119). These missions cover a very wide range of activities involving many departments of government.

The 12 missions are grouped under four sub-headings. They are:

1. Boost Productivity, Pay, Jobs, and Living Standards by Growing the Private Sector
2. Spread Opportunities and Improve Public Services
3. Restore a Sense of Community, Local Pride and Belonging
4. Empower Local Leaders and Communities

In addition to these 12 missions, the UK Government has also announced four supporting objectives. These will:

- a) ensure that decision-making within Whitehall is 'fundamentally reoriented' to align policies with the levelling up agenda and hardwire spatial considerations.
- b) empower decision-makers in local areas by providing leaders and businesses with the tools they need.
- c) transform the government's approach to data and evaluation to improve local decision-making; and
- d) create a new regime to oversee its levelling up missions, establishing a statutory duty to publish an annual report analysing progress and a new external Levelling Up Advisory Council.



THE MISSION OBJECTIVES IN GREATER DETAIL

This remainder of this briefing focuses upon those elements in the White Paper that are of greatest relevance to housebuilding.

To achieve these mission objectives, the White Paper outlines a number of specific interventions.

BOOST PRODUCTIVITY, PAY, JOBS, AND LIVING STANDARDS BY GROWING THE PRIVATE SECTOR

Research and Development

The Paper outlines the government ambition to increase public investment in research and development (R&D) outside the Greater Southeast (London, the Southeast and East of England regions). It intends to increase this investment by at least 40% by 2030.

The Department for Business, Energy, and Industrial Strategy (BEIS) is said to have committed to invest at least 55% of their domestic R&D funding outside the Greater Southeast by 2024/5. Commitments to increase public investment have been made by the following Government departments: DHSC, MOD, DfT and Defra.

The Paper states that the Department for Health and Social Care will increase its medical research investment outside London, Oxford and Cambridge.

HBF comment: This latter reference is telling and may explain why the government's enthusiasm for the Oxford-Milton Keynes-Cambridge Growth Arc has waned in recent months.

Innovation Accelerators

The Paper states that the government will support the creation of three new Innovation Accelerators. These are place-based centres of innovation, centred on Greater Manchester, the West Midlands, and Glasgow-City Region. The aim is to create clusters of innovation for local businesses and researchers backed by £100 million of government funding to encourage local growth. The model for this is the work of the Massachusetts Institute of Technology (MIT)-Greater Boston and Stanford-Silicon Valley growth initiatives. It should be noted that Sheffield City Region is hoping to achieve something similar, albeit at a smaller scale and without Government support. This is not referenced in the White Paper.

Local Government Pension Scheme - investing in the UK

The document sets out the government's intention to mobilise £16 billion of the Local Government Pension Scheme for investments in local projects - recognising that too much at present is invested outside the UK.

5G broadband

The large majority of the country is to gain access to 5G broadband by 2030.



Transport: Bus travel – 'bus back better'

Local transport, particularly buses, is crucial to connect people to jobs, education and wider opportunity. In places where it will make the most impact, the UK Government will enable increased frequencies and reduced fares, with high-frequency services in densely populated areas. The government intends to fund ambitious plans for bus improvements in areas where this can make the most impact, including the mayoral city-regions, Stoke-on-Trent, Derbyshire and Warrington.

The government has promised that it will fund all the proposals to improve bus travel made by the Mayoral Combined Authorities. (Page 177).

Transport: Rail

The Integrated Rail Plan is £96bn plan to deliver faster, more frequent and more reliable journeys across the North of England and the Midlands. Investment in connectivity can improve productivity and economic performance right across these regions. Under the IRP, the UK Government will deliver three new high-speed rail lines – one of which will be Northern Powerhouse Rail – which will transform transport connections to, from and between the East and West Midlands, the Northwest and Northeast of England, Yorkshire, Scotland and Wales

Education

The paper outlines the government's intention to designate 55 Education Investment Areas (EIAs) in local authorities in England where school outcomes are currently weakest. 95% of these areas will be located outside London and the Southeast and will benefit from intensive investment and support. They will be supported by the Department for Education offering retention payments to schools in these areas ensuring they can retain the best teachers.

Skills

Local Skills Improvement Plans will be developed, supported by funding, giving local employer bodies and stakeholders a statutory role in planning skills training in their area, to better meet local labour market needs.

RESTORING LOCAL PRIDE

Regenerating twenty town centres

The government will support twenty towns and city centres, starting off with Wolverhampton (where, not coincidentally, a new DLUHC office will be located) and Sheffield through its £1.5bn Brownfield Fund. The Paper says that regeneration will be achieved by undertaking ambitious, King's Cross-style regeneration projects, transforming derelict urban sites into 'beautiful communities. The work is to be led by Homes England.

The other 18 town and city centres have not yet been announced.



In addition to this, the government has said that wider package of brownfield funding worth £120 million will be available to initiate regeneration. Of this, £28 million will be allocated to the West Midlands Combined Authority and £13 million for the South Yorkshire (Sheffield City Region) Combined Authority, to fund the projects needed to support local levelling up ambitions.

Supporting brownfield regeneration

The White Paper states that the £1.8bn investment in brownfield and infrastructure projects announced at Spending Review 2021 will be available across England. This will be used to regenerate underused land and deliver transport links and community facilities, with a proportion distributed directly to MCAs and local authorities to unlock smaller brownfield sites in line with local priorities and needs. The White Paper states that this means the UK Government will have invested £10bn in housing supply since the start of the Parliament. (Page 208).

This investment will not be subject to the so-called "80/20 rule", which has now been abolished. This historically targeted 80% of particular housing funds at areas of lowest housing affordability, leading to an under-provision of funding in the midlands and the north.

Brownfield Housing Fund (BHF)

To further support levelling up identify and across regions, the White Paper states that the Government will extend the existing BHF which empowers mayors to tackle their local brownfield challenges. This funding will allow mayors to identify and fund the projects most needed to support their areas' levelling up ambitions, bringing disused land back into use, transforming brownfield sites needed to and making a visible difference to the areas they represent

The £120 million will be allocated to the Mayoral Combined Authorities help deliver 7,800 homes in the North and Midlands on disused brownfield land. The seven MCAs that will benefit are West Midlands, Greater Manchester, West Yorkshire, Liverpool City Region, South Yorkshire (Sheffield City Region), North of Tyne, and Tees Valley.

A further £30 million is being awarded to three Mayoral Combined Authorities - Greater Manchester, Tees Valley and West Midlands - to help redevelop disused brownfield land. Meanwhile, £8 million from the Brownfield Land Release Fund (BLRF) is being allocated to 13 councils which will release land for a further 898 homes. The BLRF has so far awarded £69 million to support councils to release their brownfield land for 6,856 homes by March 2024.

Supporting SME housebuilding

In addition, the government has said it will launch a £1.5 billion Levelling Up Home Building Fund by next week. This will provide loans to small and medium sized builders and developers to deliver 42,000 homes. The vast majority of these will be provided outside London and the Southeast, with the aim of helping to rebalance the economy and spread prosperity and opportunity more equally. (Page 224).

This new fund was first announced at the Budget and spending review in 2020.



Repurposing of Homes England

Homes England is to be repurposed by adding to its existing functions, with new objectives to regenerate towns and cities.

It will use its extensive statutory powers to partner with local leaders to unlock barriers and drive forward regeneration. Homes England will deliver a practical regeneration offer to places by:

- a) forming partnerships with local leaders and wider government to support places' levelling up and regeneration ambitions;
- b) using its statutory powers, funding and expertise to support delivery of regeneration schemes, with a focus on unlocking barriers that are preventing the private sector from investing;
- c) working with relevant partners to enable the pooling of funding, including from local sources and from across government, to maximise the impact of specific schemes;
- d) tailoring opportunities to be attractive to institutional investors to crowd-in private sector investment to deliver on long-term change; and
- e) establishing the right delivery vehicle that will give both local leaders and their communities a voice, but also deliver surety of decision making for the long-term, to establish credibility and confidence in plans.

Scrapping the Treasury's Green Book rule

The '80/20 rule' which leads to 80% of government funding for housing supply being directed at 'maximum affordability areas' - in practice, the unaffordable London and the Southeast - will be scrapped, with much of the £1.8 billion brownfield funding instead being diverted to transforming brownfield sites in the North and Midlands. The Metro Mayors will be allocated £120 million of this funding.

HBF comment: the Treasury's Green Book rule - the so-called '80/20 rule' - has for a long time been contentious as a metric for measuring the public benefit that is derived from the government's investment in development ideas that are pitched by local / combined authorities. The rule relates to the amount of additional value that is generated by the project relative to the amount of public investment. This has tended to gear some 80% of investment towards London and the wider southeast where the returns are greatest. The intention to review the rule to facilitate higher levels of housing delivery in the midlands and the north is in keeping with signals already from government.

Private Rented Sector

The government will require all homes in the Private Rented Sector to meet a minimum standard - the Decent Homes Standard. The government's ambition is for the number of non-decent rented homes to have fallen by 50% by 2030, with the biggest improvements in the lowest performing areas

Section 21 'no fault' evictions will be abolished, preventing renters from being made to leave their homes for no reason.



It will consult on the introduction of a landlords register. This will include plans for a crackdown on rogue landlords - making sure fines and bans stop repeat offenders leaving renters in terrible conditions.

Home ownership

The White Paper observes:

"Housing has a critical role in delivering the outcomes that levelling up aims to achieve across the UK. Housing is a necessity to support economic growth. Without enough housing, productivity growth will be constrained as the engine of the economy - labour mobility - is slowed and the benefits realised from the location of people, business and finance in the same area is undermined." (Page 221).

The White Paper observes that levels of first-time buyers across the UK are now at a 20-year high, with 400,000 people taking their first step on the housing ladder last year. It says that schemes like Help to Buy and the mortgage guarantee scheme have helped people to buy a home with a deposit as low as 5%. (Page 222).

It goes on to state that improvements to the planning system and the £24bn in housing and infrastructure investment have helped to deliver a rate of house building in England not seen for three decades - with over two million additional homes delivered since 2010, including over 574,000 affordable homes for rent and ownership.

However, many people still occupy sub-standard accommodation and affordability is a major problem, placing home ownership beyond the reach of many.

To address this - to turn 'generation rent into generation buy' - and achieve the Government's target of 300,000 net additional homes a year (page 223), the Government will make improvements to the planning system and give councils more tools to regenerate land to achieve this goal. This will include:

- £1.8bn investment in brownfield and infrastructure projects announced at SR21 to unlock the delivery of up to 160,000 homes across England. This will aim to focus housing around existing and planned transport infrastructure to create sustainable neighbourhoods that enable walking and cycling to work supported by high quality local public transport. In support of levelling up, the UK Government will target the majority of delivery on brownfield sites outside London and the Southeast. (Page 224)
- The £11.5bn Affordable Homes Programme will deliver up to 180,000 affordable homes with 75% of these delivered outside London, and lever in an additional £38bn in public and private investment in affordable housing. The Government will also increase the amount of social housing available to provide the most affordable housing to those who need it. This will include reviewing how to support councils to deliver greater numbers of council homes, alongside Housing Associations. Homes England will use its resources, expertise, experience and buying power in dealing with developers to help local leaders leverage all the funding available in a place. This will build on the lessons of the successful partnership with Greater Manchester Combined Authority, Homes England and local housing providers in Manchester. (Page 224).



- A £1.5bn Levelling Up Home Building Fund is to be launched, which will provide loans to SMEs and support the UK Government's wider regeneration agenda in areas that are a priority for levelling up.

Assisting first-time buyers

The Government will also press ahead with other measures to assist first-time buyers. In addition to the Help to Buy scheme, it will:

- allow First time buyers will be given the first opportunity to buy homes as they hit the market through a ramping up of the First Homes scheme which will provide a 30% discount to help thousands of local young people and key workers buy a home in their community.
- The Government will also explore further options to limit the competition first-time buyers face. This means looking at all of the options available to government to limit the factors which are pricing out local people, seeking to learn from international comparators.
- Simplifying the home buying and selling process. Around a third of all housing transactions fall through, costing people hundreds of millions of pounds each year. The Government and the industry will work together to ensure the critical material information buyers need to know - like tenure type, lease length and any service charges - are available digitally wherever possible from trusted and authenticated sources and provided only once. If necessary, the Government will legislate. (Page 224).

Leasehold

The White Paper states:

"For many, their dream of homeownership has been tarnished by unfair practices such as high ground rents, unfair charges and poor service from distant and unresponsive management companies. The UK Government will right this wrong by banning new leasehold houses and new financial ground rents, placing power back in the hands of homeowners."

The Paper says that the Government will consult on measures to empower more leaseholders to take control of their property management and make it cheaper and easier for them to buy the freehold of their property. The Government will bring forward further leasehold and commonhold legislation this parliament. (Page 226).

Bringing empty homes back into use

To encourage empty homes back into use and empower local leaders to reinvest back into their communities, the Government will introduce new powers for councils to apply a premium of up to 100% to homes left empty for a year, rather than two years - aligning the position across the UK. (Page 225).

Relieving pressure on the housing markets of the southeast

The White Paper argues that by building more high-quality family houses in communities that are safe, designed to be beautiful and closer to green spaces and places of work, this will help to rebalance



housing and transport investment. In turn this will reduce pressure on housing and on greenfield and Green Belt sites in overheated areas of London and the Southeast. (Page 225).

Green Spaces and Green Belt

The White Paper wishes to empower local leaders and communities to enhance urban green spaces and improve access. The White Paper says this will include enhancing and maintaining protection of the Green Belt. The Government will develop plans for: a) further greening the Green Belt in England; b) bringing wildlife back, aimed at increasing public access and delivering nature recovery; and c) securing further environmental improvements. (Page 211).

Older persons housing

The White Paper acknowledges the need to provide more suitable accommodation for older people. The Government says it will work to increase the choices available to older people. It will establish a new Task Force to look at ways to improve the choice, quality and security of housing for older people, including how to address regional disparities in supply of appropriate and where necessary specialised housing.

Reforming the planning system in England (page 227)

The Paper argues that more can be done to harness planning to assist with levelling up. Only 39% of local authorities have adopted a plan within the last five years, which limits effective community engagement about development. Local plans will be made simpler and shorter, and improved data that underpins plans will ensure that they are transparent, understandable and take into account the environment that will be developed. All of this will result in a system that is easier to engage with and works more efficiently, with communities having more of a say and more councils agreeing local plans.

It goes on to observe that a strong planning system is vital to level up communities. However, it argues, the current planning system enables developers to benefit disproportionately and unfairly from the land they develop. To end this the Government restates its intention to develop models for a new infrastructure levy which will enable local authorities to capture value from development more efficiently, securing the affordable housing and infrastructure communities need.

Improvements to the planning system will help level up left-behind places. The UK Government will enhance compulsory purchase powers to support town centre regeneration; provide further support for re-using brownfield land for development; set a more positive approach to employment land in national policy to support the provision of jobs; and increase engagement with infrastructure providers in plan making to bolster productivity.

The paper also restates the Government's intention to introduce other changes to the planning system to improve, among other things, democracy and engagement in planning decisions.

Social housing

The government will commit further to building more affordable social housing. A new Social Housing Regulation Bill will deliver upon the commitments the government made following the Grenfell tragedy in 2017.



High Streets

The White Paper will announce 68 more local authorities to be supported by the High Streets Task Force to transform their town centres.

£50 million is to be allocated through the Safer Streets Fund to be invested every year to give Police and Crime Commissioners, local authorities, and also certain civil society organisations in England and Wales the resources they need to tackle crime and anti-social behaviour.

Building on the government's 10-year Drugs Strategy, the government will work intensively with the local authorities of 10-20 areas most affected by prolific neighbourhood crime.

Empty shops

The government will give local authorities the power to require landlords of empty shops to fill them if they have been left vacant for too long.

HBF comment: It is unclear how this proposal fits with the government's aims, through its changes to the use classes order, to allow conversion of retail and business premises to residential.

Empowering local leaders: greater devolution of power from Whitehall to local leaders in England

Metro Mayoral Combined Authorities

The White Paper observes that local decision making has tended to generate better local economic performance, as local policies are tailored to local needs (page 100). However, even in areas which have seen devolution, local leaders have comparatively limited powers. The Paper references the mayors of New York and Paris who are responsible for a far broader range of functions than those in England, including welfare, schools and some aspects of health. They also have much greater revenue-raising powers (page 135).

The paper sets-out the government's intentions to extend the devolution of powers across England.

The Paper specifies three routes to devolution with varying degrees of powers: a) local authorities working together e.g. through a joint committee, like Oxfordshire b) a single institution or county council without a directly elected mayor, and c) combined authorities with a directly-elected mayors.

The government will publish for the first time a new devolution framework which sets out a clear menu of options for places in England that wish to unlock the benefits of devolution, whether that is moving towards a London-style transport system to connect people to opportunity, improving local skills provision, or being able to act more flexibly and innovatively to respond to local need. The Paper states that the framework is designed to create a clear and consistent set of devolution pathways for places, enabling them to widen and deepen their devolved powers. There will be three types in general with the common feature that each has a directly elected leader covering a well-defined economic geography with a clear and direct mandate, strong accountability and the convening power to make change happen.



However, the government acknowledges that this may not suit all areas, the framework sets out a flexible, tiered approach, allowing areas to deepen devolution at their own pace.

As the Paper says: "By 2030, every part of England that wishes to have a 'London-style' devolution deal will have one".

The Paper also outlines the government's proposals to agree further Mayoral Combined Authority (MCA) deals, including a new Mayoral Combined Authority deal covering York and North Yorkshire.

HBF comment: It should be noted that York City Council currently has only 'observer' status on the West Yorkshire Combined Authority, it is not a constituent member. The government is also considering an expanded Mayoral Combined Authority deal for the Northeast. This possibly means bringing South Tyneside and Gateshead into the fold of the North of Tyne Combined Authority, thereby becoming re-labelled, presumably, as the Tyneside Combined Authority.

Negotiations are also underway for 'trailblazer' devolution deals with the West Midlands and Greater Manchester combined authorities to extend their powers. The Paper says these deals will act as blueprints for other Mayoral Combined Authorities to follow.

HBF comment: This sounds as if these trailblazers are about giving these Mayors powers equivalent to those exercised by the London Mayor, including control over spending on housing currently exercised by Homes England, plus control over the police, fire, education and transport.

County deals

The Paper says that the government will invite a further first nine areas of the country to agree new 'county deals'. The choice of words reflects the government's ambition to extend devolution to rural areas, as well as city regions which had been the focus up until now.

To date, devolution deals have typically been based on city-region geographies covering a functional economic area (FEA). New devolution deals are based on geographies that are locally recognisable in terms of identity, place and community, as well as being sensible economic areas that join up where people live and work. On that basis, to access more powers, any future devolution deals should be agreed over a sensible FEA and/or a whole county geography, with a single institution in place across that geographic footprint.

The involvement of district authorities will be encouraged, but deals will only be agreed with county and unitary local authorities (page 137).

To ensure decisions are taken over a strategic geography, for any tier of devolution, the council or group of councils seeking devolution must have a combined population of at least 500,000 (page 137).

The first nine areas invited to begin negotiations will be:

Cornwall

Derbyshire & Derby

Devon



Plymouth and Torbay

Durham

Hull & East Yorkshire

Leicestershire

Norfolk

Nottinghamshire & Nottingham

Suffolk

HBF comment: This could be read as the government's way of reorganising and rationalising local government by encouraging local authorities towards what is in effect, unitary status, but without becoming Mayoral Combined Authorities. The fact that the 'county deals' documented above are built on county geography would seem to support this.

Local Government reorganisation

The White Paper notes that local government reorganisation could help to simplify the patchwork of local government structures, creating institutions with strong and accountable leadership over an optimal geography for delivering high quality public services. These reforms can also increase the sustainability and resilience of local government. However, while there is a case for wholesale institutional reform, this could distract from the implementation of improved local government services and outcomes and delay the agreement and implementation of devolution deals. The UK Government will not impose top-down restructuring of local government.

Reorganisation will remain a local choice available where there is broad local support but will not be a requirement for a devolution deal. The UK Government intends to follow an incremental approach, using existing legislation to work with areas which are seeking to establish reformed local governance structures. (Page 143).

What powers will they have?

Table 2.3 (page 140) provides an indication of the types of powers and functions that will be considered for each devolution level.

The list includes:

- Host for Government functions best delivered at a strategic level involving more than one local authority e.g. Local Nature Recovery Strategies.
- Ability to establish Mayoral Development Corporations (with consent of host local planning authority)
- Devolution of locally led brownfield funding



- Strategic partnerships with Homes England across the Affordable Housing Programme and brownfield funding;
- Homes England compulsory purchase powers (held concurrently)

HBF comment: It is significant that the Government has not listed spatial plan making powers among the core functions of devolved authorities.

Homes England to support Mayors and local government

The White Paper says that the £2.6 billion UK Shared Prosperity Fund will be decentralised to local leaders 'as far as possible', with investments set to regenerate communities, boost people's skills, and support local businesses.

There is also a commitment to vastly simplify the local growth funding landscape to allow local leaders to drive tangible, visible change in their communities.

The Government will ask Homes England to play a wider role in supporting Mayors and local government to drive their ambitions for new affordable housing and regeneration in their area. Homes England will use its resources, expertise, experience and buying power in dealing with developers to enable local leaders to leverage all the funding available in a particular place. This will build on the lessons of the successful partnership with GMCA, Homes England and local housing providers in Manchester.

These partnerships will be boosted by the significant devolved funds for transport and housing, as well as the UK Shared Prosperity Fund and long-term investment funds - which will only be considered for those proposals that represent the strongest governance and opportunities for greater efficiency and economic growth. These will be complemented by powers that will help them utilise their funds and partnerships, such as through mayoral development corporations and Homes England's compulsory purchase powers.

Combined Authorities: the Business Rate Supplement

The Paper observes that Combined Authorities already have access to the power under the Business Rate Supplement Act 2009 and Localism Act 2011 to levy a business rates supplement. However, these acts have limited the powers of local leaders. Alongside the upcoming revaluation in April 2023, the UK Government will explore with the Combined Authorities further flexibilities to enable them to raise their own funding through the business rates system to fund local priorities, whilst also considering the impacts on business. (Page 141).

Fire safety

The Government proposed to remove barriers to combined authority mayors taking on public safety functions. Where there are existing or planned mayoral combined authorities with coterminous boundaries to Police and Crime Commissioners (PCC) and Fire and Rescue Authorities, the UK Government will look to transfer these functions to the Mayor. For remaining MCAs, resolution to any challenges will be sought, including exploring aligning boundaries.



Next steps

To progress the proposals in the White Paper the Government will embark upon a comprehensive process of engagement across the whole of the UK. New legislation will be prepared to put key elements of this programme into statute.

The White Paper proposes a series of mechanisms for engaging with the public and with civic leaders to develop the ideas proposed, including setting up local panels, drawn from a wide range of stakeholders, to serve as a sounding board.

The Paper also proposes a specific role for expert advisory committees, run as sub-groups of the Levelling Up Advisory Council. These will provide confidential fora for engagement between experts on the major cross-cutting themes of this White Paper. Themes covered by these expert sub-committees are likely to include:

- a) regional adoption and diffusion infrastructure - improving the uptake of productivity-enhancing technologies and management practises by business;
- b) the role of private sector capital in levelling up and strategies for encouraging more institutional investment; and
- c) local communities and social infrastructure - the role of neighbourhood policies and strategies for building community capacity in left behind areas.

If members have questions about any of the matters raised by this briefing, please contact James Stevens at james.stevens@hbf.co.uk.

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