



British Property Federation

Levelling Up White Paper

BPF Analysis



03 February 2022

The Government's Levelling Up White Paper was published on 2nd February. There is also an executive summary. The White Paper is a weighty tome, running to 332 pages. The first 150 pages or so provide analysis explaining what levelling up is and why it is needed. Chapter 3 then covers the policy programme that will support levelling up. The Government is seeking to be held to account, with 12 broad missions it wants to tackle and be measured on. The most directly relevant to the real estate sector are:

- By 2030, pride in place, such as people's satisfaction with their town centre and engagement in local culture and community, will have risen in every area of the UK, with the gap between top performing and other areas closing.
- By 2030, renters will have a secure path to ownership with the number of first-time buyers increasing in all areas; and the Government's ambition is for the number of non-decent rented homes to have fallen by 50%, with the biggest improvements in the lowest performing areas.

As can be seen, some of the missions are quite vague. There is the promise, however, that "the UK Government will work with the ONS, devolved and local government, and other external experts and stakeholders, to road test the missions, and design and agree suitable metrics and data to track performance against them."

Our broad analysis is that there are some important structural changes in the White Paper. For example, the offer to open up mayoral government to any area that seeks it at county level. Also, a clearer menu of what the Government is offering to devolve, something we have called for in the past. There is also important structural change within central government. Levelling up will become an important consideration in the policy decision-making process. The broad sweep of government policy and spending decisions will be assessed on their contribution to levelling up.

However, the policy programme set out in the White Paper is more a compendium of existing initiatives across government, rather than anything that is new. There are also very few new spending commitments of any magnitude.

Some of the narrative is insightful though, in explaining future direction of travel on policy areas that will affect the property sector, such as on housing, regeneration and planning. On planning, there is a commitment to legislate and therefore to have a Planning Bill at some stage soon.

We have tried to draw out some of the policy announcements in this note. The text in italics is drawn from the White Paper. We have commented on some, but not all policies, and where we have this is shown in bold.

Devolution in a nutshell

Page 235 of the White Paper sets out the Government's plans for greater devolution.

EXTENDING DEVOLUTION BY:

- a. *inviting Cornwall; Derbyshire and Derby; Devon, Plymouth and Torbay; Durham; Hull and East Yorkshire; Leicestershire; Norfolk; Nottinghamshire and Nottingham; and Suffolk to start formal negotiations to agree new County Deals, with the aim of agreeing a number of these deals by autumn 2022;*
- b. *taking forward negotiations to agree a Mayoral Combined Authority (MCA) deal with York and North Yorkshire and an expanded MCA deal for the North East; and*
- c. *confirming that other areas, particularly those with broadly similar circumstances to North Yorkshire and York have the opportunity to consider their interest in a MCA devolution deal – for instance, the UK Government will work to secure a mayoral deal in Cumbria and similar areas.*

DEEPENING DEVOLUTION BY:

- a. *the UK Government will open negotiations immediately on trailblazer deals with the West Midlands and Greater Manchester, which will act as the blueprint for other MCAs to follow;*
- b. *working with MCAs, initially as part of the trailblazer deals, to explore options to streamline the funding landscape for MCAs; and*
- c. *inviting other MCAs and the GLA to bid for sweeping further powers, through the new devolution framework.*

SIMPLIFYING DEVOLUTION BY:

- a. *setting out the UK Government's new devolution framework to provide greater clarity on the devolution offer across England; and*
- b. *seeking to legislate to establish a new form of combined authority model to be made up of upper-tier local authorities only (e.g. a county council and its associated unitary councils), providing a single, accountable institution across a functional economic area or whole county geography; district councils can be non-constituent members; and, county councils will be expected to work closely with their district councils.*

BPF Comment: It is worth noting that although levelling up does not apply to London, there is a commitment to consider giving the Mayor of London further powers.

The Mayor has made announcements in the past that he would like significant further powers, for example some fiscal devolution, and wider housing powers to control rents and license the private rented sector. The Government has equally stressed in the past that it would not give him these powers.

High street and regeneration policies

The Government’s high street and regeneration policies are located throughout the white paper.

The UK Government will lay the groundwork and support for local leaders in England to bring together different pots of locally-led funding, including other infrastructure funding alongside DLUHC’s £1.8bn brownfield and infrastructure fund, together with private investment to deliver regeneration. It will help local leaders and the private sector to identify and address their specific local challenges so that they can drive forward schemes that re-energise places and their wider area. This includes bringing together the work of departments and agencies to deliver comprehensive regeneration and align investment to drive the greatest transformative impact. This holistic approach will be underpinned by regeneration of these places’ built environment, led by Homes England. Previous successful transformations like Liverpool’s waterfront, transformed from derelict dockland to vibrant city neighbourhood, show that the UK has done this before and can do it again.

In England, the UK Government will refocus Homes England so that it uses 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.*

BPF Comment: There were several accompanying Homes England announcements to the White Paper, on the [Levelling Up Home Building Fund](#), with accompanying guidance, and on [Infrastructure Funding](#).

The High Streets Task Force is helping communities regenerate their high streets to reflect evolving local needs. It is already supporting 84 local authorities with access to expert support in areas such as placemaking, planning and design. The UK Government is now announcing the next 68 local authorities to receive this expert support from the Task Force.

The UK Government will incentivise landlords to fill vacant units by giving local authorities the power to require landlords to rent out vacant properties to prospective tenants.

BPF Comment: We are exploring with government what this means in practice. There is a precedent in the residential sector, with Empty Dwelling Management Orders, but they are very procedural, to ensure there is balance between the wider impacts of empty properties and owners’ property rights.

Planning policies

The Government’s planning policies are located throughout the white paper.

The current planning system enables some developers to benefit disproportionately and unfairly from the land they develop. This is why the UK Government is developing 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.

BPF Comment: Good developers know that delivering the best places will require them to contribute to physical and social infrastructure. For the sake of growth, regeneration, and community support for development it is important the Infrastructure Levy works well. As originally designed, the Infrastructure Levy was unworkable. Any refreshed policy must reflect the very different development economics of different places and buildings, and deliver the timely physical infrastructure that developers need. Details remain scant on what a refreshed policy might look like, but DLUHC Ministers have long been supporters of greater land value capture long before they became DLUHC ministers.

Councils and communities will create new local design codes to shape streets as residents wish; widen the accessibility of neighbourhood planning, encouraging more accessible hybrid models for planning committees in England; and look to pilot greater empowerment of communities to shape regeneration and development plans. The ability to have a meaningful say on individual planning applications will be retained and improved through new digital technologies.

BPF Comment: This seems to confirm that the zoning proposals in pillar one of the Planning White Paper will not now proceed.

Explore how the existing Community Infrastructure Levy (CIL) can be used to support neighbourhood and community activity where Parish Councils do not exist across England and continue the neighbourhood portion of CIL as it introduces a new Infrastructure Levy.

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.

BPF Comment: This suggests that whilst zoning will not be taken forward, other aspects of pillar one around simpler, more up-to-date local plans, may yet emerge.

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.

BPF Comment: The BPF has campaigned over the past year for a better approach to planning for employment land. Our [Employment Land Manifesto](#) and recent report on [The Logic of Logistics](#) both make several suggestions for improvement. We are pleased to see that government is open to reform. This is likely to be taken forward in changes to the National Planning Policy Framework via a consultation in the next 12 months.

Housing policies

Most of the Government's housing policies are located on page 226 of the white paper.

Publishing a White Paper in the spring setting out how the UK Government will support those in the Private Rented Sector including ending so-called "no-fault" Section 21 evictions and giving all tenants a strong right to redress. It will explore proposals for new minimum standards for rented homes, introducing a National Landlord Register and taking tough action against rogue landlords. Alongside this the UK Government will review the Decent Homes Standard to make sure it is fit for the present day and applies across all rented tenures. The UK Government will consult on the impact on the private rented market and particularly those on the lowest incomes. Further detail will be set out once the Decent Homes Standard review has concluded.

BPF Comment: BPF is supportive of much of the Government's Private Rented Sector (PRS) reform agenda. A fair and efficient system will enable a better experience for residents, more efficient management for investors, and encourage continued investment to build much needed high-quality rented housing supply. The BPF's policy positions on proposals earmarked ahead of the Renters Reform White Paper can be found in our summary position paper [here](#) and our full position paper [here](#).

For those who live in poor quality social housing, the UK Government will legislate to deliver commitments made in the Social Housing White Paper by bringing forward a Social Housing Regulation Bill. Residents will be given performance information so they can hold their landlord to account, and ensure that when residents make a complaint, landlords take quick and effective action to put things right. The UK Government will take a robust approach to landlords who fail to address these issues, including ensuring that the regulator can issue unlimited fines for the worst offenders.

Addressing poor energy efficiency by targeting retrofit funding at the worst performing homes and those least able to pay. The £2.2bn funding through the Home Upgrade Grant, Social Housing Decarbonisation Fund and Boiler Upgrade Scheme, will help to improve energy efficiency, reduce carbon emissions and lower energy bills. The Future Homes Standard and Future Buildings Standards will also ensure new homes and buildings reach much higher energy efficiency standards.

BPF Comment: Substantial investment is required to meet the retrofit challenge facing all homes across England – and not just the owner-occupied market. These funding programmes have been previously announced at various points in the recent past including at last year's budget. They fall vastly short of the meeting the task at hand – and they only target owner-occupiers and social rented homes. If the Government is serious about raising standards in the private rented sector, and about tackling climate change by reducing household emissions, it cannot ignore the hard fact that over 4.5 million homes in the UK are privately rented. The Government must ramp up its funding support across the board this decade and particularly to foster new and cheaper forms of heat generation to bring them to market affordably for more people, including landlords, to install in their homes.

Housing policies continued

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.

For those who remain locked out of the housing system, efforts to help everyone find a place to call home will be supercharged. The UK Government will deliver the £2bn of investment to tackle homelessness and rough sleeping over the next three years, supporting vulnerable people across England as rough sleeping is ended for good. The UK Government's focus on preventing homelessness will be renewed by working across government and with local partners to tackle the root causes, and make sure the flagship Rough Sleeping Initiative continues to provide support that is tailored to local areas.

BPF Comment: Contrary to the term supercharged, this funding amount and programmes are previously announced. The most effective and necessary action that government should take to address homelessness and rough sleeping is to build more social, affordable, and private rented sector housing. The Government's policies programmes go some way to supporting those at risk of homelessness but ultimately the same challenges endure – and the personal and societal impact of individuals being placed in temporary accommodation, or being perpetually close to sleeping on the street, cannot be overstated. Therefore, increasing supply of homes, particularly affordable homes, is critical. Our Affordable Housing Committee will shortly publish a report showing how private sector investment in affordable housing can help.

The UK Government will also explore further options to limit the competition first-time buyers face. This means looking at all the options available to government to limit the factors which are pricing out local people, seeking to learn from international comparators.

BPF Comment: It is not clear what the Government's target is here – second home-owners, buy-to-let landlords, foreign buyers, or other constituencies. Further measures to suppress supply of rental homes is only likely to drive up rents and make it more, rather than less difficult for people to access home-ownership.

The UK Government will introduce new powers for councils to apply a council tax premium of up to 100% to homes left empty for a year, rather than two years – aligning the position across the UK.

Other relevant policy announcements

Infrastructure investment by the Local Government Pension Scheme has grown from under £1bn in 2016 to £21bn in 2021. To build on this established capacity and expertise, and ensure that all LGPS funds play their full part, the UK Government is asking LGPS funds, working with the LGPS asset pools, to publish plans for increasing local investment, including setting an ambition of up to 5% of assets invested in projects which support local areas.

BEIS will make levelling up one of the objectives of its R&D investment strategy to ensure its £39.8bn settlement between 2022-23 and 2024-25 boosts R&D and economic growth across the whole of the UK. This will include making the most of its portfolio of investments, from UK Research & Innovation (UKRI) to sectoral programmes and Net Zero investments, to support research and innovation outside the Greater South East. BEIS will aim to invest at least 55% of its R&D funding outside the Greater South East by 2024-25.

In addition to these broader measures, BEIS will invest £100m between 2022-23 and 2024-25 to pilot three new Innovation Accelerators. These will be centred on Greater Manchester, the West Midlands, and Glasgow City-Region.

In addition, the quadrupling of places in England on Skills Bootcamps, announced at Spending Review 21, will ensure that acute national and local skill shortages can be addressed at speed. Bootcamps provide short intensive training in shortage areas such as digital, construction retrofit, and Heavy Goods Vehicle (HGV) driving, with direct links to employers. Their expansion will allow many more adults in communities across England the opportunity to train, retrain and progress into new local employment opportunities.

As part of the UK Government’s plans to reform the way the public sector procures services it will improve transparency, provide greater flexibility and put greater emphasis on social value, as discussed further in Chapter 2. New reforms will include awarding contracts on the basis of Most Advantageous Tender, encouraging a greater consideration of social value across the c.£300bn of public procurement contracts.

BPF Comment: We have long pressed for a broader range of criteria to be considered than simply highest financial bid, to support social and environmental objectives; and in development procurement, to ensure that other factors, such as good placemaking are taken into account.

An £850m investment announced at Spending Review 21 will support world-class cultural and heritage buildings, including museums, historic sites and public libraries. This will help boost participation, engagement, and employment in local communities and on high streets. In turn, this will support the visitor economy in these places, helping to drive regeneration and economic growth, and providing employment for local people.

To help level up local economies, the UK Government will engage with local leaders to consider an appropriate mix of public sector interventions to address market failures, catalyse private sector investment and drive-up productivity. The UK Government wants to encourage private sector-led partnerships across the UK, especially when these coincide with existing or potential new clusters of business activity. These initiatives should ideally seek to coordinate action not just across the private sector, but in partnership with local and central government, and local education and research institutions. Examples of these initiatives include the proposal being developed by local businesses for the Humber; collaboration to foster a fintech/cyber cluster in Belfast; and a WMCA led public-private sector partnership to realise the ambition of the West Midlands to become a “smart city” region.

BPF Comment: The BPF will publish our own case studies later this year on successful partnership working with public sector partners, drawing out best practice.