

## Levelling Up and Regeneration Bill: Written evidence from CIC

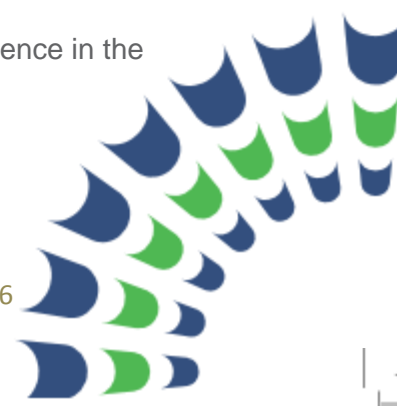
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### Introduction

1. The Construction Industry Council (CIC) is the representative forum for professional bodies, research organisations and specialist business associations in the construction industry. Our members collectively support and represent circa 500,000 individual professionals and 25,000 firms of construction consultants. More details are set out in the Annex A.
2. The construction industry has a significant role to play in delivering Levelling Up and the CIC and its members are well-placed to advise on immediate and long-term strategies for future regeneration, improving the quality of housing and building the necessary knowledge and skills to match the Levelling Up ambition.
3. Our members play a vital role in regenerating towns and cities, delivering vital new skills and working in partnership with local authorities, businesses and housing providers to build and refurbish new homes, schools, offices, hospitals and factories.
4. In terms of delivering new and better quality housing – a key theme in the Levelling Up agenda – our members’ perspective comes from a view of what works best to provide much-needed housing that is well designed, well-constructed and safe, while building strong communities through excellence in place making. We are keen to ensure that the measures in the Bill support this goal.
5. As an industry we need to embrace new skills to ensure homes are sustainable, help meet net zero targets and provide the right comfort levels. In the past five years we have been involved with a number of programmes to improve the quality of new homes and raise standards more widely.
6. The CIC has provided the secretariat for the All Party Parliamentary Group for Excellence in the Built Environment, which has conducted two inquiries into housing quality in England. Two reports<sup>12</sup> stemming from these inquiries were

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<sup>1</sup> More Homes Fewer Complaints, All Party Parliamentary Group for Excellence in the Built Environment, July 2016. <https://cic.org.uk/services/reports.php>



instrumental in the Government setting up the New Homes Ombudsman, formally enacted in the Building Safety Act 2022. CIC is also playing a central role in helping to raise competence standards in the building industry in the wake of the Grenfell Tower fire.

### **Our submission and new housing delivery**

7. We welcome many of the sentiments and proposals in the Bill including its aim of improving the planning process to give local communities control over what is built, where it is built and what it looks like, and we agree that this can be helped by:
  - delivering high quality design and beautiful places, and protecting our heritage
  - enabling the right infrastructure to come forward where it is needed
  - enhancing local democracy and engagement
  - fostering better environmental outcomes
  - allowing neighbourhoods to shape their surroundings, as this is where the impact of planning is most immediately felt
  
8. However, we have reservations about how these aims can be delivered by the Bill, most particularly with regard to skills and resources, and we also note that the Bill is particularly scant on housing delivery, particularly affordable housing.
  
9. We endorse the view of the Local Government Association (LGA) that supporting councils to build a new generation of high-quality, energy efficient council homes also has to be a national priority if levelling-up ambitions are to be met. Fulfilling this aspiration requires urgent reform of the Right to Buy scheme in order to allow councils to keep 100 per cent of receipts from sales of homes and also set discounts locally.

### **Planning reform and lack of skills**

10. We agree that the drawing up of local plans in conjunction with the digitalisation of planning will increase efficiency and should speed up both the processing of planning applications and the adoption of local plans. However, this cannot be realised quickly as the government's reform proposals could be seriously

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<sup>2</sup> Better redress for homebuyers - How New Homes Ombudsman could help drive up standards in housebuilding and improve, APPGEBE, June 2018.

<https://cic.org.uk/services/reports.php>

undermined in the short term by a lack of resources and skills within planning departments. Planning Agencies research provided by the Royal Town Planning Institute (RTPI) has painted a bleak picture:

- Local Authority net expenditure on planning has fallen by 43%, from £844m in 2009/10 to £480m in 2020/21. This amounts to just 0.45% of local government budgets allocated to planning services.
  - Public spending on planning has fallen the most – by 62% - in the North East of England. But other regions have faced similar declines: Yorkshire and The Humber (49%), London (48%), West Midlands (47%) and North West (46%).
  - Planning fees are an important source of income for the public sector but proposed rate increases are vulnerable to inflation and could be lost in real terms when introduced in 2024
11. The government intends to improve capacity in the local planning system by increasing planning fees for major and minor applications by 35% and 25% respectively, subject to consultation and a better service for applicants. It has pledged to support local authorities to build the skills they need, initially by working with sector experts to develop a planning skills strategy for local planning authorities.
12. We welcome the acknowledgement that skills will need to be bolstered to facilitate this important transition. But we need more clarity and greater certainty around local authorities' long-term funding, so that they can plan more strategically, and create dedicated teams to lead on and deliver Levelling Up missions.

### **Local plans and related measures**

13. We have strongly advocated drawing up local plans which would form a baseline for strategy and decision making, but this must become more enforceable. For far too long England has had only partial coverage by local plans. We agree with the submission from the Chartered Planners in Academic Practice that this has resulted in a policy vacuum at local level, which creates much uncertainty to the considerable disadvantage of both the public and developers. As a result, too many decisions are being taken on appeal and hence by central government and its inspectors.
14. We also agree with their view that it is critical that the role of local plans embraces a range of public good objectives, including providing a secure basis for public and private investment, meeting environmental targets, supporting

community wellbeing and as a means for expressing the spatial delivery of a wide range of public policies for urban and rural areas. The inclusion of green spaces must also be included to further public wellbeing. The need for this was very much in evidence during the recent Covid pandemic.

15. One key reason why so few local plans have been prepared and adopted (and are up to date) is resourcing and the lack of professional staff to work on them. Again, we cannot stress enough how vital it is that if this policy is to be delivered, local planning authorities must have staff with the skills (including digital) that they need. We would urge government to provide the means for this to be achieved through incentives and support.

### **The need to provide flexibility in local plans**

16. Though we fully support more emphasis placed on local plan making, it comes with a major challenge: planning for many years ahead when a future can be uncertain. We are therefore suggesting local plans incorporate mechanisms to separate long-term scenarios from immediate commitments with the latter not prejudicing longer-term scenarios. This would create flexibility to respond to greater certainty and change as the future becomes clearer.
17. We also see the need for greater flexibility in the national development management policies (NDMPs) although we agree there are potential benefits in having a central system. However, as currently drafted, the proposed legislation risks increased centralisation and micro-management by central government. This risk could be mitigated if the draft legislation is changed to make NDMPs formally part of the development plan unless modified/superseded by local policy and should there be a substantive reason to do so.

### **Retrofitting and adaptation to climate change**

18. The government's stated aim for 'Levelling Up' is to "transform the UK by spreading opportunity and prosperity to all parts of it". Upgrading the energy efficiency of existing homes through repair, maintenance and improvement (RMI) work should therefore be an integral part of these plans.
19. As Chartered Institute of Building (CIOB) has noted, retrofitting work is labour intensive and grounded within local supply chains, making it an ideal project to maximise employment within the construction sector, support regional growth and provide opportunities for training and retraining in low-carbon construction

skills. Retrofitting to improve energy efficiency will reduce consumer utility bills, support local businesses by acting as a gateway to further domestic or commercial projects and free up disposable income to be spent within local economies.

20. The Construction Leadership Council's National Retrofit Strategy – unveiled in 2021 - is supported by much of industry and sets out a twenty-year blueprint to transform the nation's housing stock to make it greener and more energy efficient. Modelling for the strategy showed that if the Government had invested just over £5 billion by the end of this Parliament, then this would unlock 100,000 jobs, generate Government revenues of more than £12 billion, and provide additional GDP of up to £21 billion.
21. With the 'cost of living' crisis now requiring urgent government intervention, more recent assessments have been even more positive about the local benefits of green home upgrades. There is a critical need for government to work with industry on a long-term roadmap which will deliver certainty in the future direction of travel and embed confidence that there will be an ongoing market for retrofit.
22. Reducing carbon emissions through retrofitting is only one part of the climate challenge and it is a necessity to ensure both new and existing buildings are future-proofed for resilience. Research published in the journal *Science*<sup>3</sup> suggested that, the children born in Europe and central Asia between 2016 and 2020 will experience about four times more extreme climate-linked events in their lifetimes under current emissions pledges.
23. In its latest Independent Assessment of UK Climate Risk<sup>4</sup>, the UK's independent adviser on tackling climate change – the Committee for Climate Change – reported high and immediate risk to human health, wellbeing and productivity from increased exposure to heat in homes and other buildings. Specific measures contained in the Building Regulations can only go so far and failure to address these risks – which also include flash flooding - on a local level will completely undermine the government's Levelling Up agenda. There is no doubt that meeting the challenges of climate resilience, adaptation and mitigation will require heavy expenditure in the decades ahead. Public and private sector funding must be sufficient to not only meet these challenges comprehensively but to deliver on the missions set out in the Levelling Up and

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<sup>3</sup> <https://www.science.org/doi/10.1126/science.abi7339>

<sup>4</sup> <https://www.theccc.org.uk/wp-content/uploads/2021/07/Independent-Assessment-of-UK-Climate-Risk-Advice-to-Govt-for-CCRA3-CCC.pdf>

Regeneration Bill.

### **Infrastructure Levy**

24. The stated intention of the Bill is sound. That is, to make sure that ‘more of the money accrued by landowners and developers goes towards funding the local infrastructure – affordable housing, schools, GP surgeries, and roads’ – for which new development creates the need.
25. We feel, however, that this could be achieved through amendments to the Section 106 agreement mechanism, rather than introducing a new infrastructure levy. We favour the status quo rather than introducing a new financial mechanism as it would be less disruptive and slow down investment and delivery. There is already so much macroeconomic uncertainty in housebuilding that it would be better for developers and local authorities to continue with a system they accepted and were familiar with. In other words, sticking with a cost based approach rather than moving to one whereby developers pay a sales tax on the value of completed developments. We are also concerned that the switch could result in less affordable housing being built.
26. We acknowledge, though, that the new measures may be helpful to SME builders, who find dealing with S106 negotiations more difficult and more expensive than do larger developers, especially volume house builders. The CIC has been concerned by the diminished role of SMEs in the housebuilding industry, which is hindering competition, quality, and diversity in the market.
27. However, we think this could have been achieved through changes to Section 106 Agreements. We are pleased to see that S106 planning obligations will be retained for large and complex sites, which will mitigate potential risks for local authorities.
28. In order to ensure necessary infrastructure is provided in a timely manner before developments are completed, local authorities will have the powers to borrow against future levy receipts. Fundamentally, however, the proposed levy reduces, prima facie, risk for developers but increases it for local authorities. Charging the levy at the point of occupation is beneficial to developers, but does not help local authorities ensure infrastructure is put in place first as a key pillar of place-making.
29. Furthermore, we are surprised by measures in the Bill to allow parish and town councils to share some of the proceeds of the levy, and are concerned that this

may reduce the necessary spending available to local authorities to deliver the key infrastructure to support new developments.

30. Much of the detail of different elements of the new Infrastructure Levy will be consulted on before it is set in regulations, and we hope to see greater detail and proposals emerging that will create a new 'right to require' to remove the role of negotiation in determining levels of onsite affordable housing. This should rebalance the inequality between developers and local authorities by allowing local authorities to determine the portion of the levy they receive in-kind as onsite affordable homes.

### **Design and quality**

31. One area of major concern for us in the Bill is the proposal for Street Votes. We do not think that they further local democracy and densification in urban areas, their intended purpose. Our concerns lie in the fact that conflicts will arise that which will have to be resolved by elected members, slowing down and increasing the cost of the development process.
32. Instead, we support the far simpler approach recommended in the Greater London Authority's draft London Plan Guidance: Small Site Design Codes. This is for local planning authorities to put in place a street or neighbourhood based design code for streets where densification is appropriate and desired by a community. This is a far simpler approach and can build on other provisions in the Bill.

### **Clarity on the new proposals**

33. As noted in this response the construction industry can be a source of solutions in order to truly achieve Levelling Up. In order to meet the challenge we urgently need more detail about the processes being introduced in the Bill and how our national needs in terms of housing, the environment and building safety are embedded within the plans.
34. Such clarity would not only benefit industry but assist parliamentarians who are often particularly wary of uncertainty around oscillating government-led housing and planning policies.
35. Digitalisation of the planning system can help ensure that local communities are able to get an accurate representation of the pros and cons of local development - such as bringing in necessary housing for local workers - and

have a stake in this at an early stage. Again we would support digitalisation and feel that improved engagement with local residents could help mitigate some of the inbuilt scepticism around new local housing developments.

36. We are however still awaiting details on the government plans to digitalise the planning system and how it fits alongside more traditional means of local engagement such as Parish councils. As well as being properly resourced, new digitalisation plans will need to be road tested to ensure that they reach all parts of the community and do not just add to local bureaucracy.
37. Government must also ensure that the new rules will not become a local barrier for projects and plans such as those which invoke nature-based solutions, renewable energy generation and would further improve our collective response to the climate and biodiversity emergency.

#### **Clause 186**

38. Many CIC members are obligated to operate in accordance with both their Royal Charter and the requirements of the Charity Commission because they operate principally for public benefit. Several are regulated by the Engineering Council. Additional scrutiny on governance arrangements may therefore appear to be an unnecessary complication.
39. Where matters of public safety are directly concerned, all CIC members absolutely recognise and welcome reasonable scrutiny of their competency standards and arrangements. The sector is covered by a range of regulatory arrangements, including the engineering professional institutions which have for many years operated in a voluntarily regulated arrangement via the Engineering Council and are actively implementing further enhancements to the competence required of their members in response to the new Building Safety Act. Architecture is regulated through the Architects Act.

***The CIC would be delighted to expand on any of the issues we have raised in this submission.***



## **Annex A**

### **About the Construction Industry Council**

The Construction Industry Council (CIC) is the representative forum for the professional bodies, research organisations and specialist business associations in the construction industry.

Established in 1988 with five founder members, CIC now occupies a key role within the UK construction industry providing a single voice for professionals in all sectors of the built environment through its collective membership of circa 500,000 individual professionals and 25,000 firms of construction consultants.

The breadth and depth of its membership means that CIC is the only single body able to speak with authority on the diverse issues connected with construction without being constrained by the self-interest of any particular sector of the industry.

Organisations and Professional Bodies in membership of CIC are shown below.

### **Members of the Construction Industry Council**

ACAI	Association of Consultant Approved Inspectors
ACE	Association for Consultancy and Engineering
APM	Association for Project Management
APS	Association for Project Safety
ASFP	Association for Specialist Fire Protection
BAFE	British Approvals for Fire Equipment
BCS	Chartered Institute for IT
BIID	British Institute of Interior Design
BRE	Building Research Establishment
BSRIA	Building Services Research and Information Association
CABE	Chartered Association of Building Engineers

CIAT	Chartered Institute of Architectural Technologists
CIBSE	Chartered Institution of Building Services Engineers
CIOB	Chartered Institute of Building
CIHT	Chartered Institution of Highways & Transportation
CIPHE	Chartered Institute of Plumbing and Heating Engineering
CIPS	Chartered Institute of Procurement & Supply
CIRIA	Construction Industry Research and Information Association
GF	Ground Forum
ICES	Chartered Institution of Civil Engineering Surveyors
ICWCI	Institute of Clerks of Works and Construction Inspectorate
IET-BES	Institution of Engineering and Technology - Built Environment Sector
IFE	Institution of Fire Engineers
IIRSM	International Institute of Risk and Safety Management
ISSE	Institute of Specialist Surveyors and Engineers
IStructE	Institution of Structural Engineers
IWFM	Institute of Workplace and Facilities Management
LABC	Local Authorities Building Control
LI	Landscape Institute
NHBC	National House-Building Council
RIBA	Royal Institute of British Architects
RICS	Royal Institution of Chartered Surveyors
RTPI	Royal Town Planning Institute

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