

Is Gove getting his houses in order?
Will changes to the rules on nutrient neutrality mean a real shift in the Government's house building strategy?

Opportunity knocks (down)
'In order to grasp the opportunity for regeneration, the sector needs to show pragmatism and cooperation'

A great leveller

With round three of the Levelling Up Fund due to launch, a new guide from APSE and CLES is aimed at helping councils to maximise local impacts. **Leah Milthorne** explains

Despite its clear flaws, the Levelling Up Fund is one of the few funding mechanisms councils can access to provide much needed investment in their places.

Launching this week, a new report from the Association for Public Service Excellence (APSE) and the Centre for Local Economic Studies (CLES) provides a guide for how councils can avoid falling into the trap of developing regeneration initiatives that extract wealth and deliver poor outcomes for people, place and planet, with a toolkit for projects to maximise their positive impacts locally.

A flawed fund

The Levelling Up Fund is one of several competitive bidding pots for local areas designed to 'level up' the UK's highly unequal economy. The first two rounds of the fund have allocated nearly £4bn to places that want to fund town centre and high street regeneration, to improve transport connections, or to develop cultural, heritage and civic assets.

However, the fund's ability to deliver against its own stated objectives was frequently come into question.

The competition-style allocation process for funding has meant just one third of round one bids were successful and one fifth in round two, with a lot of time and resources wasted in developing unsuccessful bids. Commentators have also suggested that more funding has been awarded to areas in favour with the current government, and it's become apparent that some of the UK's most deprived areas are among those yet to see any funding at all.

The focus on physical regeneration through capital investment limits capacity to support required improvements in local public services, and the limited scale and short-term nature of investments hampers



potential to create and sustain long-term change in response to the challenges local areas are facing. The question must then be asked: are the fund's investments alone able to address the imbalance in our country? Can high rates of poverty and poor health and wellbeing be addressed through investment in capital infrastructure alone?

Round three of the fund is expected to launch soon and some changes to the design and allocation process are anticipated, but the broad parameters are expected to be sustained.

Working within these parameters, local councils can fall into the trap of designing and delivering economic regeneration schemes that deliver sub-optimal outcomes for communities. This model of regeneration – while achieving the desired aesthetic enhancements and brand-new premises in centres – often prioritises profiteering by

developers and can result in unnecessary extraction of local wealth. Doing so means they can fail to deliver benefits to the most deprived communities, provide good quality jobs or local public services, and can adversely affect local environments and increase greenhouse gas emissions.

Making lemonade

Despite all this, it is easy to see why councils persist in applying to the fund: it's one of very few mechanisms they can use to provide investment for regeneration – and after a decade of austerity, the pandemic and in the midst of the cost of living crisis, these investments are much needed.

There are also an increasing number of local councils across the UK demonstrating the potential to deliver new and improved developments that maximise the impacts of capital investment and create better

outcomes for people, place and planet, from Ayrshire, to Salford and Tower Hamlets.

Looking at this picture – and having witnessed the scope for innovation in local economic development and regeneration even in the cases of flawed funding models – we decided to reach out to local authorities across the UK and investigate the ways in which councils are seeking to maximise the socio-economic impact of levelling up funding on their localities. From the outdoor activities projects in the Scottish Borders actively involving local suppliers, to the Welsh leisure and wellbeing hub offering council services on site, we encountered plenty of examples of projects that place benefits to local communities, services, businesses and environment at the forefront.

Partnering with APSE, we took this learning and developed a toolkit for councils to maximise the impact of the Levelling Up Fund for local communities. The toolkit centres around five checks to be applied to projects, with a range of best practice suggestions focused on maximising positive impacts locally. The checks aim to ensure:

- the project is working to combat the climate and nature emergencies
- project spend is really delivering local social value
- land and facilities serve a greater purpose for local communities, driven through community engagement
- the project supports increased access to training and employment opportunities, especially for communities not currently accessing them
- the project supports greater involvement of local public services, including in-house council services, locally owned and socially minded enterprises.

In this project – as in much of our work with local economic development practitioners in councils across the UK – we have been continually reminded of one thing: our local authorities are adept at taking the lemons they are handed and using them to make lemonade for the places they serve. ■

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Is Gove getting his houses in order?

Changes to the rules on nutrient neutrality may be a welcome boost for the housing sector, says **Duncan Flynn**, but will it mean a real shift in the Government's house building strategy?

On 29 August, the Department of Levelling Up, Housing & Communities made an announcement which represented the best piece of news UK housebuilders have received in many months.

Michael Gove's announcement that the UK Government will table an amendment to the Levelling Up & Regeneration Bill in order to remove the requirement of Natural England to advise local authorities to refuse house building in areas where protected waterways are at risk from nitrate and phosphate pollution, is a major win for the development sector and other groups such as the District Councils' Network who have lobbied the Government extensively on this issue.

UK housebuilders have recently felt increasingly spurned by the Government following a concerted Conservative backbench MP campaign leading to a watering down of national house building targets and a range of measures for the additional protection of the Green Belt through amendments to the National Planning Policy Framework (NPPF).

This has undoubtedly been driven by a swathe of Conservative MPs typically in Home Counties constituencies who feel under pressure to oppose new housing in their constituencies (which are often Green Belt heavy) in order to placate their traditional voter base of older, more affluent voters who in recent local elections have increasingly sided with the Liberal Democrats and anti-development residents parties.

Gove has claimed that the relaxation of rules around nutrient neutrality will potentially unlock the construction of 100,000 new homes, with the Home Builders Federation putting this figure even higher at 150,000. Undoubtedly many of these homes are part of applications which have become trapped in the planning system with many councils

seeing a significant logjam in the provision of new housing consents over the past year. The chronic shortage of new housing has been further exacerbated by the myriad of local authorities who have withdrawn or paused their local plans citing specific uncertainty around the revision of the NPPF and national planning policy in general. Some counties such as Kent and Norfolk which have seen a significant slowdown in house building largely due to nutrient neutrality rules can now expect to see a reinvigorated house building sector.

Therefore, this announcement represented some much needed cheer for developers which was unsurprisingly welcomed by a number of housebuilder CEOs and saw an accompanying share price increase for several of the largest house builders. Conversely some environmental groups responded angrily to the announcement accusing the Government of failing to protect waterways. This is an area of policy where the Government is already vulnerable following the well-documented criticism of water companies discharging sewage into rivers but it has responded by citing a package of water mitigation measures as part of the nutrient neutrality announcement.

A pertinent question now is whether this announcement represents the start of a longer-term improvement in the relationship between the Government and housebuilders and if so, how this will be manifested in other areas of policy. There has been a concerted effort from some senior figures in the house building sector with past association with the Conservative Party to encourage the Government to water down some of its proposed changes to the NPPF in order to boost housing supply and help facilitate economic growth. With, in all likelihood, only one year before the next General

Election, the Conservative Government increasingly needs to demonstrate that the UK economy is recovering if it is to have any hope of eroding Labour's 20% poll lead and a buoyant UK housing sector would undoubtedly be a catalyst for such an economic recovery. There are now some signs a Conservative Party staring into an electoral abyss is beginning to listen to such arguments.

Not only was the nutrient neutrality announcement a welcome boost for house building, but it corresponds with the recent Government's rhetoric around supporting explicitly pro-motorist policies and supporting North Sea drilling for oil and gas at the risk of upsetting some environmental campaigners. With the General Election now on the horizon and the UK economy flatlining, Rishi Sunak, who is undoubtedly under the influence of his chancellor, now appears to be more willing to prioritise explicitly pro-growth policies.

As we approach the end of an inclement summer, it is too early to say whether Mr Gove's announcement on nutrient neutrality represents a bone being thrown to an increasingly disenchanted house building sector or a seismic shift in the Government's approach towards house building which will be manifested through a range of pro-development amendments to the NPPF in the coming months. However, for a sector which has felt somewhat unloved by its own Government in recent times, this will undoubtedly be chalked up as a win. ■

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Housing development in Leeds

The Prime Minister and secretary of state made a whistle-stop tour to my district of South Norfolk last week to launch an integrated plan to clean up our rivers while getting our local economy back on track. It was a shame I missed them as they toured a new development in Hethersett near Norwich.

But I welcome the message they brought. For 18 months, the building of tens of thousands of new homes in Norfolk has been hamstrung by an overly-aggressive interpretation of a legal case in Holland by a quango that has confused its duty to regulate with acting as a campaigner.

Across the country in 62 council areas, those organisations with the responsibility for cleaning up our rivers like the Department for the Environment, Food and Rural Affairs, the Environment Agency, Natural England and the water companies have simply passed the buck to councils and builders who have neither the money, powers, skills or ability to address one of the most important issues of the day.

As these organisations have pretended to address the problem while working from home, artisan tradesmen like plumbers, tilers, plasterers, sparkies and decorators have been caught in the crossfire and thrown out of work.

In my district, construction is the second largest part of the economy and the impacts on craftsmen and the wider supply trade have been crippling. Builders merchants have been shuttered and even our own council's development sites have been

It's time to build

The nutrient neutrality rules failed in their objectives and restricted housebuilding, **Cllr John Fuller** claims. He looks at what the end of the policy will mean for councils and developers

mothballed for want of planning consent.

The hard truth is that not building homes has not actually done anything to clean up our rivers while those who evidentially make the largest contribution to phosphate pollution through poor husbandry practices and careless land management have got off scot-free.

The Government has put its money where its mouth is. The public can now hold it to account for fixing the problem

If the ill-conceived nutrient neutrality rules actually fixed the problem I would take a different view. But they don't. There is a well-founded public outcry on water quality because of the homes we have already, not the ones that don't exist yet.

Those local craftsmen have been put out of work for nothing. I just don't know how the regulators can sleep at night.

It's not just builders who have paid the price. The arbitrary application of the rules

has stopped councils building affordable homes. Money has been diverted from environmental and housing insulation schemes to back-fill planning departments.

And, in the very limited cases where it has been possible to release a few houses, the price of new homes has been pushed even further out of reach from first-time buyers, while councils have tied-up their own capital in schemes that should have been funded by the water company shareholders.

The nutrient neutrality policy has done nothing to meet its objectives and everything to increase the costs of living at a time when none of us cannot afford it.

So I really welcome the reforms: It places the organisations best placed to deal with water pollution explicitly in charge of doing the job we pay them to do. And it gives them the funding to do so. They should not bleat – they have been bolstered with more than £200m of funding – what the local government sector could have done with that largesse!

I have listened carefully to the voices who criticise the Government for a perceived dilution of environmental protections. They should not carp – the departments

with the responsibility put things right in our watercourses now have the ball placed firmly in their court. The Government has put its money where its mouth is. The public can now hold it to account for fixing the problem rather than stoke blame games with hard-pressed council planning committees as their whipping boys.

The proposals free-up councils that never had the powers, responsibility or skills to clean up our water courses, to manage their local housing markets. And removing the pernicious consequences of the five-year land supply starts to restore confidence in the planning system, which is sorely tested by the planning-by-appeal that those who cherish our landscapes are right to complain about.

There is still some way to go to get the reforms through the House of Lords. I hope that Peers will see through the populism and catastrophism expressed by the usual campaigners and vote for the solid actions that ensure that regulators, sewage companies, farmers and livestock producers get their houses in order.

So councils can get new homes built where they are needed, putting roofs over families' heads and, most importantly, get Britain back to work by releasing people in the construction industry and the allied supply trades to generate the wealth and the taxes this country needs ■

Cllr John Fuller is leader of South Norfolk DC

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Building communities as well as homes

With £16bn to spend and 9,000 hectares of land, Homes England has a new strategic plan and a mission to work with councils to deliver affordable homes, says **Peter Denton**

Our new five-year strategic plan confirms our expanded remit: we'll continue to help deliver the high quality, affordable homes people need, but we will also work with partners to support the creation, development and continued wellbeing of communities in England.

It recognises that creating a home someone is proud to live in is about more than the building, however high quality it may be, and it puts the emphasis on place-making and community. This means it is as much about mixed-use regeneration as it is housing. And more than anything, it's about the people and communities that use these spaces.

When it comes to place-making, our role is to support and enable local authorities and other stakeholders to achieve their vision for their area. We cannot create thriving places without listening to, and working with, the local leaders that live in those places and are best placed to understand the needs and opportunities in their area. But we're also conscious local leaders do not always have the



Digbeth in Birmingham: the area's regeneration is hoped to create new opportunities

resources they need to bring their ambition to fruition and this is where we can help.

With more than 1,000 skilled people from all manner of

backgrounds and specialisms – architects, town planners, civil engineers, economists, regeneration experts and more – we're experienced in delivering large and complex

Few would disagree the UK needs more houses to support our growing population. However, how and where to build new homes, on the other hand, has always been more difficult to come to a consensus on.

Debates around the benefits and drawbacks of greenbelt development have long dominated both local and national politics. Brownfield development within existing city centres, by comparison, is often touted as the prime solution. However, the barriers and complexities of regeneration are too often overlooked in this conversation.

Build up, urban environments are naturally more difficult to build on, from navigating or removing existing assets to consulting with and working around a greater number of nearby residents. As well as being logistically challenging, these issues typically make regeneration more expensive – a factor compounded by the higher value of land in the first place.

The benefits of regeneration can't be ignored. Our towns and cities rely on diverse communities to thrive and that means making sure homes are in reach for everyone. By focusing resources on brownfield redevelopment, there is huge potential to support a greater mix of housing types – for a greater mix of people – in urban areas.

Homes England's new strategic vision firmly recognises this reality – committing to helping local authorities and private developers to overcome the logistical and financial hurdles to project viability. The complexities which come with brownfield development demand a deeper understanding – earlier in the process – of the specific capabilities and funds needed for delivery, a greater handle on cost planning and rigorous scenario testing of potential problems and how these would best be solved, before they occur.

Understanding capacity

It goes without saying that delivering on time and budget should always be a priority. It's particularly important when using public money – justifying value for the taxpayer. The challenge with Government funding is that it can subconsciously be seen as a bonus, rather than the essential viability bridge that it should be. That can breed an optimism bias when assessing overall budget and timescales. This optimism can often cause problems later down the line so

Opportunity knocks (down)

Steve Perkins says in order to grasp the opportunity for regeneration, the sector needs to show pragmatism and cooperation

realistic ambitions and a clear handle on what's possible from the outset is crucial – before funding is applied for or consultation undertaken.

When assessing funding bids, authorities need to place as much emphasis on the ability to deliver within the programme's needs as on the promised end result. A heavy dose of realism and reflection of what's achievable within current market conditions is essential. Budget and resource constraints within local authorities mean there is a need for honest conversations about internal capacity and pressures – as well as those of the supply chain – to understand how these can affect project viability.

Setting realistic costs and planning for change

The complexities around brownfield sites bring high price tags, but there are many examples to learn from. Carefully analysing completed projects – whether mega schemes such as that at London's King's Cross, or smaller-scale investment like Merchant Gate in Wakefield – and their respective cost plans at the conception stage can help to understand how far resources will go. In turn that can avoid the need for value-engineering and trimming the project scope later on. Early assessments of the digital systems that may need to be implemented such as BIM (Building Information Modelling) or information management platforms and the investment required to introduce these should also be considered from the get-go.

We also need to plan for the unknown. The Covid-19 pandemic and Ukraine war were not easily forecast, but have disrupted supply chains, hiked material costs, catalysed labour shortages and increased inflationary pressures. Homes England's recent commitments can help to manage some of these lasting impacts, including addressing skills shortages to fast-track planning consents.

However, the impact of disruption must also be mitigated through rigorous planning and management. Contingencies should be put in place from day one, with agreement from both the authority and the investor or developer around what are acceptable solutions to potential problems. If projects do become financially constrained, decisions can then be made quickly to keep the project moving forwards and avoid protracted delays.

Part of this comes down to fostering a joint, collaborative approach between funders and local authorities. Development and investor teams should be an extension of the delivery agency, and vice versa, supported by appropriate governance and reporting mechanisms of key performance indicators. It will be by working together that delivery challenges, such as supply chain disruption, material shortages or unexpected cost rises, can be overcome.

Looking forward

Challenges in the market aside, the new approach being

developments. And we have the tools to do it, with £16bn of combined capital spend to deploy by March 2028 – including the recently launched Brownfield, Infrastructure and Land Fund – a range of statutory powers and 9,000 hectares of land for disposal.

Most of all, we are committed to using this experience and capability to support ever more empowered places to meet their housing and regeneration needs, working closely with local leaders and other stakeholders to test their ideas and develop and deliver their proposals.

For example, Birmingham City Council has identified the regeneration of Digbeth as an opportunity to create a new creative hub for the city. To catalyse this regeneration, we acquired a number of derelict sites – collectively known as Warwick Bar – and worked with private sector partners to develop proposals for mixed-use schemes, starting with a state-of-the-art film studio to house the production of BBC's *MasterChef*. We're using our resources to help make the local authorities' plans a reality.

While we've always had the tools and desire to provide this kind of support to local authorities with a clear vision, it is now officially recognised in our strategy; our success in providing in-depth capacity support to local authorities is one of our KPIs. To do this, we will be supporting places in a more intensive, holistic and bespoke way than ever before.

No two places are the same, and wherever we're supporting, the first step will always be to work with a place to really understand the specific challenges and barriers to delivery in their area, and then work together to identify solutions.

It won't necessarily be about financial investment, either, as our work in Sheffield shows. We have been

working closely with Sheffield City Council and other local stakeholders since the city was selected by the government as a levelling-up site two years ago. The first thing we did, in collaboration with the council, was identify the issues facing the city – one of which was that not enough new affordable housing was being built. We assembled a multi-functional team of experts from across the agency to provide wrap-around support to the council and worked with housing associations active in the city to identify barriers for delivery, then with the council to unblock these. These housing associations now have a combined aspiration to build circa 880 new affordable homes in Sheffield per annum, where they had been delivering around 100.

We will be supporting places in a more intensive, holistic and bespoke way than ever before

We'll be focusing this kind of intense, wraparound support on the towns and cities where the conditions are right to deliver long-term housing and regeneration, where there is strong local leadership and a clear vision and an opportunity for delivery.

We've also introduced a new model to support sub-regions with the most ambitious proposals for housing growth – strategic place partnerships (SPPs). For example, we have a SPP with the Greater Manchester Combined Authority and are developing one with the West Midlands

Combined Authority – two authorities that have agreed trailblazer devolution deals with the Government. These SPPs are built around a shared business plan which sets out spatial and thematic priorities, and provides a formal, structured, and replicable approach for providing our additional capacity and capability support to a place.

We will continue to support the development of garden communities and other large settlements, such as the Garden Town being created at Otterpool Park, Kent, too. And we have the Local Government Capacity Centre, which provides free resources and learning programmes about housing and regeneration for those in local government, and our new 'Housing Information Hub' on gov.uk, which brings together more than 300 sources of guidance, information and resources for local authorities.

The point is that working with places to deliver housing and regeneration won't work with a one-size-fits-all approach. Our role is to help local authorities meet their unique challenges and ambitions by lending our time, expertise, powers, investment, and relationships in order to create vibrant new places where communities can thrive. Whatever the need, we have the necessary tools to help deliver your vision for your area, and we want to work with you to achieve it.

To find out more about Homes England's strategic plan, or how the agency can support you, sign up to our Homes England Live event series via our LinkedIn page. ■

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King's Cross central circa 2019: analysing cost plans at conception stage of projects can help gauge resources

taken by Homes England is welcome and can drive a new chapter for UK brownfield development. Targeting resources towards regeneration will be vital in delivering homes and cultivating communities, and the agency's plans to channel its own expertise and resource to fast-track these developments is extremely promising.

To make the most of this opportunity, local authorities will need to work closely with Homes England, private investment and their supply chains. Realistic expectations from all parties and honest conversations about what's feasible from the outset will help the housebuilding sector to bridge the viability gap and deliver city centre renewal at the

scale we need to tackle our country's housing shortage. ■

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