



Chartered
Institute of
Housing

What you need to know about the Levelling Up and Regeneration Bill



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As outlined in the [Queen's speech](#) on 10 May 2022, [the Levelling Up and Regeneration Bill](#) (the Bill) is intended to support the government's manifesto commitment to 'level up' the UK by reversing geographical disparities as outlined in the [Levelling Up White Paper](#) (LUWP). As well as delivering against some of the ambitions set out in the LUWP, the Bill also incorporates some of the proposals for planning reform outlined in the earlier [Planning for the Future White Paper](#).

The Bill had its first reading in parliament on 11 May and will enter the committee stage after second reading (date tbc). There will then be two more phases to complete before it can enter the House of Lords.

Despite the UK remit for levelling up, most provisions in the Bill apply to England alone, with only some extending and applying across the UK.

Over 320 pages long, the Bill contains 11 parts and 17 schedules. This briefing highlights the most significant provisions for CIH members.

Bill objectives

The Bill has four overarching objectives:

- To place a duty on the Government to set, and report annually on progress towards achieving its levelling up missions
- To create a framework to support the devolution of powers through the creation of a new model of combined county authorities
- To deliver a new suite of powers for local authorities to regenerate towns through high street rental auctions and reforms to compulsory purchase
- To create a planning system which delivers more beautiful and greener homes, with the associated infrastructure and democratic support



Infrastructure Levy

Schedule 11 of the Bill makes provision for a new charge in England to be known as the Infrastructure Levy to replace the current system of securing developer contributions through Section 106 (S106) agreements and the Community Infrastructure Levy (CIL). CIL will only be retained in Greater London and Wales.

The rates and thresholds will be contained in 'charging schedules' and set and raised by local planning authorities (LPAs), rather than nationally. All schedules will be subject to public examination. **Charging schedules must have regard to previous levels of affordable housing funded by developer contributions, so that they are kept at a level that will exceed or maintain previous levels.**

There will also be a process to require developers to deliver some forms of infrastructure that are integral to the design and delivery of a site. The Bill places a new duty on local authorities to prepare infrastructure delivery strategies to outline how they intend to spend the levy.

In preparing their development plans, local authorities may consult infrastructure providers where changes to or investment in their infrastructure is required to support development, such as providing for transport,

education, the environment, healthcare, or blue light services. Under the Bill, those infrastructure providers will be obliged to respond and to assist as is reasonable.

The purpose of the Infrastructure Levy is to ensure that the costs incurred in supporting the development of an area (including the provision of affordable housing) are funded at least in part by owners or developers of land; and to achieve any additional purpose specified in Infrastructure Levy regulations. It is currently intended that it will be charged based on the final gross development value of development, whereas Community Infrastructure Levy is charged based on the floorspace of development when planning permission is granted.

Much of the detail of different elements of the new Infrastructure Levy, including the method of charging it, will need to be set in regulations. (NB. Sites permitted before the introduction of the new Levy will continue to be subject to their CIL and S106 requirements.)

[Explanatory notes for the Bill](#) published alongside it explain that the legal underpinning of the Infrastructure Levy will be based largely on the existing legislation underpinning the working of the Community Infrastructure Levy and that there will be a 'test and learn' approach, which will see the new measures rolled out nationally over several years.

Democracy and devolved powers

In England, the Bill provides for new devolution structures and simplifies existing arrangements for devolving power. The government has set a mission for every part of England that wants one to have a devolution deal with powers at or approaching the highest level of devolution, and a simplified, long-term funding settlement by 2030. A provision establishes a new form of local government institution – a combined county authority (CCA) – which can be established in, and will enable devolution to, areas with two-tier local government. The main difference between combined county authorities and (existing) combined authorities

is the membership: a combined county authority must include one two-tier county council and at least one other upper tier county council or upper tier unitary authority (i.e. district councils cannot be members and do not consent to the forming of a combined county authority), whereas a combined authority has to include all the local authorities within the area it is to cover (i.e. in a two-tier area, the county council and all district councils must be members, and consent to the forming of the combined authority). In all other matters, there is parity between the two types of authority. The intention is that the new model for a 'combined county authority' provides a model which is more appropriate for non-metropolitan areas. The provisions also make various amendments to existing legislation to support the establishment of combined authorities and conferral of powers on combined authorities and local authorities.

The 'duty to cooperate' contained in existing legislation is being repealed. The Bill will enable groups of authorities to collaborate to produce a voluntary spatial development strategy, where they wish to provide strategic planning policies for issues that cut across their areas (echoing the powers conferred on some mayoral combined authorities).

Local plans will be given more weight when decisions are made on applications. The same weight will be given to other types of plan, including neighbourhood plans prepared by local communities and spatial development strategies produced by mayors or combined authorities.



The Bill requires each local planning authority to prepare one local plan, with the content limited to locally specific matters such as allocating land for development, detailing required infrastructure and setting out principles of good design. General policies on issues that apply in most areas (such as general heritage protection) will be set out nationally and contained in a suite of National Development Management Policies, which will have the same weight as plans so that they are fully considered in decisions.

Local planning authorities will have a new power to prepare 'supplementary plans', where policies for specific sites or groups of sites need to be prepared quickly (e.g., in response to a new regeneration opportunity), or to set out design codes for a specific site, area or across their whole area.

Beauty

The Bill will require all LPAs to have a design code in place covering their entire area. The area-wide codes will act as a framework, for which subsequent detailed design codes can come forward, prepared for specific areas or sites, and led either by the LPA neighbourhood planning groups or by developers as part of planning applications.

Neighbourhoods

The Bill introduces a new neighbourhood planning tool called a "neighbourhood priorities statement". This is intended to provide communities with a simpler and more accessible way to set out their key priorities and preferences for their local areas. LPAs will need

to take these into account when preparing their local plans for the areas concerned.

The Bill includes a placeholder for a substantive clause which will introduce a 'Street Votes' system that permits residents to propose development on their street and hold a vote on whether it should be given planning permission.

Council tax, second homes and empty homes

The Bill introduces a discretionary council tax premium on second homes and changes the qualifying period for use of the long-term empty homes premium. Local authorities may levy a premium of up to an additional 100% on council tax bills for second homes and for empty homes after one year (as opposed to two years which is the current requirement). Neither of these are mandatory requirements. The Bill provides a power to vary the maximum percentage for the second homes premium. The government plans to consult on exemptions to this policy during the Bill's passage.

Compulsory purchase orders

The Bill seeks to streamline and modernise Compulsory Purchase Orders (CPO) and grants the power to local authorities to use CPO for regeneration purposes.

High street regeneration auctions

The Bill gives local authorities powers to instigate auctions to rent vacant commercial properties in town centres and on high streets, for leases from one to five years to attract new tenants. These powers can be exercised at the discretion of local authorities, based on their local context and need, but only on properties which have been vacant for over 12 months.



CIH's initial view

We support the government's strategy to address inequalities across the country and welcome many elements of the Bill. However, CIH shares the widespread concern that, given the government's expressed ambitions for its levelling up agenda, the scope of the Bill is very limited. For example, at a time of chronic housing shortages, the government must ensure that the planning system supports the continuous delivery of new housing, including much needed social rented homes. To deliver on levelling up ambitions it is essential that councils have the resources that they need. Many of the issues about delays in plan preparation and in facilitating development are down to the lack of resources, rather than about the system itself, but the Bill does not address this.

We look forward to greater detail being released on the Infrastructure Levy, having long stressed our concerns that S106 must not be replaced without a real workable alternative for delivery of low-cost homes. Whilst good to see that the new Infrastructure Levy will be set at a local level and that the focus remains on delivering affordable homes, we remain concerned about how in practice the number of genuinely affordable homes currently provided though S106 will really be ensured whilst also ensuring delivery of other infrastructure, particularly in low value markets. We also question how the new arrangement will deliver mixed and balanced communities. In areas with acute shortages of developable land, we are also concerned that social landlords will still have access to sufficient sites. We

recommend that the government conducts trial case studies around the Infrastructure Levy, to demonstrate how it will work in different situations, before the details are finalised.

Empowering councils to bring vacant properties back into use is a positive step. However, permitted development rights - allowing conversion of offices, shops, and restaurants into houses without the need to provide any affordable homes or infrastructure funding - need to be removed so councils can ensure the right homes, of the right quality, are built in the right places.

Given the current climate crisis, the Bill arguably misses a huge opportunity to ensure that sustainable development becomes the norm through design and local planning requirements. Also, in housing terms the Bill does not address the need for concerted action to improve the quality and energy-efficiency of England's five million pre-1919 dwellings, which the Northern regions have in higher proportions than the rest of the country.

However, there is still scope for further amendments to be introduced that will strengthen current provisions, helping to ensure delivery of a truly sustainable planning system.

A significant amount of detail remains to be published and CIH looks forward to working with government and partners to shape the detail.

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