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GENERAL COMMITTEES

Public Bill Committee

GROWTH AND INFRASTRUCTURE BILL

Twelfth Sitting

Tuesday 4 December 2012

(Afternoon)

CONTENTS

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Saturday 8 December 2012

STRICT ADHERENCE TO THIS ARRANGEMENT WILL GREATLY FACILITATE THE PROMPT PUBLICATION OF THE BOUND VOLUMES OF PROCEEDINGS IN GENERAL COMMITTEES

The Committee consisted of the following Members:

Chairs: Philip Davies, † Mr George Howarth

† Birtwistle, Gordon *(Burnley)* (LD)
† Blackman, Bob *(Harrow East)* (Con)
† Blackman-Woods, Roberta *(City of Durham)* (Lab)
† Blomfield, Paul *(Sheffield Central)* (Lab)
† Boles, Nick *(Parliamentary Under-Secretary of State for Communities and Local Government)*
† Bradley, Karen *(Staffordshire Moorlands)* (Con)
† Coffey, Dr Thérèse *(Suffolk Coastal)* (Con)
† Dakin, Nic *(Scunthorpe)* (Lab)
† Danczuk, Simon *(Rochdale)* (Lab)
† Fallon, Michael *(Minister of State, Department for Business, Innovation and Skills)*
† Glen, John *(Salisbury)* (Con)
† Glindon, Mrs Mary *(North Tyneside)* (Lab)
† Howell, John *(Henley)* (Con)
† Morris, James *(Halesowen and Rowley Regis)* (Con)
† Murray, Ian *(Edinburgh South)* (Lab)
† Raynsford, Mr Nick *(Greenwich and Woolwich)* (Lab)
Simpson, David *(Upper Bann)* (DUP)
† Smith, Henry *(Crawley)* (Con)
† Stunell, Andrew *(Hazel Grove)* (LD)

Steven Mark, John-Paul Flaherty, *Committee Clerks*

† attended the Committee

Public Bill Committee

Tuesday 4 December 2012

(Afternoon)

[Mr George Howarth *in the Chair*]

Growth and Infrastructure Bill

Clause 21

Bringing business and commercial projects within Planning Act 2008 regime

Amendment moved (this day): 101, in clause 21, page 25, line 23, after 'may', insert 'subject to regulations excluding sites of special environmental or historic importance,'.—*(Roberta Blackman-Woods.)*

2 pm

The Chair: I remind the Committee that with this we are discussing the following:

Amendment 103, in clause 21, page 25, line 33, at end insert—

'(aa) the development does not involve surface mineral extraction or quarrying.'.

Amendment 109, in clause 21, page 25, leave out line 33.

Amendment 110, in clause 21, page 25, leave out line 43.

Amendment 111, in clause 21, page 26, line 10, leave out from 'project)' to end of line 11.

Amendment 112, in clause 21, page 26, leave out lines 12 and 13 and insert—

'(5) In this section, "business or commercial project" means a project which consists of any of the following—

(a) offices and research and development facilities;

(b) manufacturing and processing proposals;

(c) warehousing, storage and distribution facilities;

(d) conference and exhibition centres;

(e) leisure, tourism and sports and recreation facilities;

(f) extractive industries (mining and quarrying); and

(g) mixed-use developments, including one or more of the above uses but not retail where it is the main or predominant use or housing except where it is incidental.

(6) The Secretary of State may by order, subject to consultation—

(a) amend subsection (5) to add a new type of project or vary or remove an existing type of project;

(b) make further provision, or amend or repeal existing provision, about the types of project which are, and are not, within subsection (5).

(7) An order under subsection (6)(b) may amend this Act.'.

Roberta Blackman-Woods (City of Durham) (Lab): As I was saying, the three amendments would remove references in the Bill to business and commercial projects of a description prescribed by the Secretary of State. The intention is to allow the definition of such projects to be included in the Bill under amendment 112.

Amendment 112 is a probing amendment, which would put things to be included within business and commercial projects in the Bill, by using categories set out in the Government's impact assessment and consultation document, but the size thresholds in the impact assessment and consultation have not been included in the amendment.

The reason why I say that amendment 112 is probing is that we wish not to include more schemes into the definition, but to require a clear and stringent definition from the Government of "nationally significant", which is currently entirely lacking from the Bill, to remove the risk of conflating national significance with size rather than economic contribution.

The fact that the size thresholds have not been properly considered is borne out by the fact that the numbers in the impact assessment are hugely different from the ones in the consultation. The former states that applications for offices larger than 10,000 square metres should be considered, but the latter says that that figure should be 40,000 square metres. Will the Minister enlighten us as to what led to the change of heart and the huge change in definition?

The National Infrastructure Planning Association said in its evidence that

"it is important to leave a degree of flexibility so that when developers approach Government and say, 'We have this particular scheme,' it is caught by the prescribing regulations. The Government can then say, 'We consider it to be of national significance. Would you please designate it so we can go down the Planning Act route?' The way in which the designation process works needs more attention in terms of how the Bill is drafted."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 20 November 2012; c. 108, Q252.]

What NIPA was outlining in that quote was that the circumstances were all a bit too vague. It is not clear at the moment exactly what will be covered, what the prescription of the Secretary of State to make a definition will be in practice and how the definition might be changed from time to time.

Clearly, the Bill should not define significance through size alone. I think that the Minister would be hard pressed to find anyone who thought that a leisure centre, even if it was over 100 hectares, would be nationally significant. Similarly, a conference hall of 40,000 square metres might be significant locally, but is it likely to be nationally significant?

As the Minister intends to introduce a whole raft of new planning applications into the major infrastructure regime, he needs to be clear about what nationally significant means, rather than rely on size thresholds that appear to have been plucked from thin air, especially as, as I have made clear, what is in the consultation document differs so widely from what is in the impact assessment.

The problem is in line with the evidence given to the Committee. No one was able to pick a specific size. Instead, the witnesses spoke of characteristics of specific developments. For instance, Liz Peace from the British Property Federation said:

"I do not have a particular view in numerical terms, but, as an example, a development of the scale of something like King's Cross would have been a sensible one to take through a major infrastructure projects regime."—[*Official Report, Growth and Infrastructure Bill Public Bill Committee,* 13 November 2012; c. 42, Q6.]

Along with a number of people who gave evidence to the Committee, we think that the Government are taking entirely the wrong approach.

We should be clear about what "nationally significant" means, and we should use that definition to do the majority of work in determining which applications come under this regime. That would be much easier if the Minister would commit to writing national policy statements for the types of development to be included. At the very least, a definition of "national significance" could take into account certain projects.

I hope that Ministers are taking this matter on board, because it would help people to make sense of where the Government are trying to go with the clause. For example, the number of jobs expected to result from a development could be considered, as could the value of the project and its expected impact on the local and national economy. Furthermore, a clear definition of "national significance" would have huge benefits for encouraging certainty in and investment by developers.

Surely, if the Minister is, as he says, committed to using the Bill to foster growth, the focus should be on speeding up and offering certainty to all nationally significant projects, rather than to those that happen to be above a certain size. It would be interesting to hear from the Minister in his response whether the Government have any projects in mind for inclusion under the clause and, indeed, whether they have thought of any potentially nationally significant projects that would not be covered by the clause and its extension of the Planning Act 2008 route to more projects.

Finally, amendment 112 also covers another omission from the clause, which is the exemption of any project containing housing. That is entirely nonsensical and shows a lack of understanding of the nature of such developments. That was illustrated in the oral evidence given by Liz Peace of the British Property Federation, who said:

"There is also one particular, rather strange bit in the clause, which explicitly excludes projects that include 'the construction of one or more dwellings.'"—[*Official Report, Growth and Infrastructure Public Bill Committee,* 13 November 2012; c. 42, Q6.]

Similarly, Robbie Owen of the National Infrastructure Planning Association said:

"I entirely support the point that there is the rather odd exclusion of dwelling houses, as the Bill makes clear, which would rule out any mixed-use schemes from the scope of the Bill. We do not understand the logic of that."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 20 November 2012; c. 108, Q252.]

Labour Members are by no means advocating that housing development should be included in this regime, but we suggest that the Minister should at least allow for incidental housing—for example, a house for a caretaker or a security guard, or a similar type of home—that might need to be included on the site just to make it function properly. Failure to do that effectively renders the clause useless, as there are very few schemes of the size and nature that the Minister proposes that do not come with at least one house.

I would be interested in hearing from the Minister. As I have said, amendment 112 is largely a probing amendment, by which we seek to achieve better understanding of what is meant by "national significance" and to ask whether it is wise, given the nature of the developments that might be included, not to include developments that have at least one house.

The Parliamentary Under-Secretary of State for Communities and Local Government (Nick Boles): As this is our first opportunity to debate clause 21, it might be to the Committee's benefit if I set out briefly the aims of the clause, before discussing the amendments tabled by the hon. Member for City of Durham.

The purpose of the clause is to extend the existing powers under the Planning Act 2008 that enable the Secretary of State to direct certain forms of infrastructure schemes into the Planning Act regime to new forms of business and commercial development. Our intention is not to bring new developments into the regime automatically, but to provide an alternative planning route for applicants where proposed development is of national significance. That is important, because a thread that runs through many clauses is that we are trying to create opportunities, so that applicants and developers have an alternative route when they encounter obstacles, delay or unreasonable behaviour.

The hon. Lady asks whether we can be certain that this route will be faster than the alternative, and the answer is no, but the point is that a local authority will often be the fastest route. The ability to have a pre-application consultation will be valuable to the applicant. The last thing that we want is to force anyone down this route, but it will be more predictable because it will be timetabled. Individual applicants and promoters of infrastructure schemes will be able to make a choice between taking an application through the existing local route or this new national route.

Mr Nick Raynsford (Greenwich and Woolwich) (Lab): The Minister stresses the fact that the new route will be more reliable because it will be timetabled. To my knowledge, two schemes have been approved under the existing 2008 Act procedures, and they have taken 14 and 16 months respectively, rather than the 12 months that is the Government's stated objective. Is he confident that the proposed scheme extension will have a different outcome?

Nick Boles: I have already shared with the right hon. Gentleman the power of embarrassment on Planning Inspectorate performance, but he makes a serious point. The figures that he outlines show that a scheme's promoter would have to be seriously concerned about the prospects of the scheme being handled properly through the local authority route to want to go down the Planning Inspectorate route. We are making arrangements with the Planning Inspectorate—I have had discussions with its staff in Bristol—about how they will be able to deal with such applications, which we expect to be few. We are talking only a few handfuls, not hundreds and hundreds.

Mr Raynsford: The Minister says that he expects only a small number of such applications—we have heard that before—but his Department's press statement of 6 September states:

"Thousands of big commercial and residential applications to be directed to a major infrastructure fast track".

When did the policy change?

Nick Boles: I was not aware of that press statement, which certainly does not reflect the policy either as it was conceived or as it was announced in the House, so that picture is perhaps not entirely accurate. Press statements can sometimes be a little giddy in their excitement about a measure. I hope that the right hon. Gentleman will understand that it has always been clear that there will be a relatively small number of applications only.

With the explanation that the new route is an opportunity and not a route that must be taken, I turn to the first amendment in the group tabled by the hon. Member for City of Durham. Amendment 101 seeks to exclude from the regime projects in sites of special environmental or historic importance. The difficulty is that it seems to imply that there is inadequate protection within the national planning policy framework for such considerations. The whole point of that framework, which will be the policy basis for the decisions on such applications, is that it makes it clear that pursuing

"sustainable development involves seeking positive improvements in the quality of the built, natural and historic environment, as well as in people's quality of life, including (but not limited to)…widening the choice of high quality homes."

There are plenty of places in policy, which will be the basis for decisions, to take those factors into account. It is important to remember that a scheme's going down that route does not mean that it is any more likely to be given consent. If it falls foul of one of the many considerations in national planning policy, it will probably not get consent, unless other overwhelming material considerations deriving from that national policy are relevant. To exclude schemes on the basis of something that is already a consideration of national policy seems unnecessary and slightly to miss the point.

2.15 pm

Nic Dakin (Scunthorpe) (Lab): The Minister has been helpful in spelling things out. As I listen, I become more convinced that all the alternatives being provided may end up in greater confusion and dither, opposite to the intention.

Nick Boles: The truth is that the hon. Gentleman is a gloomy fellow for whom the glass is often half empty, whereas we on the Government Benches always believe that more choice and alternatives are better. We are trying to offer businesses and promoters of infrastructure schemes alternative ways to achieve goals that are important for the whole country. Again, as was true of many other clauses, nothing would be better for all of us than if no promoter of an infrastructure scheme decided that this route was attractive, because they were getting such a fantastic service from a local authority. If that were the case for every significant national infrastructure scheme, I would be delighted, but it is right to create the opportunity, because that may not always be so.

The hon. Member for City of Durham passionately discussed amendment 103 on minerals and quarries. She obviously has a great deal of personal and constituency experience and familiarity with the subject. There appeared initially to be a slight conflict with amendment 112, which specifically mentions extraction industries, but she explained that that was a probing amendment. Therefore I assume that amendment 103 represents her true view of minerals and quarries.

I should like to be clear in saying that we have published a consultation document on exactly which sorts of schemes should fall under the clause. The reason for doing the consultation is to take into account different views about the types of project that might be included. It is important for the country that we have a good, steady supply of vital minerals. The national planning policy framework makes it clear that:

"Minerals are essential to support sustainable economic growth and our quality of life. It is therefore important that there is a sufficient supply of material to provide the infrastructure, buildings, energy and goods that the country needs. However, since minerals are a finite natural resource, and can only be worked where they are found, it is important to make best use of them to secure their long-term conservation."

The NPPF recognises the effect of such developments on people who live nearby. If minerals are to be included—we are open on this issue and are consulting genuinely on it—the Secretary of State, acting in his or her capacity as decision maker, will take into account all the hon. Lady's concerns and will have a process of consultation with local people, meaning that people will be able to make their representations. The local authority, as in the provision for existing major projects, will be required to produce a local impact report that can take into account all sorts of local concerns, such as the ones that the hon. Lady outlined.

Roberta Blackman-Woods: I find the Minister's comments helpful, but does he agree with the Town and Country Planning Association, which says that there is no evidence to show that we are running short of minerals or that it is not possible to quarry minerals? The lack of evidence about that is also upsetting people.

Nick Boles: Again, that is probably based on a mistaken premise, which is that, as soon as a project has entered this route, all local feeling will be overridden and the chances of its being turned down suddenly become vanishingly small. That is simply not the case. The decision maker—the Secretary of State—will have to take into account all the national policy on sustainability, environmental concerns, the effect on neighbours, noise and all the other things that are proper planning considerations. There is no reason to believe that it is more likely to gain approval through that route than under a local authority route.

We are genuinely consulting on such matters. We have heard and understood that there is a level of concern about the particular sub-category that is perhaps more acute than the concern about the other sub-categories. We shall not be deaf to that, but we are going through a consultation, and I do not want to pre-judge the balance of responses to it or our final decisions on it.

Nic Dakin: I welcome the Minister's clear commitment to take the concerns forward, such as those in the memorandum submitted by the Loose Anti-Opencast Network. It is thorough in expressing its worries about the measure. The fact that the hon. Gentleman has made such a statement is helpful and positive.

Nick Boles: I thank the hon. Gentleman for recognising and understanding clearly what I was saying.

I have also underlined why it would be a mistake to follow what is set out in amendments 109 to 112, which would be to define the types of scheme under the Bill.

The fact is that, until we have been through the consultation, we will not know where public sensitivities lie—where people understand and agree that it is appropriate to consider something nationally significant.

The hon. Lady put forward an elegant case about how size thresholds themselves will probably not be consistent indicators. That is why, while we should publish a set of criteria that will be used by the Secretary of State, even once those criteria have been finally adopted, the Secretary of State will still have discretion to say, "Yes, okay, this ticks those seven boxes, but even so, I don't consider this to be nationally significant." It is important that there is a qualitative judgment, and not simply a tick-box exercise, in establishing what are nationally significant schemes. That is why we shall resist the hon. Lady's amendments suggesting that we should write such criteria into the Bill. We want to keep them as subsidiary matters that can therefore be changed slightly more easily than might be the case, not least because there might be an evolving view of what is nationally significant.

A project might pop up that is not captured by the criteria as originally adopted, and which demonstrates that clearly they should be adjusted. I am saying to the hon. Lady that, under the Act put in place by the Government who she supported, which defined which applications the Mayor of London can call in for his or—some day, I hope—her decision, there is no definition on the face of the Act. The definition is in secondary legislation because we need to retain some flexibility. I hope that, on that basis, the hon. Lady will see fit to withdraw the amendment.

Roberta Blackman-Woods: I am reasonably happy with the Minister's comments. It is certainly a step forward for our amendments to be taken seriously.

Nick Boles: To underline how seriously I am taking the hon. Lady's amendments, I want to make sure that I do not leave a certain matter unaddressed. She referred to ancillary housing. It may be apparent to members of the Committee that few people are keener on further house building than I, to the extent that, at times, I have come under some attack for taking such a position. Nevertheless, I am very clear, as are the Government, that the right way for housing to be determined is through a local plan with the decision maker being, in the first instance, the local authority. It is important not to move away from that principle; otherwise, what on earth is the point of requiring local authorities to go through the local planning process in the first place? *[Interruption.]* Oh, it is not a speech? I do apologise, Mr Chairman. I think I have made the point.

The Chair: Order. I am grateful that the Minister was so sensitive to my body language, but the strictures that apply to the Opposition spokesman apply equally to Ministers.

Roberta Blackman-Woods: Thank you, Mr Howarth. Actually, I was very much enjoying the Minister's comments, but obviously we cannot go against the Chair's order.

I was pleased that the Minister said that the Government will take note of the consultation that relates to the clause and the amendments; and that he will perhaps come back, once the consultation process has finished, with a clearer set of criteria; and that he will listen to the comments that have been made by several organisations, particularly around mining and quarrying, because there is a lot of concern out there. With that in mind, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Roberta Blackman-Woods: I beg to move amendment 102, in clause 21, page 25, line 26, at end insert—

'(1B) The Secretary of State must publish his reasons for giving a direction under this subsection.'.

The Chair: With this it will be convenient to discuss amendment 104, in clause 21, page 25, line 36, leave out 'thinks' and insert

'considers that, subject to published criteria,'.

Roberta Blackman-Woods: However, having said that, and being reasonably happy with what the Minister has said so far on the amendments in the previous debate, the Opposition would like more information about what is going to underpin the Secretary of State's decision on whether an application is nationally significant.

Amendment 102 puts a requirement upon the Secretary of State to publish his reasons for determining that a development is to be treated as a development for which development consent is required. It does so by adding the requirement to publish reasons at the end of the first paragraph of new section 35. We would not think that was a particularly onerous requirement unless the Secretary of State is indeed going to decide the matter on a whim and he does not wish that whim to be in the public domain. Otherwise he will have gone through a thought process, considered different criteria and what might be nationally significant, and will therefore be able to tell us and to publish the reasons as to why he has decided something is nationally significant. So, the amendment would require him to set out exactly why a development was deemed to be in the national interest. Without the amendment, local communities might struggle to see why their elected representatives are to be denied the right to decide an application.

Unlike the Minister, and indeed the Prime Minister, I do not hold nimbys responsible for the recession or the housing crisis. They might be a contributing factor, but I do not think that they are the primary reason for the slow-down in house building that we have in this country. I am sure the Minister and I can trade reasons for that on other occasions.

The majority of people in my constituency, and I am sure in many others, want to see development. They know that development means more jobs, houses and opportunities. They just want to ensure that the development will be in the overall interests of their area and their specific community. The impact assessment states:

"Applicants will be able to decide on a case-by-case basis whether they would prefer to use the infrastructure planning regime and will...do so where they see a...benefit."

Local residents will want to be sure that the decision to take this route—if developers decide to take the infrastructure planning route—is not just to the benefit of the developer, but that it works in their interests too. The Government have some way to go in reassuring

[Roberta Blackman-Woods]

local communities that if a developer decides to go straight to the Planning Inspectorate, local residents maintain a right to have a say in the process and it will not be made unduly difficult for them to make their views heard.

2.30 pm

In particular, residents will be keen to know that the net benefit to a developer is not the ability to bypass local concerns. A statement from the Secretary of State setting out why the major infrastructure regime is to apply would therefore be enormously desirable. If my constituents were shown clearly why a development was in the national interest, along with the investment and jobs it could bring to the area, they would be much more likely to support it and the company responsible for it. Conversely, stripping away the power of their elected representatives without an explanation would have the opposite effect. It would undermine trust in the planning system and engender public disapproval, which can only be bad for the developer and the Government.

It is particularly important that there is clarity about why projects are to be considered under this separate regime, given the testimonies that the Committee heard from witnesses who feel that there is little evidence to suggest that broadening the major infrastructure regime would actually speed up the process. Indeed, we heard from the Minister that the Government do not expect that broadening the regime will speed up the planning process. I was rather surprised to hear the Minister say that. I have said that he is full of surprises, but he surprised me yet again. We have the clause, the consultation that underpins it, the outcome of the consultation and the new regime. I would have thought that at the heart of all that would be the idea of speeding up the process of national infrastructure projects to deliver growth sooner rather than later. Perhaps I am wrong. Will the Minister correct me if I have the Government's logic wrong?

In his evidence, Malcolm Sharp of the Planning Officers Society said that the regime is necessary for big pieces of infrastructure kit such as airports but the need had not been demonstrated for other schemes. He said:

"There is no evidence that it"—

the 2008 regime—

"will be quicker to deal with complex schemes. I take your point about kit. That is where planning really got into trouble in terms of the big schemes like Heathrow. Terminal 5 gave planning a bad name. Generally, in my view, the normal development of an industrial estate or a mixed-use community is something we can handle properly under the existing system."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 20 November 2012; c. 106 Q250.]

The Secretary of State must be able to clearly show that each application to be decided by him is in the public interest, that the development is demonstrably a nationally significant project and that he will be able to decide more quickly and more effectively than the local authority. If he cannot, I say to the Minister that I do not think any of us understand the point of the clause.

Amendment 104 seeks to ensure that the definition of "nationally significant" is set out in published criteria. It does so by inserting a stipulation that in order to qualify under subsection (1) the Secretary of State,

"considers that, subject to published criteria,"

a project is of national significance. The Government are moving some way towards that with the consultation, but we want to make sure that the outcome of the consultation is reflected in the regulations that underpin the clause.

As it stands, the clause could muddy the waters and slow down the planning process much more than it could speed it up. We discussed the lack of clarity about what is to be included in business and commercial. The next test for the planning application will be to prove that it is of national significance. The National Infrastructure Planning Association said:

"The first stage is the statutory instrument and the second is the judgment by the relevant Secretary of State as to whether your scheme is of national significance."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 20 November 2012; c. 114, Q265.]

Making such a judgment consistently and transparently without any criteria may be difficult for the Secretary of State. To show that we on the Opposition Benches are being fair, that applies to any Secretary of State. We are not making a particular point about this Secretary of State, although we could.

A lack of clarity may dissuade developers from using that route, as they will not be able to ascertain, prior to application, whether their project is likely to be accepted under the regime. Conversely, setting out the type of investment that Government consider to be nationally significant and worthy of fast-tracking could provide a much-needed boost for inward investment.

As I said earlier, criteria for national significance could relate to the value of the development—the size of investment from the company linked to the project; contribution to a key industry, such as green technology; the number and type of jobs to be created and whether those are for young people or particular sectors of the population that are facing underemployment. I hope the Minister accepts that all the issues that I have mentioned, which should be dealt with in a plan for growth, are desirable, and that the Government want to encourage those. If so, criteria for national significance are essential.

I should also like to draw the Minister's attention to oral evidence sessions in which we were told that a national policy statement is the best way of ensuring that we have clear criteria on what constitutes "nationally significant". We will debate the amendment tabled by my right hon. Friend the Member for Greenwich and Woolwich in a moment, but it is important that we consider a national planning policy in this regard. Trudi Elliott, chief executive of the Royal Town Planning Institute, said:

"If this provision is going to work, there would need to be a national policy statement that gives some clarity around it."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 20 November 2012; c. 106, Q250.]

We agree. I hope that the Minister seriously considers taking the amendments on board.

Nick Boles: The hon. Lady is concerned about the possibility of the Secretary of State's acting on a whim. I reassure her that I have never met a less whimsical Minister than the Secretary of State. He is a man of firm purpose, clearly advertised in advance and pursued thoroughly and without deviation. There is no risk of whimsicality, certainly not while the current Secretary of State is the decision maker on such matters.

Nic Dakin: Of course this is not about any particular Secretary of State; it is about Secretaries of State, per se, and about having insurance for the future.

Nick Boles: The hon. Gentleman is right. Thinking of the noble Lord Prescott, there was a man who was seized by whims regularly, leading to such great successes as the regional fire centres and other great products of ministerial whimsicality.

The hon. Member for City of Durham appeared to lack understanding of the point of offering an opportunity, but not a compulsion, for certain projects to go down this route. Government Members fundamentally believe that the way to improve the performance of almost anything is by injecting a certain amount of choice and competition into the process. That applies just as much to Government and bureaucratic processes as to things elsewhere in society.

As the hon. Lady said, this route will not necessarily be quicker than the local authority route. We believe, however, that it is the absolute best way to ensure that local authorities handle things responsibly and efficiently, while properly taking into account local opinion and properly going through all the required processes. The best way to ensure that is to make sure that local authorities understand that an alternative is available to the promoters of major projects and that they therefore need to demonstrate, through pre-application discussions and everything else, a constructive and pragmatic approach that the developer will want to continue to go down. It is because of competition that we can expect performance, timeliness and efficiency to improve.

The hon. Lady has developed a pronounced concern for the right of local people to have their opinions heard, and my hon. Friends and I share that concern. Indeed, we might even claim to have got there first, because the proposal builds on the previous Government's proposals for the Infrastructure Planning Commission, but with one key difference: we have got rid of the Infrastructure Planning Commission, while keeping the process and making it democratically accountable, by making the decision maker the Secretary of State, who is a Member of Parliament and accountable to it.

The Secretary of State can be hauled across the coals in Parliament for those decisions. That democratic backstop was not in the original legislation that the Labour party brought into law—we have introduced it—and it will make the process fundamentally more acceptable. We have a requirement at the start for consultation on anything that goes down this route and there is a decision maker at the end who is an elected politician, accountable to the House.

Nic Dakin: Does the Minister recognise that from a business's point of view that very change has increased uncertainty and undermined confidence in the system?

Nick Boles: I make no apology to any business for making decisions in a democratically accountable way. If businesses cannot cope with that, frankly, they should move to China, where things are not democratically accountable. We believe in doing things, whether nationally or locally, through democratically accountable decision makers.

I will move on to the amendment tabled by the hon. Member for City of Durham. I reassure her that we genuinely believe that the amendment is unnecessary. First, under clause 21, the Secretary of State will be required to give reasons for making a direction under proposed new section 35ZA(10) of the Planning Act 2008. We are happy to give what she wants, but the amendment is not required for that.

Secondly, on publishing the criteria, I point the hon. Lady to the fact that call-in criteria are published. Call-in has been used much more frequently by successive Secretaries of State than this measure is ever likely to be used. The call-in criteria are published in written ministerial statements. Indeed, we just altered the call-in criteria in a small way, which led to a further written ministerial statement on the subject.

I strongly agree with the hon. Lady: we are consulting on criteria up front because that is a good idea. It would be a bit bizarre, having consulted on them, not to say what conclusions we had drawn. Although I resist the proposal in her amendment, I offer the reassurance that publishing the call-in criteria is a strongly positive thing, which I would hope to emulate in any similar process, such as this one. On that basis, I hope that she will withdraw her amendment.

Roberta Blackman-Woods: Right, well, we are having a very positive afternoon, because I am reassured once again. It appears that we will know on what basis the Secretary of State makes his decision and that regulations will set out what is of national significance. However, I will say one thing before withdrawing the amendment. I did not comment on whether, if this route had been devised, everything falling into set criteria would be compulsorily referred to it. I did not suggest that; I was merely stumbling around trying to find a reason why the clause should exist if not to speed up applications. I remain none the wiser about that, but I am sure that we will return to it at a later date. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

2.45 pm

Mr Raynsford: I beg to move amendment 91, in clause 21, page 26, line 13, at end insert—

'(6) The Secretary of State must prepare and lay before Parliament a proposal for a national policy statement, setting out national policy in relation to this section.'.

The Chair: With this it will be convenient to discuss amendment 113, in clause 21, page 27, line 37, at end insert—

'(3A) In section 105 (decisions in cases where no national policy statement has effect) after subsection (2)(c) insert—

'and in the case of a business or commercial development project shall make the decision in accordance with the relevant local plan'.'

Mr Raynsford: As well as speaking to amendment 91, I will say a few words about amendment 113, tabled by my hon. Friend the Member for City of Durham, and she may well be able to add to that.

I must tell the Minister that amendment 91 is a probing amendment, but it is prompted by concerns over some of the inconsistencies and peculiarities in

[Mr Raynsford]

how clause 21 has come into existence. I have already highlighted a discrepancy between the stated public intention to embrace thousands of schemes, which was announced by the Department for Communities and Local Government in September, and the Minister's minimalist interpretation that these measures are just a spur to efficiency and will only apply in a small number of cases. Would that that were the only inconsistency and area of doubt.

Let us start, however, with a degree of consensus. The 2008 Act framework is now accepted on both sides of the House. When in opposition, the Government were very iffy about the 2008 legislation, but I am glad that, having tweaked it a little bit and therefore feeling able to claim some ownership of it, they are now happy to agree that it is a good way forward to deal with major infrastructure. The principle of the 2008 Act was that policy should be determined nationally to avoid lengthy local inquiries in which measures to mitigate or respond to local impacts were often lost in arguments that were essentially about the principles of the scheme. The Act said quite rightly that, with major infrastructure, the national Government should determine matters of national importance and that that should override the arguments often advanced in public inquiries to try to stop schemes of national importance through a local inquiry network.

There was a great deal of logic in the Act. It short-circuited the process, but it did not remove democratic accountability. I must say that I differ with the Minister on how that democratic accountability was guaranteed. It was guaranteed not simply by being vested in the Secretary of State's hands, however benign they may have been, but by having a national policy statement endorsed by Parliament.

There was no longer local democratic accountability, because the scheme was taken out of the local framework, but it was subject to explicit parliamentary approval, because of the presence of a national policy statement. That is very much emphasised in the Government's consultation document on this measure. I will quote from paragraph 39, because I think it is germane:

"National Policy Statements provide the policy and decision-making framework for nationally significant infrastructure. They give certainty to developers by making clear the Government's policy on the different forms of infrastructure, help speed up the examination phase (for example by addressing the question of 'need'), and guide the decision-maker on the approach that should be taken on the main issues. They are given democratic legitimacy by Parliamentary scrutiny and approval."

So there we have the framework.

Without a national policy statement, the proposed process would allow developments to be considered without being subject to local democratic consent, as they are currently, and without national democratic consent, other than the Secretary of State's say-so, which may or may not be adequate. It is certainly not as adequate as parliamentary scrutiny of the national policy statement.

We know of the Local Government Association's deep reservation about clause 21—it is very strongly opposed to it. This morning, the Minister of State waxed on at great length about how Government amendment 52 to clause 13 had the LGA's wholehearted support. I am sorry that he is not here now, because I could remind him of its wholehearted disapproval of the clause, which has no local support at all.

Many reservations have been expressed by planners familiar with the processes. In his evidence, which has already been referred to by my hon. Friend the Member for City of Durham, Dr Hugh Ellis from the Town and Country Planning Association said:

"I think the real risk is about consent and trust in the planning system. Those are the real principles that we should address. Whether or not the Government mean it—I am sure they do not—this measure, and particularly clause 21, sends a message to communities that they are no longer critically involved in determining decisions that affect them. That is where the real risk lies in clause 21—the perception about whether the planning system is accountable to local people or not."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 20 November 2012; c. 100-01, Q240.]

We therefore have real worries about accountability. Not only will local democratic scrutiny be cut out, but without a national policy statement, parliamentary scrutiny is also ruled out. The TCPA has commented on that, and Hugh Ellis's evidence is again clear:

"We entirely support the idea that you must have a national policy statement… We support it for two reasons. First, the entire lesson of terminal 5 was that if you want an inquiry to move quickly, you must establish Government policy at the national level. Without an NPS, the 2008 Act would have to allow debate on all issues of policy at the examination, which would be a challenge for it. It is not how the 2008 Act is meant to work. Also, without an NPS, Parliament has no opportunity to comment on the purpose of the development."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 20 November 2012; c. 106, Q250.]

Those are important messages about accountability.

Why are the Government apparently opposed to national policy statements? I suspect that that is an entirely pragmatic decision relating to the difficulty of defining all potential types of development that might be subject to such statements. In his evidence, Robbie Owen from the National Infrastructure Planning Association gave a pretty clear hint that it would be hard to come up with a definition. He said:

"At one extreme, we are looking at a broad category of commercial mis-development"—

there is an error in *Hansard*, because I think that he meant mixed development; I hope that he did not mean mis-development—

"and it is hard to contemplate how the Government could sensibly produce a national policy statement on that wide variety of schemes, whereas, for example, if it were more focused on research and development, big business parks or mineral extraction, it would be easier to contemplate a national policy statement that dealt with those issues."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 20 November 2012; c. 115, Q266.]

That is probably the nub of the problem.

The response is a pragmatic one from a Government who do not see how they can define a national policy statement to cover all the issues, but that of course suggests that the impact of the clause will be to take the 2008 Act procedures into territory that is not particularly appropriate. On that, we have to return to an important observation by Dr Ellis, who said:

"Our concern is that the 2008 Act was not intended to deal with complex social and economic development embedded in communities. It was designed for hard kit under the four categories that the 2008 system sets out."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 20 November 2012; c. 106, Q250.]

That gets us to the real essence, which is that using the 2008 Act procedures, taking them into territory that they are not well equipped to deal with and compromising the principle of the 2008 Act—and the democratic accountability that underpinned it—is to shoehorn in several other types of development that are inappropriate.

We then see the Government's embarrassment over issues such as retail developments and housing. We have had pretty clear steer from them that they do not consider it appropriate to deal with housing or retail development under the arrangement. However, let us we think back to the evidence from the experts. As my hon. Friend the shadow Minister said earlier, when Liz Peace was asked what major project would be appropriate, she came up with King's Cross. Of course, that would be ruled out immediately because it has an element of retail and an element of housing. We now know that the Government have come up with such a proposal and are wrestling with definitional problems because they would not feel terribly comfortable with the implications if it were to extend to thousands of projects, as they envisaged originally.

Dr Thérèse Coffey (Suffolk Coastal) (Con): Does the right hon. Gentleman accept that, if an industrial estate were being built, there must be a small element of other provision such as cafés and retail, otherwise people would be encouraged to drive off site? Such provision is not the purpose of the development but the supporting service potentially for the workers on that site.

Mr Raynsford: I entirely agree with the hon. Lady. She has made a case against her own Government because it is precisely in the nature of mixed developments that there is an element of other things, either retail or housing, but the Government are saying emphatically that that will rule out the use of the procedure in such cases and that even a single house could not be considered under the procedure. That is nonsense because large developments such as King's Cross might qualify. We might agree that the scale of development, the fact that it crosses borough boundaries and thus involves more than one local authority might make it appropriate for that to be considered under this procedure rather than the normal, local procedure, but that is ruled out by the Government's decisions. I am highlighting the confusion on their part about precisely what schemes will fall within the remit of the procedure.

The Government are in trouble, which is why we should help them to solve the problem by tabling a simple amendment that proposes a national policy statement. I have already said why they might find that technically difficult, but my hon. Friend has proposed an alternative, which is to say, "In that case, localism prevails and the decision must be taken in conformity with the local plan."

I put it to the Minister that he cannot have it both ways. If he wants to be regarded as a localist, he must accept that proper democratic accountability must be exercised through Parliament with a national policy statement to ensure that decisions are not made outside the democratic process. If he cannot produce a national policy statement—for reasons I fully understand because of the complexity involved—he must insist that matters are taken in conformity with the local plan. That, at least to some extent, will assuage the LGA's anxieties. Having stressed that my proposal is a probing amendment, I hope that the Minister will understand the logic of accepting amendment 113, under which, in such circumstances, the decision must be taken in conformity with the local plan.

Roberta Blackman-Woods: My right hon. Friend has made an excellent case in support of amendment 91, about which I shall say something in a moment, but I am sure that the Committee will want to know that I am preparing myself for a rejection yet again by having tabled amendment 113. Given what we have heard this afternoon, in the perhaps more unlikely set of circumstances that the Government will reject amendment 91, I offer them an alternative way out in the spirit of being helpful that seems to be descending on members of the Committee, rather late in the day but welcome all the same.

3pm

We know from the witnesses that there is a lot of concern about the fact that the clause leads to a deviation in the process for assessing applications under the Planning Act 2008, because it required a national policy statement to be in place. Trudi Elliott of RTPI said she thought it was important to have a national policy statement that gives clarity around a decision. Dr Ellis of TCPA said:

"Without an NPS, the 2008 Act would have to allow debate on all issues of policy at the examination, which would be a challenge for it. It is not how the 2008 Act is meant to work. Also, without an NPS, Parliament has no opportunity to comment on the purpose of the development."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 20 November 2012; c. 106, Q250.]

That is clearly a part of the democratic scrutiny that the Minister has not yet taken into consideration.

Robbie Owen said that

"the Planning Act anticipates that there might be cases when decisions come to be made under the process and when there is no national policy statement in effect. In that situation, the legislation obliges the Secretary of State, as the decision maker on the individual scheme, to have regard to a list of other things, particularly any other matters that the Secretary of States thinks are...important and relevant to the decision."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 20 November 2012; c. 115, Q266.]

That is precisely where the local plan comes into consideration. It is what amendment 113 is about, because it is saying that where there is not a national policy statement in place, the decision on what should go straight to the Planning Inspectorate or to the Secretary of State to be determined should take the local plan into consideration.

Given the prominence that the national planning policy framework gave to the local plan, it might be useful to remind the Committee of what the NPPF said not only about the local plan, but what local authorities should be doing to promote growth. Both are relevant to the amendment. Paragraph 12 states:

"This National Planning Policy Framework does not change the statutory status of the development plan as the starting point for decision making. Proposed development that accords with an up-to-date Local Plan should be approved, and proposed development that conflicts should be refused unless other material considerations indicate otherwise. It is highly desirable that local planning authorities should have an up-to-date plan in place."

That makes it very clear to me that the Government are expecting that the local plan will be at the centre of decision making for what happens and what is determined for local areas. I cannot foresee a set of circumstances in which the Government would not want the local plan to be taken into consideration in determining an application, and therefore I have no idea why they would reject the amendment.

The NPPF is interesting in another regard: the way in which it suggests to local authorities that they should be promoting economic growth already. Again, it gets back to the position we were in with the previous group of amendments, struggling to find a rationale for the clause. Paragraph 20 of the NPPF states:

"To...achieve economic growth, local planning authorities should plan proactively to meet the development needs of business and support an economy fit for the 21st century."

Paragraph 21 continues:

"Investment in business should not be over-burdened by the combined requirements of planning policy expectations. Planning policies should recognise and seek to address potential barriers to investment".

The NPPF should

"set out a clear economic vision and strategy for their area which...proactively encourages sustainable economic growth".

It would

"set criteria, or identify strategic sites, for local and inward investment".

It would

"support existing business sectors, taking account of whether they are expanding or contracting".

It would

"positively plan for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries".

It would

"identify priority areas for economic regeneration"—

and, critically, in the context of the amendment—

"infrastructure provision and environmental enhancements".

Finally, it would

"facilitate new working practices".

On the basis of that exhortation, which was given to local authorities in the NPPF, it is not entirely clear to me why the clause is necessary at all, as the previous Minister stated about the NPPF when the Localism Act 2011 was going through Parliament.

The Committee might like to note that in the 50 pages of the NPPF, the local plan is mentioned 195 times. That might lead us to believe that the Government are serious in considering local plans and putting them at the heart of decision making. If that is the case, I cannot see why they will not accept the amendment. That is especially the case if, as I strongly suspect, they are not going to create national policy statements for the various criteria, sets of circumstances and the applications that fall into them that will be produced in due course.

It might help the Committee if I bring along one of the national policy statements, on renewable energy infrastructure, of which this is just a part. It is enormously helpful in detailing what is meant by renewable energy infrastructure, where it might go and what considerations need to be taken into account. Again, it is not clear to me why the Minister would reject creating national policy statements for business and commercial developments, or why he would not want a decision to be made in line with the local plan.

Nick Boles: Being offered help by the right hon. Gentleman is a bit like being offered a lift across a river by an alligator. The smile is broad, but the teeth are sharp. However, it is impossible to reject the hon. Lady's advances, particularly when they are so tenderly offered. I hope that everybody in the Committee will understand that the differences between us on this issue are relatively slight. I hope therefore to be able to persuade the right hon. Gentleman and the hon. Lady that their amendments should be withdrawn.

Our commitment to the provisions created in the Planning Act 2008 and the national policy statements is absolutely undiminished. Indeed, eight national policy statements that were started under the previous Government have been completed and implemented by the current Administration. There is a key difference between those categories and what has been proposed in the clause, which is that all infrastructural developments must go through this route. It is mandatory for any infrastructure developments that fall under the categories relating to the national policy statements to go through this route. It is therefore essential that there is, as the right hon. Gentleman said, a policy that has been debated in Parliament and agreed by Parliament to decide those particular applications, because there is nowhere else for them to go.

That is not the case with what we are proposing for business and commercial developments of major significance, because they will always be able to go through the local route. As I made clear, it is more as a backstop for those who fear that the local authority in question will not be able to deal with it in an expeditious way. They will be able to come through this route. There is not a mandatory route for those developments. That leads me on to something that I hope will reassure the right hon. Gentleman, the hon. Lady and all Committee members.

Of course, in making decisions on business and commercial projects of major national significance, the local plan is one of the first things that the Secretary of State will take into account because, as the hon. Lady said, national planning policy, set out in the national planning policy framework, makes it clear that the local plan is most important—it mentions that more than anything else. The point of the national planning policy framework was to put the local plan in the driving seat.

We are not willing to accept the amendment, because that would imply that the local plan was the only thing in the national planning policy framework that could be considered in making decisions about such schemes going through the route. If the amendment were accepted, no other policies in the national planning policy framework could be taken into account. That would be a mistake, because the whole point of such schemes is that they have more than local significance.

The fact that the NPPF will be the prime source of policy guidance for decisions about such projects will suggest clearly to everybody that the local plan has an important weight in the consideration. Therefore it is not necessary or helpful to produce that result with the amendment. I hope that the right hon. Gentleman and

the hon. Lady accept my assurance that the local plan would be a key element taken into account by the Secretary of State in assessing such points.

We have not absolutely ruled out a national policy statement in these areas, but the right hon. Gentleman is right about the problem. Our current position and instinct is that this is not a mandatory route for such developments and we would not want to introduce policy statements that undermined the local plan. We want the Secretary of State, as decision maker, to give a great deal of attention to the local plans. We are not persuaded that national policy statements for all business and commercial developments that could fall under such a provision would be workable or wise. However, we are consulting on that and open to arguments to the contrary.

On that basis, I hope that the right hon. Gentleman and hon. Lady are reassured and that the right hon. Gentleman asks leave to withdraw the amendment.

Mr Raynsford: I have made it clear that this is a probing amendment, so the Minister will be pleased that I intend to ask leave to withdraw it. However, I should like to press him a little bit further. I hear his assurances and think that my hon. Friend the Member for City of Durham and I would be content if there were rather more definitive confirmation that the local plan would be an important point of reference as part of the process. I take his point that it cannot be the only point of reference—there must be consideration of other NPPF issues—but it would help to have a positive steer on how the Secretary of State, who will not be subject to the same democratic accountability as a national policy statement, will, when reaching his decision, be guided by the local plan as well as the national planning policy framework.

Nick Boles: I do not know what form that reassurance should take—whether some guidance, or whatever. However, I am sure that we are happy to give the right hon. Gentleman—whether in a letter or whatever form is appropriate—some kind of explanation about the primary role of the local plan in the NPPF, saying that its use as the key guide will imply great weight to the local plan. I am happy to make that assurance on the record.

Mr Raynsford: I seek your guidance, Mr Howarth, because I am happy to beg leave to withdraw my amendment, but my hon. Friend's amendment is joined with it and she should have the opportunity to express a view.

The Chair: The hon. Lady will be given that opportunity.

3.15 pm

Roberta Blackman-Woods: I intend to take the opportunity. Clearly, we are on a roll this afternoon. It is a pity that we cannot bring back clause 1 into the discussion because we might get somewhere. I heard what the Minister had to say both about the national policy statement and about taking the local plan into account, and I am somewhat reassured. On that basis, I will not press amendment 113 further.

Mr Raynsford: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question proposed, That the clause stand part of the Bill.

The Chair: With this it will be convenient to discuss the following:

New clause 7—*Planning Act 2008 pre-application procedure—*

'(1) The Planning Act 2008 is amended as follows:

(2) After section 54 insert—

"CHAPTER 4

GENERAL

54A Pre-application procedure: waivers

(1) An applicant may, at any time before or after making an application, submit a request in writing to the Secretary of State for a direction that any provision contained in this Part or in rules or regulations made under this Part shall not apply (or shall apply in part only) to the application.

(2) A request made under subsection (1) shall give reasons for the request.

(3) Where a request is made under subsection (1) and the Secretary of State is satisfied that it is impossible, impracticable or unnecessary for the applicant to comply with any provision contained in this Part or in rules or regulations made under this Part, the Secretary of State may—

(a) direct that the provision in question shall not apply, or shall apply in part only, to the application in question; and

(b) whether or not a direction has been given pursuant to paragraph (a), direct that the applicant shall comply with the provision in question, or any part of it, at such later date as may be specified in the direction."'.

New clause 8—*Planning Act 2008 examination fees—*

'(1) The Planning Act 2008 is amended as follows:

(2) In section 4 (fees), after subsection (3) insert—

"(3A) The regulations may only require the payment of fees in relation to the examination of an application with reference to those days during the examination period when the application was actually examined by the examining authority."'.

Roberta Blackman-Woods: I want to make a few observations. We have had a good, constructive debate, but it is worth putting on the record that the more that we have discussed the clause, the less convinced I am of the need for it in the first place. I am not sure whether that view is shared by all my right hon. and hon. Friends, but I am a little unclear why the clause is necessary. I stress that I do not disagree with the process. We had many difficult debates when the Planning Act 2008 was going through Parliament, and we accepted the need that, in some circumstances, it was necessary for big projects to have national determination as long as that was underpinned by a national policy statement. At the time, we were thinking particularly of big-kit projects.

Extending the use of the provision, as the clause will do, without a national policy statement and without some safeguards in place is perhaps a measure too far. Several people who either sent in evidence or who addressed the Committee directly said that the proposal was counter to the principle of local decision making

[Roberta Blackman-Woods]

and that thresholds should be defined, so that only projects of truly national significance were included. We are not yet at that stage because we are not sure what will be included, but I accept that such matters will be subject to consultation.

The Town and Country Planning Association said that there was no evidence that local authorities were not already carrying out the role efficiently, so it was again questioning the need for the clause. Interestingly, it considered the two examples that the Department for Communities and Local Government had given to show why the clause was necessary. It said that the DCLG had

"offered two examples of the kinds of development which might be drawn into the new regime. These are large scale manufacturing sites and 'leisure parks'. (Housing has been excluded). The TCPA is not aware of any evidence of delay to either form of development. The new Land Rover engine plant at Wolverhampton is a case of how public investment was backed by a Regional Development Agency (RDA), local authority cooperation and a timely planning process."

We wonder therefore why such issues would then be brought into the regime or, indeed why a need would be suggested for such a regime. It went on to state that the

"planning system cannot be seen as any form of delay to this successful investment. In the case of Toyota in Derby there were criticisms of local authorities doing too much to facilitate development. The TCPA would question that a leisure park can constitute infrastructure of national importance."

The point of the quote is that it questions not only the need for the clause in the first place, but, in particular, the examples that the Department has given as evidence that such measures are needed.

I will not rehearse the various points that my hon. Friends and other members of the Committee have made about the need to have safeguards. I look forward to seeing the outcome of the consultation process and, in due course, the regulations that will underpin the clause to ensure that adequate safeguards are in place.

John Howell (Henley) (Con): I rise to speak to new clauses 7 and 8, which are, I understand, probing new clauses—no one intends to push them to the vote—that owe their inspiration to the National Infrastructure Planning Association.

It would be helpful to look at new clause 7 in terms of its ability as, for want of a better phrase, a barrier buster. It is intended to introduce some flexibility into a rigid and prescribed system, which reflects the fact that 2008 Act covers a wide range of projects and is a one-size-fits-all regime. Under the new clause, applicants would be free to ask the Government to waive compliance with certain requirements, such as which application documents are required and what they might show if compliance with the strict letter of the requirement would be impossible, unnecessary or impracticable. That would help to minimise pre-application costs and keep the pre-application period to the shortest possible. There is no reason to think that that would be abused by applicants and, anyway, all the discretion in deciding whether to give a waiver would lie with the Government.

An equivalent system has existed for some time in the Transport and Works Act 1992 regime, which was set up for authorising tramways, tube and docklands light railway extensions. It has worked extremely well. I understand that the National Infrastructure Planning Association and others are talking to officials about such a waiver. I understand that the probing new clauses have been tabled to raise the issue now, but also to allow that discussion to continue and, if appropriate, to come forward on Report.

New clause 8 relates to something of a spat between the NIPA and the Planning Inspectorate. Any project is likely to be authorised by a development consent order, and the largest element of cost in that is the project examination. There seems to be a difference of opinion on what the relevant days are that PINS is charging for. In essence, it comes down to whether it charges for the entire length of time from day one to day x when it finishes, counting every day in that period, or the days that are worked by PINS on the project. The Minister will understand that that can make a significant difference to the project. The fee for a single inspector is some £1,400 a day, and if there are three or four inspectors, it can go up to £4,500 a day.

I raise those points in a probing nature, to allow the Minister to reflect and to continue to have discussions with officials and the National Infrastructure Planning Association.

Nic Dakin: We should only make law when it is necessary, and the Minister has said that he hopes that this is unnecessary, so it is a strange clause to have in place. It is necessary so that it is unnecessary. The challenge to us is well put in Lorraine Barter's submission, in which she writes that clause 21 is the

"cause of some worry and alarm",

and that it

"would give seemingly arbitrary powers to the Secretary of State to take away from the local community, local councillors and Local Planning Authorities, the power of local decisions on ever more increasing developments."

She continues:

"The number of such developments could be minimal"—

echoing the Minister's hope that they will be minimal—

"but each one may give rise to alarm in any particular local community in the country".

That is really the issue; the clause shifts the balance from localism to centralism, which is a balance that we are always concerned about. Having heard the Minister, I am not convinced, although he has worked hard to meet the concerns, for which he must be applauded. However, I do not think he has demonstrated the need for what he himself recognises as, we hope, an unnecessary clause.

Nick Boles: I shall start by addressing new clauses 7 and 8, which were tabled by my hon. Friend the Member for Harrow East, who, unfortunately, is helping to form a quorum in the Backbench Business Committee, and were spoken to eloquently by my other hon. Friend the Member for Henley. I have a great deal of sympathy with the arguments that he made. He said that we should be looking at all times at the processes and procedures that we operate—in central Government just as much as in local government—to ensure that they are genuinely necessary and not just procedures that people have set up, that we have all got used to and that it is easier to carry on following than to think of

new ways to do things. It is always constructive and welcome for us in central Government to be prodded to revaluate and see whether there are quicker, more efficient ways to do things.

As my hon. Friend anticipated, I am not able to accept the new clauses, but I would like quickly to say why in each case. New clause 7 suggests that there would be a discretion to seek a direction from the Secretary of State for a waiver against certain provisions in the Planning Act 2008, specifically in relation to pre-application consultations and the information provided. We feel that, where a specific application may be taken away from a local authority and put into this route, whereby the Secretary of State makes the decision, the pre-application discussions are almost more important, because that is when local concerns can most readily be taken into account and shape the application. Similarly, with the information provided, it is almost more important that it is full at that point, so that local people have a chance to respond to and comment on it and make their representations. So, although I have a great deal of sympathy with the underlying intent to simplify and streamline, in this case that would be inappropriate and undermine local democracy and consultation.

With new clause 8, if anything, my hon. Friend made an even stronger point, which was that the Planning Inspectorate, like every other form of government—local, national or, indeed, European—should look carefully at its imposts on the taxpayer and ask itself whether they are fair and reasonable. Although I would not want to fetter the Planning Inspectorate's already constrained ability to charge fees for the valuable work that it does, I nevertheless take on board the concern about how such fees are charged. I have already had conversations with the Planning Inspectorate about how exactly it measures time and whether that time measurement relates to work done rather than just the clock ticking, and I will be sure to keep on the case. On that basis, I hope that my hon. Friend will understand if I urge the Committee not to support the new clauses.

3.30 pm

We have discussed the groups of amendments in full, so I would like very briefly to talk about the fundamental intent. There seems to be some mystification by the Opposition, not just on this clause, but on the point of the whole Bill. I would like to try to set it in context. The Government spent their first two years, across the board, consistently trying to find ways to restore power as closely as possible to the people whom decisions would affect. That is why we have given schools the ability to run themselves by becoming academies, and it is why we have put in place an enormous range of new powers, which my right hon. Friend the Member for Hazel Grove spent so much time on, to empower communities to take charge of the important assets in their areas, to set up community housing trusts and to do a whole range of things that they were not previously allowed to do without asking permission of other authorities.

We have given much greater freedom, a general power of competence and much greater responsibility to local authorities. What we find after two years—as is true in education and most other areas of public service—is that although the vast majority of local authorities have responded entirely positively to the new freedoms and are fulfilling their responsibilities in a timely and serious way, a few are not. We believe that it is the right role for central Government, having backed off the business of actually making the decisions the whole time, to have the ability to fire a shot across the bows of those authorities that are persistently recalcitrant, to encourage them to improve their performance for fear of temporarily losing responsibility altogether. That is what underpins clause 1 on poorly performing authorities; it underpins the clause about affordable housing and section 106; and it underpins this clause.

Mr Raynsford: Once again, the Minister deploys the argument that the clause is not there to hit large numbers of authorities, but just the most egregious examples of recalcitrant authorities who are failing lamentably to deliver. We know from the Local Government Association that 87% of authorities processed all their major schemes within a year, so we are talking about a relatively small number. Will the Minister name them, please?

Nick Boles: It would not be right or proper for a Minister to go around naming specific authorities. [Hon. Members: "What about the Secretary of State?"] For a Secretary of State, there are different possibilities. For a humble Parliamentary Under-Secretary, there are certain things that would not be appropriate, and I do not intend to indulge in them.

The principle is clear. We are setting a limit to what people can get away with under the new freedoms and powers. There is in no way an intention to withdraw the responsibilities or to undermine the powers just given in the Localism Act 2011. We passionately believe that it was the right thing to do. Equally, we passionately believe that it is right for central Government every now and then to say, "Oi, you're not delivering your responsibilities and we are going to take action to ensure that you do."

Ian Murray (Edinburgh South) (Lab): The Minister has not really answered the question posed by my right hon. Friend the Member for Greenwich and Woolwich. If he cannot name an authority, could he tell us—yes or no—whether Hackney would be included?

Nick Boles: I will not be tempted. Hackney is a fine authority. Its performance on education, having been woeful for decades, has been remarkable in recent years. I am not an expert, but I am sure that there are other areas where its residents might feel that its performance could be improved. However, if I may say so, that does not really relate to the clause, which is not about particular local authorities' decision making; it is about schemes of major significance and whether they will be adequately dealt with through this route.

Nic Dakin: The Minister used the phrase "local authorities are getting away with." Can he be clear about the things they are getting away with that the clause tries to address?

Nick Boles: I was making a broad argument about the Bill. Of course, it is more relevant to the clauses on performance in timeliness of decision making on planning applications and on the renegotiation of no longer

[Nick Boles]

viable affordable housing commitments in 106 agreements. It is less a case of wilful failure or wilful negligence by a local authority; it is more simply that some of the schemes are very big and complicated. If a scheme happens to be sited in the area of a small district authority, it could completely overwhelm them for very understandable reasons. We are simply making it possible for the promoters of such schemes to look at the situation, have pre-application consultations with the local authority, and then decide whether they feel that a decision that is in the national interest, because it is a nationally significant project, would be more likely to be reached expeditiously through this route than through the local authority route. To be clear, there is less implied criticism of local authorities in this clause than perhaps there is in clauses 5 and 1, where I have been very open about what that implied criticism is.

Roberta Blackman-Woods: By raising clause 1, the Minister tempts me to bring back some amendments, but I will resist. I am pleased that he is now distinguishing clauses 1 and 21, because I was starting to get confused. Clause 21 does not relate to designated authorities, but to all authorities. Therefore a local authority that has been processing applications very well indeed, and taking local views on board and going along with the local plan, could find that under the clause decisions are taken away from it for no reason whatever.

Nick Boles: The hon. Lady is a little unfair. She accuses the Government of having introduced a Bill that is a pudding without a theme. Then when I try to describe the theme, she accuses me of talking off the subject of the clause.

3.37 pm

Sitting suspended for a Division in the House.

3.52 pm

On resuming—

The Chair: I think when we broke for the Division the Minister was on his feet. He is back in the nick of time.

Nick Boles: Excuse me if I pant a little, Mr Howarth.

I want to be clear about the clause, lest there has been some misinterpretation, through my own fault and the confusing way I presented my remarks about the whole Bill. Some parts of the Bill deal with cases where local authorities abuse the powers and freedoms that we have given them, and fail to discharge their responsibilities in an efficacious way. The clause is intended to create an opportunity for promoters of major infrastructure projects to look into the possibility of taking those projects through the local authority planning route and to decide, for whatever reason—not necessarily because of the wilful negligence of the local authority, but perhaps, simply, as I said before the Division, because it is a small authority whose planning department has relatively small resources and relatively little experience of major schemes—that because they believe the project to be nationally significant and the local authority is not in a position to deal with it efficaciously they will use the route of the nationally significant major infrastructure project.

We do not expect the clause to be used often. Our estimate is 10 to 20 cases per year; but that number of cases could, in the context of nationally significant major business and commercial projects, have a serious impact on employment growth, income growth and the competitiveness of the country. It would not take many such projects for the measure to be of serious import for the nation's finances and well-being.

Mrs Mary Glindon (North Tyneside) (Lab): In relation to those 10 or 20 projects, what about the 10 or 20 communities who will feel disfranchised from any say in the way things are shaped, regardless of any economic importance, although I am sure that they would take that into account? The trouble with the clause is that it appears to be overriding communities and localism.

Nick Boles: The difficulty with the hon. Lady's suggestion is that it implies that schemes that currently go down that route—major infrastructure regimes that were put into law by the previous Labour Government—are also somehow denials of local democracy and local community concern. A Labour Government brought in that route, which we are now expanding for a few major business and commercial projects, but large energy and transport ones of the kind that the Labour Government specifically intended to take down that route would fall foul of it.

Such projects would fall even more foul in relation to the hon. Lady's objection, because in that case the policy determining them would be the national policy statements, which were referred to by the right hon. Member for Greenwich and Woolwich, whereas, as I have made clear, the policy used by the Secretary of State to determine major business and commercial projects will chiefly be the national planning policy framework, which gives huge weight to the local plan. The local plan will therefore have greater weight in decisions about nationally significant business and commercial projects than it does in those about energy or transport projects determined according to national policy statements. I do not believe that the hon. Lady can have a concern about the proposal and not have an even greater one about what was proposed by her own Government.

Mr Raynsford: I do not want to tease the Minister, but he said earlier this afternoon that the Government had not yet made up their mind not to have national planning statements. He has just implied that such a decision had been made, so will he now put the record straight?

Nick Boles: I try to pick my words carefully, but I do not do so as expertly as the right hon. Gentleman. I have made it clear that we are far from persuaded of the case for national policy statements for two reasons. One is that we would have to do so many, because business and commercial covers so many categories. The other, as I explained to the hon. Member for North Tyneside, is that, by definition, those national policy statements would tend to undercut the NPPF and the NPPF's weight in local plans. The NPPF has many things that involve material considerations, but the local

plan is a very important part of it, and a national policy statement would be liable slightly to undercut the weight of the NPPF. That is why we are very far from persuaded, but being very from persuaded does not mean we have completely closed our mind. I hope never to close my mind on any issue in this place, so I urge the Committee to back this important clause.

Question put and agreed to.

Clause 21 accordingly ordered to stand part of the Bill.

Clause 22

POSTPONEMENT OF COMPILATION OF RATING LISTS TO 2017

Mr Raynsford: I beg to move amendment 92, in clause 22, page 28, line 30, at end add—

'(11) The Secretary of State may not by order appoint for this section to come into force until—

(a) he has published calculated estimates of the total numbers of those ratepayers who would be liable to pay more and of those who would be liable to pay less to their billing authority if this section were or were not brought into force, and

(b) he has consulted with representatives of those likely to be affected by the bringing into force of this section, after publishing the information required under subsection (11)(a).'.

The Chair: With this it will be convenient to discuss amendment 93, in clause 27, page 30, line 29, leave out '16 and 22' and insert 'and 16'.

Mr Raynsford: Clause 22 is one of the most extraordinary clauses in what is a pretty extraordinary Bill. It will postpone the revaluation of business rates that was scheduled to take place from 2015, so breaking a tradition of more than 20 years of regularly uprating business rates according to an anticipated timetable that everyone understood, and which was not subject to political interference.

Amendment 92 has two purposes. First, it would require the Secretary of State, before bringing in the postponement of the revaluation by order, to publish estimates of the likely impact of that policy change on how many business rate payers are better off, worse off or unaffected. Secondly, it would require the Secretary of State to consult those affected before the introduction of the measure.

A shocking truth that emerged clearly from witnesses' comments during our first few sittings was that none of them expected the proposal to happen. Even those who were neutral about it—for example, the CBI—expressed surprise that there had not been more consultation, but most were absolutely coruscating in their comments about the Government decision. I shall quote one or two of them. Mr Edward Cooke from the British Council of Shopping Centres said quite openly:

"We question the viability of the data that is being produced by the VOA. In its own words, the data is based on very limited market evidence…and it is not subject to the rigour of moderation or validation, so there are some big question marks over it and, therefore, the outcome of its assumption that 800,000 assessments would be better off."

That is a pretty damning remark from someone who clearly knows the subject. He went on to say:

"I think that if the justification is to create certainty to business, then shifting the goalposts, as has been proposed, does quite the opposite."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 13 November 2012; c. 43-44, Q10-Q11.]

The people for whom this was supposedly being introduced are absolutely damning.

4 pm

My hon. Friend the Member for Scunthorpe asked Liz Peace from the British Property Federation how she responded to the fact that Ministers had been

"saying that there were more winners than losers".

She said quite simply:

"We do not believe that, frankly."—[*Official Report, Growth and Infrastructure Public Bill Committee,* 13 November 2012; c. 46, Q18.]

This is an extraordinary situation.

Ian Murray: My right hon. Friend mentioned Liz Peace. I would like to take him back a few sentences. She said that one of the problems with clause 22 was that she did not see how it related to the rest of the Bill. Does he agree?

Mr Raynsford: I agree entirely. The only point of difference is that I cannot see how various clauses relate to the rest of the Bill. It is a strange collection of disparate elements. Liz Peace is right that the clause does not seem to have any relevance to the Bill's objectives, which are supposedly to promote growth and infrastructure. It is very difficult to imagine how postponing by two years the impact of the revaluation could have any such effect.

Not only the witnesses who came before us are worried. I cannot say that I am a regular reader of *Retail Life*, but last week's issue contained a letter from Poundland, which has 400 stores and employs some 10,000 people throughout the country. It states:

"I refer to the recent announcement of the Government's proposal to postpone the 2015 rating revaluation until 2017 and write to provide comment on what I strongly believe is a reckless decision given the current decline of the retail market…Many retail centres have witnessed significant falls in rental value since 2008 and, as a result, the business rates liability as a proportion of the overall outgoings has increased. This is an anomaly many retailers nave relied upon being corrected as part of the 2015 revaluation. How can our Government possibly justify a postponement that will result in businesses continuing to pay rates based upon rents at the market's peak in 2008 rather than have them readjusted to fit with the present economic climate?"

A wholly convincing argument, which Liz Peace picked up in her evidence to us:

"Parts of the economy are suffering, and it seems absolutely bizarre that you want to lock in their suffering for another couple of years. That is why we are fundamentally opposed to this. We accept that some areas that would have risen will not rise. Is that fair when their values have actually gone up and they might legitimately have been asked to pay larger rates?"—[*Official Report, Growth and Infrastructure Public Bill Committee,* 13 November 2012; c. 43, Q10.]

Nic Dakin: Is it not ironic that, when we have attention on the high street from the Portas initiative—small amounts of money available for some communities—such

[Nic Dakin]

a disadvantage should be built into high street communities and retailers in areas such as my constituency by the lack of revaluation on the timely basis that they expected?

Mr Raynsford: My hon. Friend hits the nail on the head—he beat me to it. I was going to refer to the Portas report, but I will not need to because he made that point forcefully. When people are trying to think about what can be done to save high streets that are suffering, postponing the impact of the revaluation is, in Liz Peace's words, a "kick in the teeth" to the retail sector. The Government have made an extraordinary decision.

The one justification we have heard from Ministers is that the number of businesses that will gain from this measure is far greater than the number that will lose, and therefore there is benefit for business. That is the one argument they have deployed that might have had some credibility. However, now let us listen to the comments of the experts. Members of the Committee will all have received the letter dated 28 November from Jerry Schurder of Gerald Eve. Jerry Schurder is one of the most respected figures in this sector, and he wrote to us just a week ago. I will quote the relevant parts of his letter.

"We refer to our written evidence dated 12 November and in particular to paragraph 6.3 in which we made initial reference to the document issued the same day by the Valuation Office Agency. 'VOA's high level estimates of non-domestic rental and rating assessment movements for England'.

We have now had an opportunity to read and analyse this data and are able to expand upon and justify the comment we made at 6.3b that 'The only basis on which the VOA is able to claim that 800,000 businesses would have seen increased bills at the 2015 revaluation is to include in that number the 520,000 hereditaments which on its own admission it had no data readily available to analyse and therefore it had to make an unsubstantiated assumption that they would have faced increases in rates liability.'"

Ian Murray: I am delighted that my right hon. Friend read from that letter to the Committee. The VOA's own analysis shows, at table 2 on page 5 that was attached to the impact assessment, that apart from retail in the east midlands and parts of London—similarly for office and industrial—everyone would have either saved a little, saved none or been better off. The only thing skewing the figures were these 520,000 properties that increased by 5%.

Mr Raynsford: My hon. Friend makes an incredibly telling point. It is astonishing that these 520,000 properties played a key role in the VOA's assessment that 800,000 would have lost, and therefore would benefit from postponement, when, in practice, there are no data readily available to analyse those cases, and the VOA had to make an unsubstantiated assumption that they would have faced increases in rates liability.

The letter continues:

"Gerald Eve subscribes to a database which provides fortnightly updates of the entire Rating List which has enabled us to identify the numbers of properties within each of the property uses referred to in the VOA analysis.

In justifying the postponement of the 2015 revaluation of business rates, Valuation Office Agency data has been used by ministers to claim that '800,000 premises would have seen a real term increase in their rates at a 2015 revaluation. This compares to 300,000 seeing reductions'.

These estimates are by the VOA's own admission high level, imperfectly calculated and not a projection of what would happen at an assumed 2015 revaluation antecedent valuation date of 1 April 2013."

The letter then continues with a detailed breakdown of all the component parts. Members of the Committee will have seen that and therefore I will not take them through it. I will simply read the conclusion:

"In conclusion, the number who would benefit from the revaluation is on the VOA's own data clearly far greater than the Government claims and the suggested 800,000 increases is incorrect on the VOA data and requires sweeping unjustified assumptions.

Based on what can be reasonably inferred from the VOA's estimates and the evidence it says it has collected, about 350,000…premises would see their bills fall, and about 377,400…premises would see their bills rise.

There is no justification or support for the claim that 800,000 premises would have seen increases."

That comes from one of the most respected businesses in the field, and it tears to shreds the Government's position. That is the basis for my amendment. Given that devastating critique, the Government should withdraw the clause altogether, but if they do not, they cannot justify opposing amendment 92, which simply states that before introducing the provision they must publish estimates of the consequences of postponing the revaluation, which one hopes will be sound and properly based, and must consult those affected. That is the least that they owe to the business community, which is rightly alarmed by the proposal and the consequences for large numbers of businesses that are suffering at the moment and face the prospect of having to pay more in business rates for two years longer than they should have because of the postponement.

Simon Danczuk (Rochdale) (Lab): I applaud my right hon. Friend's work on this exceptionally well-crafted amendment. Reading it is like reading poetry, in many respects. The amendment is useful because it insists on consultation and holding the Government to account. In fact, both amendments would do that. The amendments are about transparency and accountability in government.

Like my right hon. Friend, I should like to draw on some evidence that we heard. The CBI said:

"The business-wide benefits of changes to the business rates regime are overstated"

and

"the CBI has concerns about the lack of consultation and impact assessment that has taken place on this policy. Ministers themselves admit that the assumptions behind the change are based on 'limited rental market evidence'".

The Royal Institution of Chartered Surveyors said:

"Rather than creating certainty for businesses the postponement in fact creates uncertainty."

It continued:

"A delay till 2017 will also result in even greater changes in values and larger swings in liabilities creating even more uncertainty".

It also said:

"The purpose of revaluations is to redistribute liability in line with relative movements in property values since the previous revaluation. Delaying the revaluation creates unfairness by requiring struggling businesses to subsidise those that have fared relatively better."

I will return to that point.

The British Property Federation said:

"Clause 22 is of grave concern."

My right hon. Friend quoted Gerald Eve, which said that,

"the 5 year gap has been accepted since 1990 and is generally viewed as the maximum appropriate period".

That period is being extended. Gerald Eve continues by saying that Sir Michael Lyons's review of local government finance in 2007 clearly made the point that Sir Michael was supportive of revaluations occurring more frequently than every five years, not of extending that period.

Colliers says that,

"the Government are 'throwing a spanner' in the workings of the market"—

a Conservative Government are throwing a spanner in the workings of the free market—and that:

"By 'kicking the can' of the revaluation further down the road, all they are doing is storing up further problems".

That is what the experts say. I am interested to hear Ministers say whether anybody out there is in favour of the revaluation.

Mrs Glindon: My hon. Friend lists a spectrum of businesses that will be affected. Looking to see how far that goes, one of our most beleaguered industries must be the pub trade, the chief executive of which said:

"The revaluation is an opportunity to get a fairer rates bill, so any delay is very unwelcome."

What a blow it is to that industry, too.

Simon Danczuk: My hon. Friend is right. For Committee members who are not aware, business rates are usually based on the rentable value of the property, but as my hon. Friend will know, in the pub trade they are based on turnover. There is no doubt that revaluation would be an opportunity. The pub trade has been struggling recently and it would expect to pay reduced business rates were the revaluation to go ahead.

4.15 pm

Gordon Birtwistle (Burnley) (LD): Does the hon. Gentleman accept that there will be pluses and minuses? A large majority of manufacturing companies will probably see a rise in their business rates, because they have invested in new and more advanced properties. That would certainly create big problems in the north of England, where the hon. Gentleman has his constituency. Companies in the manufacturing sector may have to lay people off to cover the extra cost of the business rate. Does he accept that there are pluses and minuses in everything, and this measure needs to be studied very carefully?

Simon Danczuk: I take on board what the hon. Gentleman says, but the amendment is exceptionally useful because it explains to everybody who benefits and who does not. I will cover the geographical differences of the measure in a minute.

Ian Murray: To follow the previous intervention, surely if such concerns are being expressed by Members on the Government Benches, accepting the amendment and bringing forward the evidence to try to investigate whether or not manufacturing would be badly hit is something that should happen in the Committee before we determine a clause that may have pros and cons for a whole variety of sectors.

Simon Danczuk: My hon. Friend is absolutely right. The revaluation has significant consequences and I am in no doubt that rather than stimulating the economy, it will have an adverse impact on a good many businesses.

Nic Dakin: Liz Peace in her evidence to us singled out manufacturing as another area that would be hit by the measure—in addition to retail.

Simon Danczuk: My hon. Friend makes a good point. Before I move on to the geographical aspects of the business rates, let me make another point; I am trying to assist the Minister here. Lots of rumours and gossip are swirling around, suggesting the real reasons why the Government have decided to postpone the revaluation. First, it is suggested that the Valuation Office Agency is so busy dealing with the repatriation of business rates to local government that it does not have time to do the revaluation, which starts in 2013. I hope the Minister will come forth and tell us whether that is true.

Another rumour is that the VOA, with a backlog in excess of 247,000 appeals—that is a quarter of a million businesses appealing their business rates—is unable to cope with the number of appeals. On the current performance of the VOA, it would take about five years to clear the backlog, and new appeals are coming in every day. It is suggested that the Government are postponing the revaluation to create some time and space for the VOA to get on top of the backlog.

It is also rumoured that the Government want to advantage businesses in the south of England at the expense of those in the north of England. Rent levels have gone up in many parts of the south of England, but they have gone down in the north.

One final rumour is that the Government do not want increased business rate bills landing, as they would have done, in April 2015, literally days before a general election. The impact of that on the south of England, in the current heartlands of the Conservative party, is another reason why the Government may not want to carry out the revaluation.

Let me make it clear to the Committee that I do not trade in rumours or gossip. Hard facts and evidence are all that I am interested in. Let me deal with the Government's own admission, which was mentioned by my right hon. Friend the Member for Greenwich and Woolwich. The Government admit that 300,000 businesses will be worse off because of the clause: 300,000 businesses will not get the reduction in their business rates that the revaluation would have given them. That is the reality.

Ian Murray: My hon. Friend gets to the crux of the clause. Regardless of the non-evidence or the arguments the Government advance, this is about fairness. The whole system of rates is that if people are to pay less they pay less and if they are to pay more they pay more. It is all about the success of their business and supporting businesses across sectors.

Simon Danczuk: I could not agree more with my hon. Friend. If the revaluation could go ahead the VOA would have to take into account the reduced rents that many businesses now pay. Current business rates are based on high rents that were set in 2008 when property

[Simon Danczuk]

had a very high value. While rents may have remained high in some localities, particularly in the south, they have dropped significantly in parts of the north.

Dr Coffey: Does the hon. Gentleman accept that it is all about relative drops in rents? I would suggest that his data on parts of London and the south are not as accurate as he may think. There have been considerable falls in comparison with minor falls in the north of the country.

Simon Danczuk: There is no doubt that there are winners and losers from the clause and the policy. The point I am making is that it should be about fairness. It is about redistribution so that those who should pay more, pay more and those who should pay less, pay less. It is commonly said that business rates are the third greatest expenditure of any business. First it is wages; then it is rents and then it is business rates. That is a commonly held view and fairly accurate. I went into a shop in Rochdale three or four weeks ago. The business rates on that property were higher than the rent, so business rates now outstrip rent levels. They are the second biggest outgoing for business. That cannot be right. We cannot have a system that does that.

A Conservative-led Government, ably assisted by the Liberal Democrats, are making businesses pay more taxes than they should. That is the reality. Instead of a fair and proper tax system the Government are making at least 300,000 businesses pay more. It is a bizarre situation that the Government find themselves in with the clause. It is as though they are asking individuals across the country to complete their tax return, then telling those in the north of England that they have to pay more taxes to subsidise those in the south who can pay less. That is what the clause does. It is no way to do government.

Gordon Birtwistle *rose—*

Simon Danczuk: As I am sure the hon. Gentleman will agree.

Gordon Birtwistle: Would the hon. Gentleman like to bring into his argument the business rate relief that the Government are giving small companies at the present? A lot of small businesses are receiving business tax relief. He makes it sound as though they are all going under because they have to pay too much in business rates.

Simon Danczuk: There are two important points to make in relation to that. The business rate relief that currently exists for small businesses was introduced by the previous Labour Government. It is an excellent policy and I am sure the hon. Gentleman is paying tribute to that Government, as I am. The reality in terms of the geography is that businesses in Rochdale now have to subsidise businesses in Regent street in London.

Mr Raynsford: While I accept that point, it is actually a very complex pattern and it varies both from region to region and from sector to sector. It is not just a simple matter of north versus south. My hon. Friend paid tribute to the wording of my amendment, but I take no credit for it at all. I pay tribute to the Clerk who helped me draft it and ensured that it was written in such an impressive and poetic way. The purpose of the amendment is to ensure that we have some genuinely serious figures that can people look at and form a judgment on, rather than having this particular policy presented to us on the basis of figures that have collapsed under scrutiny.

Simon Danczuk: I appreciate the intervention from my right hon. Friend. I must say that he has gone down slightly in my estimation, regarding the wording of the amendment, but the Clerks have clearly gone up in my estimation; there is no doubt about that.

Let me finish by making this point. Why do the Government not come clean with businesses and explain why they are making at least 300,000 businesses pay more in business rates?

The Chair: Before I call the Minister to respond, first it should be known that the Clerk may well take full credit for the poetry in the amendments but not for the content. Secondly, I know that we prayed in aid the former poet laureate this morning, but let me just remind the Committee of the words of Mario Cuomo:

"You campaign in poetry. You govern in prose."

I call the Minister.

The Minister of State, Department for Business, Innovation and Skills (Michael Fallon): As introductions go, that probably gets quite near the bottom.

Let me first outline our principal concerns with amendments 92 and 93. Revaluations do not raise any extra revenue; that is the first essential point. Instead they redistribute the total rates burden among ratepayers, based on up-to-date rateable values. That means that although the total business rates paid do not change at revaluation, it does result in some ratepayers seeing increases in their bills and some seeing reductions.

I quite understand the right hon. Member for Greenwich and Woolwich wanting to know as much as possible about what would have happened to business rate bills in 2015. The Valuation Office Agency has produced initial estimates of the 2015 revaluation, which it published on 12 November. Contrary to what Gerald Eve has said, the VOA's work suggests that 800,000 premises would have seen a real-term increase in their rates, compared with only 300,000 premises that would have seen a reduction. That analysis has been published in full and I can assure the right hon. Gentleman and the rest of the Committee that it represents the best available estimate of the number of ratepayers affected by the clause.

We have heard claims that particular towns and other locations would have seen reductions in rate bills at a 2015 revaluation. Many of those claims have been made by commercial firms and rating agents who advise ratepayers on making appeals. Often their claims are based only on selected prime locations or selected commercial sectors, and they ignore small and local businesses, as well as other sectors such as industry. The VOA's analysis covers all sectors and all locations, and has been published in full.

Ian Murray: The Minister started with prose, but what he has just said is not quite what the VOA analysis says. Table 2, which I referred to earlier, shows that out of retail, office and industrial, only the east midlands and London, in terms of retail, would pay more and everyone else across the country and across the sectors would pay the same or less, with the exception of the 560,000 other properties that are categorised, for which we do not know the breakdown either geographically or in terms of what they are. The VOA is actually saying that there are very few areas where the rates level would go up.

Michael Fallon: I shall come to the regional breakdown in a moment.

The point I am making is that although the analysis has been published in full for all sectors and all locations, we cannot fully and accurately understand the exact impact of the revaluation without doing the valuations themselves, and that would mean spending around £43 million of public money. What we do know from the analysis is that some sectors would have faced very big hikes indeed: petrol stations would have faced a 28% increase in their tax; the self-catering industry and caravan parks would have faced a 29% increase; hotels would have faced a 6% increase; theatres would have faced a 25% increase; and pubs would have faced an 11% increase. Overall, retail would have seen a tax rise of about 1% above inflation at revaluation 2015, with food retail and convenience stores facing significant tax increases. Shops in some regions would have seen much greater tax hikes than those.

It is also quite wrong to suggest that postponement helps the south at the expense of the north. On the contrary, the Valuation Office Agency analysis suggests that London would have seen by far the greatest reductions in tax paid had the 2015 revaluation gone ahead. Based on the VOA's estimates, London offices would have seen their rates bill fall in 2015 by some £440 million a year. The Opposition side of the Committee make rather unusual friends of Canary Wharf in that respect.

4.30 pm

Nic Dakin: I listened carefully to what the Minister says. Was he as surprised as I was, when listening to the evidence given to us by business leaders, by how opposed they were to the delay in the revaluation of business rates and how surprised they were that it was taking place without any proper consultation with them or others prior to its happening?

Michael Fallon: I certainly accept that the decision may well have come as a surprise to them and that they may well have not anticipated it. It is self-evidently true that if they said that they were surprised, they clearly were surprised. However, many of them speak for particular groups and, as I said, particular types of location. It is more interesting that we have seen a more measured response from organisations, such as the Federation of Small Businesses, that cover the whole country and different types of business.

There were also concerns, which the right hon. Member for Greenwich and Woolwich touched on, that 530,000 of the 800,000 losers at revaluation 2015 fall, in the VOA's analysis, within the single category of "other". The truth is, however, that the VOA has looked at some of the larger categories of property within that class, including petrol stations, hotels and pubs, which would all show increases, so there is evidence and there is the VOA's professional judgment to support the figure of 800,000 losers.

The amendments also seek to ensure that we consult with representatives of ratepayers before we postpone the revaluation. Of course, we understand the importance of consultation. Both the Government and the Valuation Office Agency have regular forums to discuss business rates. In recent weeks, the Department for Communities and Local Government has held several meetings with those affected by the postponement, including the British Retail Consortium, Energy UK and the Association of Convenience Stores. More such meetings are planned during the passage of the Bill.

Mr Raynsford: The Minister talks about the VOA evidence, but there were certain groups in the "other" category, including, as he mentioned, petrol forecourts and hotels, that actually would have faced increases had the revaluation proceeded. The Gerald Eve letter states:

"The VOA claims to have evidence to support increases for sectors that make up just 87,400 properties out of this 477,500".

It is a small element of the total and certainly does not lead Gerald Eve to support the claim that there would be 800,000 gainers from the postponement.

Michael Fallon: I am sure that the right hon. Gentleman and, indeed, Gerald Eve would have seen the summary on page 6 of the VOA's analysis, which says:

"This indicative assessment suggests that around 800,000 hereditaments would fall into categories that would see an overall rise in tax payable, despite most of those seeing a fall in their rateable value, and around 300,000 would fall into categories which would see an overall fall in tax payable".

That is the Valuation Office Agency's estimate, and I think that Gerald Eve and the right hon. Gentleman would do well to study it.

Simon Danczuk: Will the Minister give way?

Michael Fallon: Of course. I am sure that the hon. Gentleman has had time to reflect on his billing as a friend of Canary Wharf.

Simon Danczuk: The Minister has either been provided with selective information or is being selective with the information that he is offering the Committee. There is no doubt that London retailers are better off than Rochdale retailers. We can talk about office space in Canary Wharf and everything else, but if we get into the detail, which is what the amendment asks, there is no doubt that London retailers are better off, and are being subsidised by those in Rochdale. That gets to the crux of it. The reality is that it is only an estimate.

The Chair: I should be grateful if the hon. Gentleman got to the crux of it. This is a long intervention.

Simon Danczuk: I will get to the crux of it, Mr Howarth. I was addressing the issue of fairness. It is not fair that 300,000 businesses are still subsidising other businesses. Why is that?

Michael Fallon: There is of course fairness and unfairness, and winners and losers, in any revaluation, but I caution the hon. Gentleman to be careful, even about describing London as a whole. There will be those on the outskirts of London who will not be gainers in the way that some of the London offices clearly would have been.

Ian Murray: If the Minister is using the figures to justify the position of delay now, what will the projected figures of winners and losers be, come 2017? We could be in an even worse position in the balance of who wins and who loses.

Michael Fallon: Of course that is possible. In any revaluation there could be more winners, or fewer, but the point now, given the uncertain economic climate, is to give all our businesses some certainty for the next five years, before the revaluation process starts to raise any doubts about their future rate bills. It is because the revaluation is a statutory exercise that we are using primary legislation to stop it for the moment, and have included the measures in the Bill. By putting the date of the next revaluation in the Bill, as well as the requirement for five-yearly revaluations thereafter, we have shown our commitment to keeping rateable values up to date.

I need, finally, to answer one question. The hon. Member for Rochdale asked me what the work load of the Valuation Office Agency was. A number of rumours swirled around the Committee during his speech, and I would like to lay this one to rest. The Valuation Office Agency is well placed to clear the backlog of appeals and deal with the rates retention scheme. It has a network of more than 70 offices, and it plans to clear the 400,000 appeals over the next two years. It is perfectly capable of doing that.

Mr Raynsford: I am sorry that the Minister has not accepted my amendment, which simply sought to ensure proper figures, and to enable a proper judgment to be reached and for there to be consultation with affected bodies. There is clearly grave doubt about the evidence that the Government have prayed in aid in support of the clause, and deep suspicion and hostility among large sections of the business community, and I therefore ask the Committee to vote for the amendment, to improve what is otherwise a wholly unsatisfactory clause.

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 11.

Division No. 8]

AYES

Blackman-Woods, Roberta	Glindon, Mrs Mary
Blomfield, Paul	Murray, Ian
Dakin, Nic	Raynsford, rh Mr Nick
Danczuk, Simon	

NOES

Birtwistle, Gordon	Glen, John
Blackman, Bob	Howell, John
Boles, Nick	Morris, James
Bradley, Karen	Smith, Henry
Coffey, Dr Thérèse	Stunell, rh Andrew
Fallon, rh Michael	

Question accordingly negatived.

Ordered, That further consideration be now adjourned.—*(Karen Bradley.)*

4.39 pm

Adjourned till Thursday 6 December at half-past Eleven o'clock.