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GENERAL COMMITTEES

Public Bill Committee

HOUSING AND PLANNING BILL

Thirteenth Sitting

Thursday 3 December 2015

(Afternoon)

CONTENTS

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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: † Mr James Gray, Sir Alan Meale

† Bacon, Mr Richard *(South Norfolk)* (Con)
† Blackman-Woods, Dr Roberta *(City of Durham)* (Lab)
† Caulfield, Maria *(Lewes)* (Con)
† Dowd, Peter *(Bootle)* (Lab)
Griffiths, Andrew *(Burton)* (Con)
† Hammond, Stephen *(Wimbledon)* (Con)
† Hayes, Helen *(Dulwich and West Norwood)* (Lab)
† Hollinrake, Kevin *(Thirsk and Malton)* (Con)
† Jackson, Mr Stewart *(Peterborough)* (Con)
† Jones, Mr Marcus *(Parliamentary Under-Secretary of State for Communities and Local Government)*
Kennedy, Seema *(South Ribble)* (Con)
† Lewis, Brandon *(Minister for Housing and Planning)*
† Morris, Grahame M. *(Easington)* (Lab)
† Pearce, Teresa *(Erith and Thamesmead)* (Lab)
† Pennycook, Matthew *(Greenwich and Woolwich)* (Lab)
† Philp, Chris *(Croydon South)* (Con)
† Smith, Julian *(Skipton and Ripon)* (Con)
† Thomas, Mr Gareth *(Harrow West)* (Lab/Co-op)

Glenn McKee, *Committee Clerk*

† attended the Committee

Public Bill Committee

Thursday 3 December 2015

(Afternoon)

[Mr James Gray *in the Chair*]

Housing and Planning Bill

Clause 74

Mandatory rents for high income social tenants

2 pm

Dr Blackman-Woods: I beg to move amendment 207, in clause 74, page 30, leave out line 13.

The amendment would address the rationale for rent levels for similar housing varying from area to area.

I shall be very brief, because we touched on the amendment earlier. The aim is to find out what role the Government think there is for a differential system in relation to income levels and rents locally. We are concerned that failing to take into account specific local effects of the national policy could set working people and families up for disaster.

There is an argument to be made that rents should, to a degree, reflect the local situation. I will give a brief example to show the importance of that. The Borough of Hackney in London is the 11th most deprived authority in the country, but its housing prices are among the most expensive in England. In the past five years, prices have increased by 72%. If it were left to the market, most of the earners living in Hackney would be unable to afford the average rent for the area, which is £1,700 a month. Rents have increased by 27% since 2011. Hackney Council has told the Committee that people on low to moderate incomes will be targeted by the policy—the very same households that would have been targeted by the family tax credit changes, and that will in due course be targeted by the changes to universal credit. That is setting up a near catastrophe for those families in 2017-18. With such examples in mind, will the Minister tell us what role local circumstances will play in setting rent levels?

The Parliamentary Under-Secretary of State for Communities and Local Government (Mr Marcus Jones): The amendment would remove the explicit ability in regulations to set different rent levels for different areas, allowing us to respond to market conditions if required. Given the amendments that we previously discussed, I should have thought that that was exactly the sort of flexibility the hon. Lady would support. On the basis of our earlier discussions and the fact that the Bill allows for flexibility within regulations, I hope she will withdraw the amendment.

Dr Blackman-Woods: If the regulations do indeed contain that flexibility, that is to be welcomed, but, to repeat what I have said before, we have not seen the regulations, so we do not know that. We tabled the amendment simply to flag up the fact that the regulations would need to include that flexibility. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Dr Blackman-Woods: I beg to move amendment 211, in clause 74, page 30, line 13, at end insert

"and shall only apply where the costs of implementation are reasonable as determined by local authority or Housing Association Board of Trustees."

The amendment would establish that the cost of implementing the high income rent regime provides value for money.

The amendment has two purposes. One is to flag up the additional costs that will be heaped on to local authorities and housing associations in administering the scheme. Again, a great number of the people who have written to us have said that they are concerned that, because they do not have many tenants who would be deemed high earners under the Bill, quite a low aggregate amount of money would be available; and that administering the scheme and having to find out all their tenants' income could far outweigh any financial benefits.

The amendment is an attempt to test the Government on whether they have carried out any assessment of the likely income that would accrue to local authorities and housing associations across each area of the country and how much money they think councils and housing associations would have to spend gathering the data and administering the whole scheme, and being very clear that more money would be raised than would be expended. To my knowledge, that information is not in the public domain and was not in the impact assessment.

We are concerned that the proposed process is simply adding financial burdens on local authorities, whose budgets have been cut year on year in many parts of the country—my own council, for example, has had a 40% cut in its budget, with more cuts to come until 2019. The Local Government Association—it might be worth noting in passing that the LGA is Conservative-run at the moment—has voiced concern about funding cuts that have left its members with a £10 billion black hole. The LGA is concerned that the provisions in this Bill, including the costly the pay-to-stay scheme, will place a further burden on their finances.

Local authorities and housing associations have raised genuine concerns, as have co-operative housing groups, one of which says:

"Administering Pay to Stay would be complex and time-consuming. Given that our co-op is managed by its member/tenants, costly provision would need to be made to employ a professional to do this. A small co-op such as ours would find this difficult to manage."

The question the amendment puts is this: what assessment has been made of the money that would be raised in each area for each housing association, and what are the estimated costs of the administrative burden being placed on housing associations, local authorities and co-operative housing groups?

Mr Gareth Thomas (Harrow West) (Lab/Co-op): I rise to support the amendment. In doing so, I shall focus on the representations made to me about the plight of small co-operative and community-led housing associations—a point I put to the Under-Secretary of State in a previous intervention.

My hon. Friend the Member for City of Durham is right to say that the focus of concern for housing co-operatives has been on the administrative costs of managing pay to stay and its impact on the functionality

of co-operatives. I take at face value the words of the Minister for Housing and Planning on housing associations. On Tuesday, he said:

"The Government trust housing associations to look after their tenants. We believe that they have their tenants' best interests at heart and that they will use their discretion wisely."—*[Official Report, Housing and Planning Public Bill Committee,* 1 December 2015; c.376.]

That was said in the context of other elements of the Bill, but surely it is equally appropriate in the context of pay to stay.

The Under-Secretary of State made it clear that he will consider the issue of housing co-operatives in relation to the regulations, and I very much welcome that. However, I say to him that many co-operatives, particularly those in London, have made contact—for example, Vine Housing Co-operative and Coin Street Community Builders have been in touch with me, and Edward Henry House Co-operative has made representations to us. They say that, because of the cut in rents being delivered in the Welfare Reform and Work Bill, there is no additional funding that they will be able to get to deliver some of the other proposals in this Bill and cover the administrative costs they will face.

The co-operatives are not, in the main, big housing associations with the scale to find efficiency savings naturally, not least because they do not usually have large numbers of staff or other resources. Much of the administration of housing co-ops is done on a voluntary basis, as part of the quid pro quo of being a part-owner of the housing co-operative. If pay to stay is introduced, Ministers will understandably want housing associations to have a series of monitoring arrangements in place. Those monitoring arrangements will inevitably create an additional burden, and at the moment small housing co-ops are struggling to see how they will be able to fund that. They also worry more generally for some of their members, who may face a sharp increase in the cost of staying in the housing co-operative, and therefore housing association, property. Rent arrears could also increase, which would be an additional cost. Because of the small nature of most housing co-ops, that would be difficult for them to bear.

For those reasons, I urge the Under-Secretary to look even more seriously at the potential impact on small housing associations. I will write to him separately outside the Committee, but I hope he will undertake to look at that letter and representations on this provision from housing co-operatives.

Mr Jones: I shall take the final point made by the hon. Member for Harrow West first. I will be happy to receive his representations, along with those from across the sector, on behalf of the smaller housing associations and co-operatives.

On amendment 211, we recognise that landlords will incur a cost in operating the policy and we have consulted on that. We have proposed that local authorities should be able to offset administration costs from additional income, and for housing associations the benefit from operating the system will far outweigh the costs. Regardless, our aim will be to design an approach that is as simple as possible to administer and we will take forward further engagement with landlords on that point.

The amendment is therefore neither necessary nor practical, and I hope the hon. Lady will seek to withdraw it.

Dr Blackman-Woods: Once again, I am quite disappointed by that response. It appears that this legislation is going to lay administrative burdens on local authorities and housing associations, but we do not have an estimate of how extensive those burdens will be. Nor do we have an estimate of the income that will accrue to local authorities and housing associations, not least because we do not know where the threshold is going to apply or what levels of rent will be set.

The point we are trying to make in the amendment is that it is important that the scheme be cost-effective. Otherwise, it will be a complete and utter waste of money, bringing huge chaos to the lives of some tenants. Bearing in mind the seriousness of the issue, I hope the Minister will look at this again and see if there is any evidence that would help us to form a judgment on whether this is a good use of public money. If that information comes into the public domain, we could return to the matter. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

2.15 pm

Dr Blackman-Woods: I beg to move amendment 208, in clause 74, page 30, line 13, at end insert—

"(c) and to be subject to a notice period of one year".

The amendment would provide tenants deemed to have a high income with time to relocate to another property or increase their income further.

The Chair: With this it will be convenient to discuss amendment 209, in clause 74, page 30, line 13, at end insert—

"(c) and shall be subject to transitional protection".

The amendment would allow tenants deemed to have a high income to be given transitional protection so they are able to prepare family budgets to accommodate higher rent levels.

Dr Blackman-Woods: A theme we have been developing in our deliberations on this part of the Bill is that, if we are not careful about how the scheme is set up, tenants will at short notice have to expend a great deal more of their income on housing costs. That could be a drastic change in a short period of time.

Under amendment 208, tenants deemed to have a high income would be given a notice period of one year to enable them to relocate to another property that might be cheaper, or move into other employment that would increase their income. We think that without a notice period, because tenants will not have budgeted for a huge increase in rent, they will find themselves increasingly in debt, and if we are not careful that indebtedness could lead to families becoming homeless, which I am sure all Committee members would want to prevent.

Especially in London but in other areas where market rents are high as well, families might find themselves unable to live in the area where they have resided for decades if they are forced to pay market rent. If tenants have to move away to find more affordable accommodation, they need time to do so, or they will need time to think through the implications for their family of taking a second job to help pay the rent. They will need to think about what longer commutes mean for childcare, for example. Those are not decisions that can be taken

[Dr Blackman-Woods]

lightly over a week or two, if that is all the notice that they will be given of a huge increase in their rent from social to market rates.

Some councils have raised that point with us. Milton Keynes Council said that it is particularly concerned about the effect of pay to stay in that community:

"In Milton Keynes we estimate that around 1,300 of our tenants will be affected (around 11% of the social rented stock). There is also a perverse disincentive in the pay to stay idea in that hard-working people will now face a hike in their rents, and be forced to move (possibly away from their jobs) when properties to rent and buy are becoming harder to find."

I gave the Committee the example of Hackney earlier. I will also quote PlaceShapers, just so that we know that we are talking about real people. It is easy for us in Committee to forget that the measures will have an impact on people's lives, but PlaceShapers gave us some examples. One is of a couple with no children renting a two-bedroom flat. Currently, the rent is £110 a week. Mister earns £25,000 and Missus earns £20,000, giving a household income of £45,000 a year; that is their only income. They pay full rent themselves, as they are not entitled to benefits. Once the rent rises to a market rent for a two-bedroom of £220 a week, they will have to find an additional £110 a week, or £5,500 a year. That is a huge amount of money for a household to find at short notice. We could give other examples.

The amendments are about putting a degree of reasonableness into the scheme. That is also reflected in amendment 209, which seeks to ensure that tenants will be able to receive transitional protection of some sort. We would like to hear from the Minister what degree of transitional protection will be available. Interestingly, Savills has estimated that 60.1% of the 27,108 affected households in London will never be able to afford a market rent or to buy their homes under right to buy. That is a huge number of people. If they will never be able to meet that level, that would suggest that the Government should have estimates of the number of affected households and the amount of money to be raised. Savills says that a large number of people will find that extremely difficult, if not impossible. Because of that we need to have a much better understanding of the transitional arrangements.

Mr Jones: We are aiming to design a policy that is as responsive as possible to the current income of tenants while also protecting work incentives. Providing a rent setting notice period of one year, as amendment 208 does, ignores the realities of what might to happen to household income or other circumstances within that year.

I agree entirely that the policy should be communicated effectively to all tenants and landlords, and we will clearly set out how the process for rent setting will work. It is very likely that guidance will be a feature, as provided for under the powers in the Bill. The policy is not due to be implemented until 1 April 2017 and engagement with landlords and tenants in the run-up to that date will be a key feature of our plans.

Presumably, the transitional protection that is sought under amendment 209 would be consistent with the notice period required under amendment 208—I think the hon. Lady said it would. I say to her that this is not practical for the reasons I have set out. We have consulted regarding gradual increases to rent for tenants above the income threshold. I hope, on that basis, that the hon. Lady will not be too disappointed and will consider withdrawing her amendment.

Dr Blackman-Woods: We tabled the amendments to ensure that families are not suddenly faced with a huge increase in rent, to the extent that they are not able to meet those payments, without being given an opportunity to try to access alternative accommodation or increase their income. It is important that there is a degree of notice and some transitional protection. I would like to press the amendments to a vote.

Question put, That the amendment be made.

The Committee divided: Ayes 6, Noes 9.

Division No. 10]

AYES

Blackman-Woods, Dr Roberta	Pearce, Teresa
Dowd, Peter	Pennycook, Matthew
Morris, Grahame M.	Thomas, Mr Gareth

NOES

Bacon, Mr Richard	Jones, Mr Marcus
Caulfield, Maria	Lewis, Brandon
Hammond, Stephen	Philp, Chris
Hollinrake, Kevin	Smith, Julian
Jackson, Mr Stewart	

Question accordingly negatived.

Amendment proposed: 209, in clause 74, page 30, line 13, at end insert—

"(c) and shall be subject to transitional protection"—*(Dr Blackman-Woods.)*

The amendment would allow tenants deemed to have a high income to be given transitional protection so they are able to prepare family budgets to accommodate higher rent levels.

Question put, That the amendment be made.

The Committee divided: Ayes 6, Noes 9.

Division No. 11]

AYES

Blackman-Woods, Dr Roberta	Pearce, Teresa
Dowd, Peter	Pennycook, Matthew
Morris, Grahame M.	Thomas, Mr Gareth

NOES

Bacon, Mr Richard	Jones, Mr Marcus
Caulfield, Maria	Lewis, Brandon
Hammond, Stephen	Philp, Chris
Hollinrake, Kevin	Smith, Julian
Jackson, Mr Stewart	

Question accordingly negatived.

Dr Blackman-Woods: I beg to move amendment 210, in clause 74, page 30, line 13, at end insert—

'(3A) The Secretary of State must make regulations to provide for the external valuation of high income rents"

The amendment would require that the application of a higher income rent should be subject to external valuation.

Another running theme of the Bill is that key elements directly affecting people's lives are to be decided by the Secretary of State in regulation. We will have no idea

until we see the regulations made under clause 74 what the higher rent could entail. We seek to ensure that rents set by the Secretary of State are subject to scrutiny.

This part of the Bill gives the Secretary of State various regulation-making powers and we want to ensure that the level of rent set is subject to a degree of external valuation. We are extremely concerned that tenants will face a huge hike in their rents, and we do not want that to happen with little or no scrutiny and without clear logic. It is vital that the decision to increase someone's rent is taken carefully and is subject to external valuation, so at the very least the rent is understandable, even if the process is not entirely fair. We would like a clear understanding of how it has been set and the rent level reached, and that there is some external valuation of the basis on which that was done.

We did not manage to elicit any further information from the Minister this morning about how the Secretary of State is to set rents and what he is going to take into account. We want to hear more about that and how the system will be subject to external scrutiny so that the interests of tenants, housing associations and local authorities are protected.

Mr Jones: The level of rent payable by a high-income social tenant will be determined by the regulations under clause 74, as we have discussed at length. Landlords will be expected to set rents on that basis. It is, of course, feasible that mistakes will be made by landlords in setting rents, which is why we intend to make regulations under clause 78 to give tenants the right of appeal. We do not consider that a further external valuation, as proposed by amendment 210, is proportionate. I hope that the hon. Lady will withdraw the amendment.

Dr Blackman-Woods: I really wish I shared the Minister's faith in the ability of the Secretary of State to set the rent for each housing association and local authority in various circumstances across the country, and to do that without any external valuation, in a fair and reasonable way. This is no comment on the current Secretary of State, who is an extremely competent gentleman, but the provision places an onerous burden upon him. Our amendment would help him to demonstrate that what he is doing is fair, just and reasonable.

It is a very great pity that the Minister has not taken up our offer to make the scheme much more transparent and understandable. We have tried to help—that is all we can do—but the offer of help has been refused. I therefore beg leave to ask to withdraw the amendment.

Amendment, by leave, withdrawn.

2.30 pm

Dr Blackman-Woods: I beg to move amendment 212, in clause 74, page 30, line 18, at end insert—

"(6) The provisions in this section shall only apply to new tenancies commenced after 30 April 2017."

The amendment would provide that the high income rent regime would only apply to new tenancies.

The Chair: With this it will be convenient to discuss amendment 213, in clause 74, page 30, line 18, at end insert—

"(6) All provisions in this clause shall only apply to where the tenant has been provided with a new tenancy agreement."

The amendment would provide that the high income rent regime would only apply where tenants have been given a new tenancy agreement.

Dr Blackman-Woods: The two amendments deal with a situation we are very concerned about and have talked about a lot—that of tenants who are managing their family budget on the basis of paying a social rent, having made life choices and decisions on their accommodation based on their level of income and the range of housing options available to them. The Government have rejected our amendments that would have given tenants a degree of leeway in relation to the new rents that are coming in and would have enabled them to make other life choices, so we are faced with a situation in which many of the tenants in council or housing association properties will face huge hikes in rent, which could have devastating consequences for them and their families.

If the Government must go ahead with the pay-to-stay measures—it should be obvious to everyone by now that we totally reject the very basis of the scheme—it is only fair to apply them to new tenants, because new tenants will know exactly what they are facing. They will know that when their income gets to a certain level, they will be moved to a market rent. It seems totally unfair to apply the scheme retrospectively to tenants who have already made life choices that are perhaps locked in to particular occupations and job opportunities.

The scheme is totally unjust, particularly if the level of difference between social and market rents is so high that it pushes the family into indebtedness, or ultimately leads to their losing the tenancy altogether. We have not heard anything about that from the Minister or any Government Member. The figures we supplied from the Joseph Rowntree Foundation show that about 40% of families do not have a socially acceptable standard of living at the moment, and a sudden increase in rent will exacerbate that problem. Are the Government going to monitor what happens to the families who suddenly have huge hikes in rent and will they check whether those hikes lead to indebtedness and tenancies ultimately failing?

The examples I gave earlier show how much money families will have to find in a very short time. We are not talking about families on high incomes. As my hon. Friend the Member for Harrow West pointed out earlier, their incomes would not be recognised as high incomes by Her Majesty's Revenue and Customs. Critically, the Government's own minimum income level will be the level at which the higher rents kick in, so they are going to affect some of the poorest families in this country. To call these high-income households is a misnomer, to put it very, very mildly; I could go much further than that, but I will not. Bearing in mind the huge impact that the scheme could have on current tenants in the sector, if it has to be introduced, although we do not like it, it should at least be fair, people should know what they are getting into when they take on a social tenancy and it should apply only to new tenants.

Amendment 213 deals with the situation of new tenants in a slightly different way. Tenants have a contract and a tenancy agreement. At the moment, their tenancy agreement says, "We, the housing association, will charge you this much rent because there is a national framework that says how much rent we charge, and this is how it gets amended locally." Tenants have signed up to an agreement for a social rent. What will happen—presumably

[Dr Blackman-Woods]

in 2017—is that their tenancy agreement will be ripped up in front of their eyes, and in its place they will get a new agreement that says, "I, the Secretary of State, say in regulation that you are going to pay this much rent," and presumably, if they do not pay that rent and they fall into arrears, they will get evicted. It will also say something about how and when they will be evicted.

That is a huge change to the experience of those tenants. It is incredibly destabilising for families, and it should not be taken lightly. I want to hear from the Minister who will put the new tenancy agreements together. Will it be an agreement between the housing association, the local authority and the tenant, or will it be an agreement between the Secretary of State and the tenant, because the Secretary of State, by regulations, is apparently setting the rent? This is a very serious issue. We need to know how the new scheme will be brought in, what consultation there will be and what the legal underpinning of the new tenancy agreement is, given that those tenants already have a tenancy agreement that will be at odds with the Bill.

Mr Jones: New social tenancies should be granted to those in the most need, and landlords should carefully consider whether a high-income social tenant meets those criteria, but of course there are plenty of high-income social tenants with existing tenancies. Clause 78 gives registered providers of social housing the power to increase the rent payable under an existing tenancy. The amendments would remove that fundamental principle of the policy. I hope, on that basis, that the hon. Lady will withdraw them.

Dr Blackman-Woods: Exactly—that is exactly what we are trying to do with these two amendments. We think that the current scheme is absolutely unjust and will make it really difficult for tenants who have already made life choices and cannot get out of them easily, subject to the perniciousness of these clauses. I gather from the Minister's response that we are not going to get anywhere, so I beg to ask leave to withdraw the amendment.

Amendment, by leave withdrawn.

Clause 74 ordered to stand part of the Bill.

Clause 75

Meaning of "high income" etc

Dr Blackman-Woods: I beg to move amendment 214, in clause 75, page 30, line 23, at end insert—

'(1A) For the purposes of this Chapter high income cannot be set at a level lower than median incomes.'

The amendment would provide that the high income level cannot be set a level lower than average/median salaries.

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

Amendment 216, in clause 75, page 30, line 23, at end insert—

'(c) be set with reference to average incomes in the area with high incomes being defined by income falling in the top quartile of incomes in the area.'

The amendment would provide that high incomes will reflect the top quartile of income levels.

Amendment 217, in clause 75, page 30, line 23, at end insert—

'(c) use a definition of high income for this purpose based on at least three times multiple of average income in the area concerned.'

The amendment would provide that high incomes must be at least three times the multiple of average income in the area.

Amendment 215, in clause 75, page 30, line 34, at end insert—

'(g) relate to incomes of the tenants only.'

The amendment would provide that higher income households will only be determined by the level of income of the tenants and not additional household members.

Dr Blackman-Woods: Members of the Committee already know that we have very grave concerns about how "high income" is being determined. Outside Parliament, or outside a section of Parliament, it is hard to find anyone at all who thinks that the new minimum income set by the Chancellor is in fact a high income. As a result, we have tabled a series of amendments in an attempt to put some sense into the definition of "high income". Clearly, it makes no sense to most people to have "high income" determined by the minimum level of income in the country—that seems absolutely ludicrous.

Amendment 214 seeks to ensure that "high income" cannot be set at a level that is lower than median incomes and that that should apply for a household. For example, in my constituency, where rents are high, a family in which someone earns £18,000 and someone else turns £12,000—neither is a high income—would be subject to the clauses we are debating, even though the median income in Durham is about £22,000. The family is being deemed to be on high income, even though they do not earn the median level of income locally, never mind nationally. Under the amendment, at least the threshold for somewhere such as Durham would be set at £45,000 per household, or thereabouts—that is still not a terribly high income for a family, but it is much better and fairer than the £30,000 that the Government propose in the Bill.

If the Government do not wish to listen to the Opposition, it is important that they at least listen to some serious commentators who have great concerns about how the scheme will operate in practice. Terrie Alafat, chief executive of the Chartered Institute of Housing, who also gave evidence to the Committee, has said that

"you simply cannot class a household with an income of £30,000 as 'high income'. A single person with no children might seem relatively well off, but what about a couple who both earn £15,000 and have three children?"

That is another factor to take into account—not only what the median income is, but the household.

How many people must the income support? It is extraordinary that there is nothing to date in the Government scheme to differentiate by family type, as far as we know. The measure seems to punish families with children in particular, which seems an extraordinary thing for a Government to do. Terrie Alafat also pointed out that the new national living wage will bring in, for a family with two earners, £29,952 a year. That is the point that we are making, that the new minimum wage—I refuse to call it a living wage—will leave people at the same level, because with upratings presumably that is higher than the threshold. She added:

"It must be contradictory for a household to be on the statutory minimum wage and also less than £50 away from being classified as a high earner for housing policy purposes."

Even the Government's own consultation on "Pay to stay" recognised such thresholds as a problem. There were suggestions, which I will discuss in the debates on later amendments, of where that level should be set.

2.45 pm

Mr Thomas: Is this not perhaps an example of the Chancellor giving with one hand and the Minister taking back with the other?

Dr Blackman-Woods: Absolutely. I draw the Committee's attention to the written submission from the Home Group, which worked through examples of the effect on its tenants. It thinks that around 11% of its tenants will be affected, and that half of all local authority tenants—a huge number of people—could see really enormous jumps in the amount of rent they will have to pay. The written evidence works through just how serious the jumps in rent charges will be and the potentially devastating consequences for particular families. If the Minister is going to reject everything we put forward to make the scheme a little bit fairer, I urge him to look at what individual housing associations and local authorities are saying, because they are in touch with their tenants and will know the impact of the legislation.

I will not say too much about amendment 216, because it just carries on from amendment 214, but it tries to put some sense into the definition of a high rent with reference to average incomes in the area and with high incomes being defined by the top quartile of incomes in the area. If we were asked what we think is a high income, how many of us would say the statutory minimum wage? Who would? Quite frankly, no one with any sense would say that. We would all say, "Well, perhaps the higher quartile of incomes would seem to be a reasonable starting point." That would vary slightly throughout the country—for example, in Yorkshire and the Humber the average salary is £23,000, compared with an average salary in London of about £40,000.

As I suggested earlier, we would relate the definition to what is happening to earnings locally, and it would also be understandable. It seems fair that we all understand how income has been assessed and why it has been judged to be a high income, rather than having it judged against the minimum wage, which, as I said before, seems extraordinary. If the Minister wants further evidence, there is yet another excellent submission from a housing association. This time it is from Riverside housing association—

Mr Thomas: One of the pilots.

Dr Blackman-Woods: Indeed. Again, with its tenants in mind it worked through exactly what the proposals will mean. It said that the impact of paying to stay

"is likely to be very high and vary significantly across the country. Comparing two local authority areas, Liverpool and Bromley, shows the difference an increase to market rent could mean for our tenants. At present a move to a market rent for a household at the £30,000 threshold living in a 3 bedroom house in Liverpool would result in a weekly increase of £35 (an increase of 38%). However for a similar family (now earning £40,000) living in a Riverside home in Bromley this would mean a staggering increase in weekly rent of £254"—

a 201% increase in their rent.

Riverside continued:

"This would mean that the household would pay around 50% of their gross income on rent, significantly above the accepted affordability threshold of 30% which is usually applied to net income."

That is a staggering example, but it is just one out of many and would be duplicated again and again across all housing associations in all areas of the country. I use the example to demonstrate once again that the measures will have an impact on the amount of money that real people will have to pay to be housed.

Mr Thomas: Not only will that have an impact on real people, but might it not also have an impact on the taxpayer? My hon. Friend may have seen the modelling by Sovereign Housing Association showing that a typical household of two adults earning £30,000 and two children in a three-bedroom house would be eligible for housing benefit in over half of local authorities. That figure rises to some 96% for residents paying affordable rent. For those paying a market rent, the figure would be 100%. It cannot be right that the taxpayer will have to pick up the mistakes of the policy as currently drafted.

Dr Blackman-Woods: My hon. Friend makes eloquently the point that we made earlier. The lack of a cost-benefit analysis of the scheme is very unhelpful, because we would otherwise have those figures. We would know how much money is likely to be spent on housing benefit, how much it would take to administer the scheme and whether it was worth putting so many families through this extraordinarily damaging series of events.

Amendment 217 seeks to test the Minister on whether there is another way in which we could consider what might be a high income. If it is not to be above the median of rents set locally and if it is not to be in the upper quartile, what about three times the average income for the area? That is another way in which we could determine what would be a high income, but the Government have rejected that particular approach. Again, we have evidence from Mulberry Housing Co-operative:

"Our tenants will be unable to afford the massive increases in rents...This means the rents would have to rise above the household income of the majority, if not all, of our members. To afford this level of rent the household income would have to be in the region of £170,000pa. A household income of £40,000 would trigger rent rises that are impossible to pay for the ordinary workers who make up our Co Op."

There we have it from the very people who run the co-op. Using the high-income level proposed by the Government, it will be impossible for people on such levels to pay the increased rent. I urge the Minister to reconsider the thresholds.

Finally, I turn to amendment 215. My understanding of the Government's most recently published consultation is that they intend household income to be assessed only on that of the tenant and not that of other household members. The amendment seeks to discover whether that is wrong or whether the Government have not decided what they are doing. PlaceShapers and its members are concerned that if incomes beyond those of tenants are taken into account, current tenancy agreements will be called into question. It has asked, as have others, that only the income of tenants is taken into account. Otherwise, family units might be broken up, and it might be

[Dr Blackman-Woods]

necessary for parents to ask an older child to move out of the property if they were not able to afford the higher rent.

Example after example has been given to us of the damaging consequences that the measure could have for households. I would be grateful to hear from the Minister whether only tenants' incomes will be included, or whether a household will include an 18-year-old who has a part-time job stacking shelves in the local supermarket. Will the income of that adult child be taken into account?

Mr Jones: As I said earlier, we were clear at the last Budget that the household income thresholds for the policy will be £30,000 nationally and £40,000 in London. We have also been clear that we will base household income on the income of the two highest earners in the household.

Amendment 214 seeks to introduce a minimum income threshold linked to median national incomes. I note that the latest data from the English housing survey show that the median household income is £26,000—substantially below the prudent threshold we have set. Amendment 215 seeks to ensure that the income thresholds would apply only to tenants, rather than the household. Using household income is the fairest way of defining high-income social tenants, as it ensures that those who contribute financially to a household also contribute financially to a fairer rent. However, we intend to take a proportionate approach by specifying that only the income of the two main breadwinners will be taken into account.

Amendments 216 and 217 seek to introduce variable income thresholds linked to average incomes at a local level, but such an approach would be confusing for tenants and burdensome for landlords to administer. Instead, we have agreed to consult on gradual increases in rent for social tenants as their incomes rise above a clear and simple threshold. On that basis, I hope the hon. Lady will agree to withdraw her amendments.

Dr Blackman-Woods: Again, it is unfortunate that the Minister has not engaged with the points we are raising through the amendments, such as the fact that the level of income the Government judge to be "high" is being set not at the median per person—nor, indeed, above the median per person—but at the level of the statutory minimum wage. I thought the Minister was in danger of making the same mistake that the hon. Member for Lewes made earlier, by assuming we are talking about individual incomes when we are actually talking about household incomes. If it was the median income per person in the household, we would be in a very different situation.

3 pm

We are suggesting through our amendments that the Government really need to think again about the thresholds. The consultation carried out by the Government was on threshold levels of £60,000, £80,000 and £100,000, and those were rejected by most people who responded. Why, then, do the Government deem it reasonable to bring forward a scheme with income thresholds of £30,000 outside London and £40,000 within London? That is beyond the understanding of not only most of us but most of the people who have responded to the legislation. I hope the Minister hears how strongly the Opposition feel about this issue and how unfair it will be for the many people on low incomes who will be hit by these huge rent increases.

I hope, on the basis of what we have said and the evidence presented to the Committee, that the Minister will look at the issue again. I hope the Government will consider the responses to the consultation document with the new threshold levels that is out at the moment before coming to a firm decision and setting "high income" at the level of the statutory minimum wage, which is clearly and utterly ridiculous. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 75 ordered to stand part of the Bill.

Clause 76

Information about income

Dr Blackman-Woods: I beg to move amendment 218, in clause 76, page 31, line 1, leave out subsection (3).

The amendment would reduce the scope of regulations made under this section.

I can be very brief about this amendment. As the Committee knows, because we have mentioned it a few times, we are concerned about the powers being given to the Secretary of State to do all sorts of things. We are worried about the scope of the regulations under clause 76(3)(b) that enable the Secretary of State to say exactly what type of information and evidence might be required regarding people's income, as well as

"the time within which and the manner and form in which the information or evidence is to be provided".

That is an extraordinary intrusion by the Secretary of State into how housing associations and local authorities run their affairs. We are going to have regulation and the Secretary of State will be able to say, "This is the information that you are going to require. This is the evidence—two payslips, three payslips, four payslips, five payslips." We do not know. Presumably at some stage we will see the regulations. Alternatively, the Secretary of State might say, "I'm sorry. No, we do not think that payslips are good enough. We want an employer to estimate an annual income. We want an employer to give a statement of exactly how the pattern of earnings accrued to that person throughout the year."

The Secretary of State is going to tell housing associations and local authorities exactly how to get the income and in what way, whether practical or not, and the time, manner and form in which the information or evidence is to be provided. The possibilities of what this could mean under clause 76(3)(b) are endless. Will it all have to be electronic?

Peter Dowd (Bootle) (Lab): Does my hon. Friend agree that this seems to be in complete contradiction to the Prime Minister's view that local authorities should be trusted to get on with the business of the day? To repeat a phrase I have used in the past, it shows an anal retention of the detail of what a form should look like, when it should be sent out and what it should and should not include. Does she agree that it is about time the Government started to chill out?

Dr Blackman-Woods: My hon. Friend introduces a very good phrase that we might use more often in Committee: "chill out".

Peter Dowd: I thought my hon. Friend was going to say "anal retention".

Dr Blackman-Woods: No—I am not going down that route.

I would have thought that local authorities and housing associations should be allowed to manage their own affairs in respect of how they collect information about income so that it suits their tenants. The Secretary of State could decide that all information should be supplied and obtained electronically, but a lot of tenants might get weekly payslips, so that would be extremely difficult for them. He might decide that the timeframe should be three months, which could be extremely difficult for those with fluctuating earnings.

This subsection is nonsense, because to make the scheme operate all the Secretary of State has to say is that housing associations and local authorities must determine the income of their tenants and apply higher rents, rather than telling them what kind of information or evidence will be required and the time and form in which they must get it.

Mr Stewart Jackson (Peterborough) (Con): In my reasonably short time on the Public Accounts Committee—I have not been on it as long as my hon. Friend and esteemed colleague the Member for South Norfolk—one lesson I have learnt is that if data are not collected properly, the efficacy of a proposed policy can never be worked out. My reading of the clause is simply that it will be a template for consistency across housing associations, which will allow each to measure the same thing.

Dr Blackman-Woods: That is an interesting point of view, but it is rather at odds with what we often hear from the Government about localism, letting a thousand flowers bloom and letting local authorities get on with the job of managing things. In fact, it probably runs counter to the whole devolution agenda, so the next time the Secretary of State gets up to expound the many benefits of devolution—I totally concur: all of us want to see more devolution—I might be tempted to remind him that subsection (3) is at odds with the devolution ethos. It is incredibly prescriptive, because not only does it require particular information from local authorities or housing associations, but it requires that in a particular way.

Peter Dowd: If I could push this point, does my hon. Friend agree that the Government are effectively saying to local government, "You are going to fund yourselves via council tax or business rates," so all the responsibility goes to them, but at the same time the Secretary of State and Minister seem to be telling local government what the colour of their forms should be?

Dr Blackman-Woods: My hon. Friend puts it very well indeed. I will not labour the point further. We are clear that this is an unnecessary intrusion into the operational practices of local authorities and housing associations, and in fact—this is the main reason why we tabled the amendment—it could be unworkable, because the Secretary of State could set a way of collecting data that is impossible for small housing associations. I will be interested to hear how the Minister will defend the inclusion of the clause in the Bill and how he squares it with the devolution agenda.

Mr Jones: The clause allows the Government to make regulations requiring tenants to provide information to landlords in order to administer the policy. Subsection (3) simply provides an assurance to tenants and landlords that we understand we need to be clear on how that will work in practice. To remove it, as the amendment proposes, would only sow confusion. On that basis, I hope the hon. Lady will withdraw her amendment.

Dr Blackman-Woods: It is very interesting that the Minister was not able to square subsection (3) with the devolution agenda. That is what I suspected. What we hear is a degree of micromanagement from the Government. Indeed, we do not know whether they will specify the colour of the form, because that could fall under

"the manner and form in which the information or evidence is to be provided."

The degree of interference from the Secretary of State seems incredible, but I doubt I will persuade the Minister and his colleagues otherwise this afternoon, so I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 76 ordered to stand part of the Bill.

Clause 77

HMRC INFORMATION

Dr Blackman-Woods: I beg to move amendment 219, in clause 77, page 31, line 8, at beginning insert

"Following the adoption of a process agreed with the tenants,".

The amendment provides that information will not be disclosed to HMRC without a process for doing so being agreed with tenants in advance.

The amendment would ensure that the process that emerges to disclose information from Her Majesty's Revenue and Customs on a tenant's income is agreed by the tenant. Such information is incredibly sensitive, so it is important that tenants are fully aware of what information about them is going to be collected. After all, this information is currently not routinely provided to housing associations. Local authorities might get the information through a different route for council tax or council tax benefit purposes, but it is not be collected in the way that the clause outlines.

It is always useful to put oneself in the position of the tenant. Would any of us want HMRC to provide information to a third party without our being aware of what that information was or exactly what it encompassed and what it would be used for? The amendment is very straightforward and reasonable, and would simply require the process for sharing the information to be agreed with tenants. This matter was raised by a series of barristers and lawyers who deal with tenants issues. They say that in addition to tenants being aware of the information on their income that is passed on to another body, the process should be agreed with tenants in advance. They say:

"HMRC should not be given power to disclose information to social landlords without the express prior consent of the tenant in writing."

Tenants should be very clear about what is going to be passed on and give their consent to the process.

[Dr Blackman-Woods]

It is probably a really basic human right for a tenant to be able to have their say in the process. It would be interesting to hear from the Government why they think the amendment is not a good idea and the clause is not in breach of the Human Rights Act. All the lawyers who are looking at the clause will probably be really interested to hear the Minister's response.

Mr Jones: The amendment would go too far by requiring tenants to approve the procedure for information-sharing. We do not believe that tenants are well placed to give a view on the security of such a procedure, nor are we clear how such approval could be obtained without a huge and unnecessary burden being placed on landlords. On that basis, I hope that the hon. Lady will seek to withdraw the amendment.

Dr Blackman-Woods: Let me get this clear. The Minister is saying that a whole public body is going to be set up to transfer information between HMRC and providers of social housing—we will come to that group of amendments in a moment or two. That whole bureaucracy will be set up by the Government in order to make these provisions work, but allowing tenants to sign a bit of paper saying, "I understand the process that's going to apply in terms of passing this information on. It will be this sort of information; I understand that and am happy about it," is too much bureaucracy. We are talking about a piece of paper or an email, compared with a whole public body being created. I am not entirely sure of the logic underpinning the Minister's response.

I again ask the Minister nicely to ponder what we have said about tenants' right to have some understanding of what is happening to them in the new process and the importance of ensuring they are fully signed up to it. That should be part of any new tenancy agreement that will have to be made as a result of the Bill—another whole lot of bureaucracy created by the measures in the Bill. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

3.15 pm

Dr Blackman-Woods: I beg to move amendment 220, in clause 77, page 31, line 15, leave out subsection 2(c).

The amendment would make unnecessary the creation of a public body to transfer information from the HMRC to a local authority or registered provider of social housing.

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

Amendment 221, in clause 77, page 31, line 18, leave out subsection (2)(d).

The amendment would make unnecessary the creation of a public body to transfer information from the HMRC to a local authority or registered provider of social housing.

Amendment 222, in clause 77, page 31, line 20, leave out subsections (3) to (5).

The amendment would make unnecessary the creation of a public body to transfer information from the HMRC to a local authority or registered provider of social housing.

Dr Blackman-Woods: This group of amendments seeks more information from the Government about what the new public body will look like, because clause 77 does not give us an awful lot of information about it.

We are concerned to ensure there are adequate safeguards for the transfer of information from HMRC to social landlords. We are not clear why a new public body is needed to transfer that information. It will certainly create more bureaucracy. The body will presumably be a quango, although we do not know that. I would have thought that this goes against what the Conservative party has said it wants to do. Housing associations, arm's length management organisations and local authorities are concerned that this process will add hugely to their administrative burdens and that new operational systems will be needed to keep track of the flow of information.

We know very little about the new body. What is the whole system going to cost? Has anyone carried out a cost-benefit analysis? We seem to know nothing. There is nothing in the impact assessment about the cost of operating this public body. How big will it be? How many people will be employed by it? Where is it going to be? Under what protocols will it operate? How will it be set up? In what timeframe will it be set up?

Mr Richard Bacon (South Norfolk) (Con): Does the Opposition spokesperson believe that the allocation of social housing to tenants who need it should be based upon their annual income?

Dr Blackman-Woods: Forgive me, Mr Gray, but I thought we were discussing amendments 220, 221 and 222.

The Chair: That is correct.

Dr Blackman-Woods: These amendments relate to a new public body transferring information from HMRC to providers of social housing. I will endeavour to remain in order by talking about that.

Mr Bacon: Will the hon. Lady give way on that point?

Dr Blackman-Woods: If the hon. Gentleman will excuse me, I will not give way, because I am talking about the transfer of information from HMRC to social landlords. However, if he is asking me about that, I will happily give way.

Mr Bacon: Of course it is about the transfer of information; that is what the amendment is about. My question to her is: what is the information?

Dr Blackman-Woods: As I understand it, clause 77 is about the Secretary of State, by regulation, setting up a public body with the function of transferring information between HMRC and a provider of social housing. The purpose of the amendments is to question the Minister about the nature of that public body. That is relevant, because we want to know whether the scheme will be cost-effective. It is interesting that we cannot ask tenants to sign a bit of paper because, from the Government's point of view, that would be too bureaucratic, but that we can set up a new public body. I do not know what size it will be, how many people it will employ and how exactly it will relate to HMRC and social landlords. It is strange logic to say that establishing a public body, which could be huge, is not too bureaucratic, but getting tenants to sign a bit of paper is.

Peter Dowd: In 2007, the then shadow Cabinet agreed to a document entitled "Freeing to Compete". One of the things it said was:

"Before imposing traditional 'heavy' regulation, government should always consider whether the ends could be achieved by less burdensome means, such as through competition, incentive schemes, or self-regulation."

Does my hon. Friend think that this measure goes with the spirit of that quote?

Dr Blackman-Woods: Absolutely not. Lots of housing associations and local authorities have written to us to say that they are concerned about how the new public body will operate and how onerous interacting with it will be. One said:

"Administrating Pay-To-Stay…will be a near impossible demand upon our self-managed community. Inevitably we would need to look at outsourcing much of this work which will further add to the demise of"

their community.

"It will also be a drain on"

their resources. The point they are making is that they are concerned that the new public body, which will probably be very bureaucratic, will set up a lot of new systems with which social landlords will have to interact and which could put onerous burdens on housing associations and local authorities.

Helen Hayes (Dulwich and West Norwood) (Lab): Does my hon. Friend agree that there are several other concerns about how the new public body will be regulated? Will the regulation fall within the remit of the Homes and Communities Agency or the Financial Conduct Authority? If the new body makes mistakes that have the potential to affect tenants' tax return obligations and so on, how will they be rectified and dealt with in a timely manner? Will that be an additional burden on the public sector?

Dr Blackman-Woods: My hon. Friend makes a very important point. The subject of our next amendment is how the system will be regulated and subject to external oversight. I will not stray on to that amendment now, because I want to hear what the Minister has to say about the issues raised by amendments 220 to 222.

Mr Jones: We can envisage situations in which it would be helpful for a single body to act as an intermediary between HMRC and landlords. Flexibility has been provided in the Bill for that reason, and we are continuing to develop our thinking following the consultation. The same limits and sanctions will apply to such a body as to the landlord. On that basis, I hope the hon. Lady will withdraw the amendment.

Dr Blackman-Woods: I think the Minister's response presupposes what clause 77(3) actually means. It states:

"The Secretary of State may by regulations...give a public body the function mentioned in subsection (2)(c)".

From what the Minister has said, I am not clear whether the Government intend to set up a new public body or not, but perhaps he will intervene and clarify that.

Mr Jones: I will intervene with pleasure. I did say that we are seeking flexibility, which is being provided in the Bill, for the reasons that I mentioned and so that we can develop our thinking, particularly in response to the consultation that has been carried out.

Dr Blackman-Woods: So we are going to have a flexible public body.

Peter Dowd: A flexible friend.

Dr Blackman-Woods: That is an interesting concept. It is so interesting that I am tempted to withdraw my amendment, so that we can come back and have a much fuller discussion about what a flexible public body looks like and what the flexibility encompasses. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 77 ordered to stand part of the Bill.

Clause 78

Power to increase rents and procedure for changing rents

Dr Blackman-Woods: I beg to move amendment 223, in clause 78, page 32, line 11, at end insert—

"(c) should be subject to an external review system."

The amendment would establish that the high income social tenants mandatory rents regime system should be subject to an external review system.

This amendment, as was anticipated by my hon. Friend the Member for Dulwich and West Norwood, seeks to question the Minister about what oversight will be in place to ensure proper regulation of the transfer of information between HMRC and registered social housing providers. That is very important for all the people who have to use the scheme. Given that the Government seem to have rejected the idea of tenants having a role in agreeing information about them being used in this way, it seems even more important that there is an external review system that gives the tenant some confidence about how sensitive information about their income is to be used, and about who has access to that information. If the information is about earnings that fluctuate hugely, the system should be able to accommodate the detailed level of information from the tenants that will be provided.

I appreciate that, following our previous discussion, we are now in the world of a very flexible public body, but, flexible or not, we want reassurances from the Minister that there will be effective regulation and a review system. An interesting point that we have not come to yet concerns what happens if the public body passes on information and, somewhere in this process between social landlords' tenants and HMRC, information goes missing or is misapplied, or the calculation is wrong. After all, all of us in this room must deal on a daily or weekly basis with problems that emerge in terms of tax credits, child benefit and a whole range of benefits. Things go missing or go wrong and it is sometimes difficult to get to speak to the person who can sort out the problem.

If a person's income is deemed to be £35,000 a year, because a piece of paper has been counted twice, but their income is only £25,000 a year, how is the tenant able to address that mistake? Nothing in the legislation lets us know what the body will be like. How accessible will it be? What systems will it operate under? How will

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it be subject to external review? How will the decisions that are ultimately made on account of the information coming from that body be applied?

3.30 pm

Again, this is an extremely important point about putting necessary safeguards into the system not only for tenants, although that is important, but for housing associations and the local authorities, so that they are convinced that the information they are using is accurate and not unnecessarily penalising or being too generous to their tenants. I look forward to hearing the Minister's reply.

Mr Jones: Parliament is the right place to scrutinise legislation and there is no place for an external review of regulations made under clause 78, as proposed by the amendment. We will produce further detail on the regulations at later stages of the Bill's consideration and we will continue to engage with the sector. On that basis, I hope that the hon. Lady will withdraw her amendment.

Dr Blackman-Woods: I am partially reassured by that. Dialogue is important, not only with housing associations and the local authorities, but with tenants, so that they have confidence. We have made it clear that we do not want the system to be in operation, but if it will be, we need to ensure important safeguards for tenants and housing associations. If the Minister is saying that he will talk to housing associations, local authorities and tenants about how to get such safeguard systems in place, and if at some stage that information could be communicated to the Committee, that will be helpful. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 78 ordered to stand part of the Bill.

Clause 79

Payment by local authority of increased income to Secretary of State

Dr Blackman-Woods: I beg to move amendment 225, in clause 79, page 32, line 15, leave out subsection (1).

The amendment would provide that local authorities should not make payments to the Secretary of State in respect of any estimated increase in rental income.

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

Amendment 224, in clause 79, page 32, line 16, leave out "estimated".

The amendment would establish that payments to the Secretary of State would not be made on an estimates of income receipts.

Amendment 227, in clause 79, page 32, line 24, leave out subsection (5).

The amendment would ensure that it would not be possible for payments to be made to the Secretary of State based on assumptions rather than the actuality.

Amendment 228, in clause 79, page 32, line 28, at end insert—

"and such payments will only be applied after replacement costs of the dwelling on a like for like basis, of the same tenure, in the same locality have been deducted by the local authority or registered provider of social housing."

The amendment would provide that no payment will be made to the Secretary of State until the cost of replacing a similar type of dwelling in the same area and of the same tenure and in the same locality has been deducted from the payment.

Dr Blackman-Woods: The clause is really problematic, in particular because subsection (1) is absolutely extraordinary:

"Rent regulations may require a local housing authority to make a payment or payments to the Secretary of State in respect of any estimated increase in rental income because of the regulations."

Given our earlier discussions, we know that, as yet, the Government have made no estimate of the amount of day-to-day income. They are not able to furnish us with any estimates of the income to be raised or the expenditure necessary to make the scheme function, but under the terms of clause 79(1) somehow, on some basis that we do not know at the moment, there will be an estimate of rental income. Presumably, local housing authorities will then make a payment to the Secretary of State in respect of any estimated increase. That is extremely worrying, to put it mildly.

Teresa Pearce (Erith and Thamesmead) (Lab): Does my hon. Friend recall, as I do, that the Minister said earlier that the cost of the scheme will be offset by the income to be derived? Does this clause mean that local housing authorities will not get to keep the income?

Dr Blackman-Woods: My hon. Friend makes an interesting point, which I hope we will discuss when we come to subsequent amendments in the group because all of them are about trying to get information from the Minister about how the scheme will work in practice for local authorities. In particular, the councils are coming forward to us to say that they are extremely concerned about the making of some arbitrary estimate—and we must understand that that is what it is, at the moment, because the Government have not given us any information on how it will be arrived at.

Milton Keynes Council, for example, has written:

"We are concerned that the Bill seeks to establish a process for taking a sum of money from councils based on a national estimate that will unlikely reflect actual local conditions. Councils, like housing associations, should be able to retain the additional income generated from these rents to build new homes."

That is exactly the point that my hon. Friend the Member for Erith and Thamesmead was making. The council added:

"This would have far greater benefits for local communities than the money going to the Treasury."

Matthew Pennycook (Greenwich and Woolwich) (Lab): My hon. Friend is making an important point. Does she agree with me about the earlier point made by the hon. Member for South Norfolk? It might be a good one, in the sense that housing associations may be able to use their funds to do more innovative things to meet housing need, but that option will not be available to local authorities because they are being treated differently.

Dr Blackman-Woods: Indeed. We may be able to bring some cheer to the hon. Member for Lewes by mentioning that if local authorities could keep the income and if there was a proper assessment of it, rather than some arbitrary estimate, they could indeed use the money to invest in new, innovative housing. They could invest in sites for self-build. In fact, they could do all sorts of imaginative, innovative things to create more affordable housing in their area. That would not override the negative aspects of the pay-to-stay scheme, but it might at least provide a benefit that would accrue to local authorities.

At the moment authorities are faced with the arbitrary application of a levy based on an estimate of increased rental income, whether they receive that increased rental income or not. Yet another tax on local authorities is being added to all the increased taxes on them in the Bill. We have no idea of how the estimated increased income will be assessed, what local authorities will do, and where they are supposed to take the money from if the estimate is far higher than the sum they obtain from higher rents.

It is the Minister's Bill and he must explain to us. The question is straightforward. If it is estimated that local authority A will generate an additional £60,000 of income through the measure—because I do not imagine that the amounts will be anywhere near as high as the Government think—and it actually manages to generate only £20,000, because its tenants do not have high incomes, where is the £40,000 to come from? Who is to pay for it? Will it be local council tax payers? Will it be taken from schemes that support care services, or from education services?

It is essential, before we proceed to later clauses, that we understand from the Minister exactly where the money will come from. If there is a shortfall how will it be made up? Has he given any thought to the fact that perhaps registered social landlords and local authorities should be treated in the same way? If the Government are serious about increasing the number of affordable—meaning genuinely affordable, not when affordable is defined as 80% of market rents—homes in this country, the Minister should allow local authorities to keep any receipts and to invest in the many exciting products that we could discuss but will not because we would be straying from the amendment.

The Chair: You certainly would.

Dr Blackman-Woods: The summary of responses in the consultation paper states:

"Around half of respondents thought additional rental income should be reinvested in social housing, either improving existing stock or providing additional affordable housing within the local area".

Although several authorities said that the money likely to accrue from the scheme, if properly operated, and go to social housing providers or local authorities would be much lower than the Government have estimated, it should at least be used to provide new social housing in the area. It should not simply go into Treasury coffers to be used for purposes that we know not, because there is nothing in the legislation that tells us.

It would be useful to know where the Government think the money will go, because we have to remember that it will come from people who, because of where the Government have set the threshold, are on minimum income. The changes will plunge many tenants into debt, possibly homelessness, and yet we do not know what will happen to the money that comes from local authorities. That does not seem a satisfactory state of affairs. If the Government want us to take the legislation seriously, we need much more information about what will happen to the receipts.

As we said when discussing amendment 224, it is critical that the levy is not based on an estimate, because that is totally unfair. If the Government insist on a levy, it has to be based on actual income and not some arbitrary figure plucked from the air, which would amount to nothing more than a tax on local authorities.

Amendment 227 seeks to ensure that any money that goes to the Secretary of State, although we do not like that particular transfer, will be based on the actuality, not assumptions. Amendment 228 would introduce a new dimension into the levy discussion. If a situation is reached where, because of a tenant's income, a property effectively moves out of the social rented sector and into a complete market tenancy, that means one fewer social rented property in the area. Will the Minister consider having the replacement costs of the dwelling taken out before any transfer of money is made to the Secretary of State?

Not only should that money go towards a replacement, but it should be a replacement of the same tenure in the same locality, provided by either the local authority or the social housing provider. That is an attempt to prevent a diminution of the social rented stock, because we know that so many bits of the Bill are about reducing the number of homes available for social rent throughout the country. Many of our amendments have been aimed at trying to restrict the reduction. If the Government, through these measures, are taking properties out of the social rented sector, it is only fair that they should enable those local authorities that wish to do so to have the resources to replace those dwellings locally.

3.45 pm

Mr Thomas: We know from the way in which the Second Reading debate and, indeed, debates in Committee have proceeded that the Government are not remotely interested in helping those on low or middle incomes who, although they may aspire to own their own home, cannot afford to do so at the moment. Surely the Government being willing to help local councils to build more homes for social rent with the resources raised under pay to stay might be one way in which they could ameliorate some of that deserved criticism.

Dr Blackman-Woods: Absolutely; my hon. Friend makes an excellent point. If the Government were genuinely committed to increasing the number of affordable housing units in this country and increasing housing supply across all tenures, they would take the opportunity to use this income to provide additional housing, rather than squirreling it away in the Treasury—we know not where; we know not for what purpose.

Matthew Pennycook: We do know where, in the sense that the Government are very clear in the impact assessment that one outcome that they want is a contribution to deficit reduction. I can understand that, because they

[Matthew Pennycook]

are not making a great job of it. I can understand why they would want to squirrel the money away, but does my hon. Friend not agree that, given the level of housing need and the housing crisis, it is important that all the funds, if they are to be taken away, should be directed at meeting housing need, not filling the coffers in the Treasury?

The Chair: I call Roberta Blackman-Woods to respond within the terms of the amendments.

Dr Blackman-Woods: Thank you, Mr Gray. Indeed, the point I was making was that it would be excellent if there were at least one positive outcome from this clause. It is a really dreadful clause and one that we would like to see removed, but at least it could have the outcome of some replacement social housing.

Mr Bacon: Can the hon. Lady tell us when she anticipates making her first speech saying that we have run out of time in this Committee?

The Chair: I call Roberta Blackman-Woods to respond, focusing entirely on the amendments.

Dr Blackman-Woods: I was on amendment 228. We want to ensure that from the proceeds of this particularly awful scheme, we at least get a positive outcome, a benefit in the form of some additional social housing. I look forward to hearing what the Minister has to say.

Helen Hayes: I support the remarks of my hon. Friend the Member for City of Durham about this extraordinary clause. It is extraordinary in its anti-localist and centralising nature. How can a local authority possibly be expected to estimate the employment fortunes of its tenants, which is in effect what the clause asks for? Is the local authority to conduct an annual appraisal of its tenants? Is it to ask them how things are going at work? Is it to ask them about their aspirations and the likelihood of their getting a pay increase?

Two things about the measure are problematic. First, it requires councils to make estimates based on information that they do not have and cannot possibly control. Secondly, there is no justification for why these payments should be made by local authorities to the Government in any event. The money should be used to deliver new homes and, if not to deliver new homes, to invest in the services that councils provide to their existing tenants and residents.

The Government resolutely refuse to regulate the private rented sector to moderate rents at all, but they will intervene in the rent setting of councils and housing associations. That is despite the advice of David Orr at the National Housing Federation, with which they have entered into the voluntary deal, that it is entirely inappropriate for the Government to engage in the process of setting housing association or local authority rents. The Government propose to require advance payments from councils. How will the measure in any way help to solve the housing crisis? How is it in any way of benefit to residents? How is it in any way compatible with localism?

Peter Dowd: It is a pleasure to serve under your chairmanship again, Mr Gray. As I looked across the room and saw the hon. Member for Thirsk and Malton, I was reminded of Dick Turpin—I am not sure whether he actually trod the roads in your area, Mr Gray—and of the fact that the proposals we are debating are of Dick Turpin proportions. They will steal money from local authorities. The difference between the Government and Dick Turpin is that at least he had the decency to wear a mask.

I would not trust the Government to come up with any estimates. The Office for Budget Responsibility, which is supposed to be independent, gets it wrong all the time. The Chancellor manages, using smoke and mirrors, to change the figures as he goes along. We cannot trust the Government's formula for such estimates in the first place.

If the Government decide to pinch this money from local authorities, which are already significantly under the cosh, where will they get it from? Will they get it from the reserves that they think local government is awash with? They have no inclination to understand that problem. They have already made massive cuts of 50% or 60% to local government, which have affected its spending power, but they still intend to take even more cash off local authorities. That will have the effect of cutting services.

We also have to think about the practicalities. What about the period of reconciliation? What happens if local government has coughed up too much money? Does it get that money back? When will it get that money back, and over what period? Interestingly, I notice that subsection (4) states:

> "The regulations may provide for interest to be charged in the event of late payment."

The question arises of whether that will be reciprocal. If local authorities cough up too much money, will they be paid interest on that?

Local government is struggling financially, and the clause will only add to its burdens. Importantly, it will add uncertainty to local government finance, and that is not fair or reasonable. The Government are fond of saying that they do not want to outsource their responsibilities, but by taking this money from local authorities, they are outsourcing to local government their responsibility for making cuts. It is getting to the point where the Government talk about allowing local authorities to pay the money back in instalments, but on what basis? What is the formula? How will the estimate be arrived at? There is absolutely nothing about that.

Mr Thomas: Might this not be a helpful moment for the hon. Member for South Norfolk to intervene to tell us what the leader of South Norfolk Council thinks of the provision?

Peter Dowd: I wish he would. Of course, we need to take advice from the Prime Minister, in his campaign against austerity, about what he thinks about local government having more money pinched off them by his Government.

The proposal is not fair or reasonable. It will put additional stresses on local government; more important, it will put stress on the services that local government provides by asking it to pay up money without knowing

how much it will have to pay, the basis on which the estimate will be made, whether it will get the money back off the Government if it pays too much, whether it will get any interest payments or when the reconciliation of the figures will take place. The proposal is an absolute mess, and the Government should think again.

Mr Jones: Budget 2015 clearly spelled out the key features of the policy that the Government are implementing, including that any extra income received by local authorities will need to be returned to the Exchequer. Clause 79 is vital to the successful operation of the policy in that regard, as it allows the Government to set out the process for how the money will be returned.

Amendment 225 would remove subsection (1) and therefore the ability to require a local authority to pay increased rental income to Government. I am aware of the views that external rental income should be retained by local authorities, although that is not the approach that we will take, as the money has been clearly identified as a contribution towards the national deficit reduction programme. We have of course proposed allowing local authorities to retain a proportion of the money received to cover administration of the scheme. We are considering consulting on the responses on this question, but we are still minded to make this allowance a feature of policy.

Amendments 224 and 227 would amend subsection (1) and remove subsection (5) respectively. The effect would be that payments to Government could not be on the basis of an estimated increase in rental income, or of a calculation that may be based on assumptions. I recognise that both amendments seek to ensure that local authorities are only passing on actual increases in income, rather than an estimated or notional amount. I am also well aware of local authorities' strong preference for an approach based on actual increases in rental income. I hope that I can reassure Opposition Members that the preference of Government is also to base payments on actual increases. However, we are still considering the approach for determining the amount to be payable to Government. On that basis, I would not want at this time to restrict the flexibility provided by the provision. However, we will of course take into account the case made by Opposition Members for an approach based on actual payments.

Amendment 228 would amend subsection (6) so that a payment would be required only once a sum equal to the cost of replacing a similar type of property in the same area and of the same tenure had been deducted. I do not believe that such a provision is necessary as there is no reduction in the number of council properties as a result of the policy. The property remains a council property and the only thing that changes is the rent payable when it is occupied by a tenant whose income is above the threshold.

Given my explanations and reassurances, I hope that the hon. Lady will withdraw the amendment.

Dr Blackman-Woods: I thank the Minister for that response, particularly with respect to amendments 224 and 227. Opposition Members are very reassured, and I think it will go a long way towards alleviating concern if authorities know that it is an actual base and that the levy will be based on actual income and not estimated income. However, we feel that although the house or home—the housing unit—is not removed from council stock, it is one less property available locally for social rent. We would like to use as many opportunities as possible to get more council housing built, and on that basis, I would like to press amendment 228 to a Division.

The Chair: We will, of course, come to amendment 228 at the appropriate moment in our considerations. For now, is the hon. Lady seeking to withdraw amendment 225?

Dr Blackman-Woods: I am sorry. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Dr Blackman-Woods: I beg to move amendment 226, in clause 79, page 32, line 23, at end insert "without reasonable cause".

The amendment would provide that local authorities or registered providers of social housing are able to make late payments in certain circumstances.

The amendment would amend clause 79(4), where it says:

"The regulations may provide for interest to be charged in the event of late payment."

We would like some reassurance from the Minister. The amendment adds the words "without reasonable cause" because we think there could be a whole set of circumstances outwith the responsibility of the relevant local authority in which a payment to the Secretary of State is delayed. The local authority might be awaiting transfer of information from HMRC or information about tenants, or it might not be clear where tenants are if they have moved out of a property. Something might happen locally—a flood, for example—that disrupts the lives of lots of tenants, so that it is difficult to assess incomes.

4 pm

I was concerned when I read the clause. We are concerned already about the levy being applied to local authorities—in fact, if we go right back to the beginning, we are concerned about the additional rent being charged at the levels of income the Government are proposing. That is the first thing that is wrong with the measures. The second is that the levy is being applied to local authorities on the basis of higher rents. We are also concerned about interest being charged if a payment is deemed to be late.

Local authorities will not only have to find additional rental income to pass on; if there is some sort of problem, which could be outwith their control, they will also have to pay interest. Those seem unfortunate circumstances for local authorities. We already know that having to make such payments could impact negatively on local authorities, particularly those experiencing high levels of cuts, and in addition to that, they will have to pay interest.

Will the Minister reassure us that in the regulations, the Secretary of State will make clear the circumstances in which late payments will be acceptable and that interest will not be charged if a local catastrophe or some other event prevents local authorities from making the payment? For example, HMRC's computer system may break down—not that that ever happens, of course. A range of circumstances might mean the local authority cannot make the payment, but there is nothing at all in clause 79 to suggest there will be circumstances in which late payment is acceptable. I would be grateful to hear what the Minister has to say.

Mr Jones: As previously stated, clause 79 sets out the methodology for how money will be returned as a result of the operation of this policy, including detail of the mechanism for calculating receipts payable to the Exchequer. The clause reflects similar provisions that are applicable to other existing financial programmes and maintains a consistent approach to the treatment of receipts, including provision for the identification and calculation of any interest charged for late payment.

Amendment 226 would amend subsection (4) so that regulations might provide for interest to be payable only where payment is late without reasonable cause. We believe the current wording provides the necessary flexibility for that, without the need for amendment, but we are minded to follow principles in existing receipts programmes and in wider dealings between local authorities and other public bodies. I hope therefore that the hon. Lady will agree to withdraw her amendment.

Dr Blackman-Woods: It might have been more helpful if the Under-Secretary had given us some examples from current custom and practice about how late payments operate, so that we can be absolutely clear the Government are prepared to accept certain circumstances in which late payments would not be subject to interest charges. Without that detail, we are simply left to speculate as to what those circumstances might be. If the Minister could follow up his comments by pointing the Opposition in the direction of where we might find that information, that would be extremely helpful. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed: 228, in clause 79, page 32, line 28, at end insert—

"and such payments will only be applied after replacement costs of the dwelling on a like for like basis, of the same tenure, in the same locality have been deducted by the local authority or registered provider of social housing."—*(Dr Blackman-Woods.)*

The amendment would provide that no payment will be made to the Secretary of State until the cost of replacing a similar type of dwelling in the same area and of the same tenure and in the same locality has been deducted from the payment.

Question put, That the amendment be made.

The Committee divided: Ayes 7, Noes 9.

Division No. 12]

AYES

Blackman-Woods, Dr Roberta	Pearce, Teresa
Dowd, Peter	Pennycook, Matthew
Hayes, Helen	
Morris, Grahame M.	Thomas, Mr Gareth

NOES

Bacon, Mr Richard	Jones, Mr Marcus
Caulfield, Maria	Lewis, Brandon
Hammond, Stephen	Philp, Chris
Hollinrake, Kevin	Smith, Julian
Jackson, Mr Stewart	

Question accordingly negatived.

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

Mr Thomas: A stand part debate on the clause is an opportunity for us to explore in a little more detail why there is a disparity between local authorities and housing associations over who gets to keep any additional income raised under the pay-to-stay policy. In essence, as the clause is drafted, housing associations get to keep any additional resources under pay to stay, but local authorities have to return them to the Chancellor.

The question for Government Members to reflect on is why, say, South Norfolk Council should be treated differently from housing associations that operate in the South Norfolk area? Why should housing associations in Harrow retain some additional resources under pay to stay and yet Harrow Council will not be able to do so? I hope we will hear from the Committee's answer to Robespierre.

Mr Bacon *rose—*

Mr Thomas: I am grateful that we will now hear from him.

Mr Bacon: I was going to quote Mao Tse Tung earlier, but I gather that it is a sensitive point in the Labour party at the moment—although the hon. Member for City of Durham, who is not in her place, referred to a thousand flowers blooming, so she has already quoted him. Just to reassure the hon. Gentleman, the Housing and Planning Minister will be in my constituency tomorrow to visit a self-build project and separately I will see the leader of South Norfolk Council tomorrow evening at a Christmas drinks party. Therefore I—and the Minister, I am sure—will take the trouble to allay his concerns.

Mr Thomas: I am always tempted to agree with the hon. Gentleman, who I have always thought should be on his party's Front Bench—that would be only an improvement on what we see before us today. However, I am slightly surprised that he did not commit to ensuring that the Minister not only visits that self-build project as he should—one hopes that it is a housing co-operative—but sits down with the leader of South Norfolk Council to explain why he intends to discriminate against South Norfolk Council as opposed to South Norfolk's housing associations. It seems to be a bizarre and arbitrary distinction to make.

Mr Bacon: First, I assure the hon. Gentleman that South Norfolk Council does not feel discriminated against, because the leader of the council is so dynamic that he has found alternative routes provided by this visionary Government to set up independent commercial entities under the general power of competence. Secondly, I reassure the hon. Gentleman that Ministers tell me that they met the leader of South Norfolk Council yesterday.

Mr Thomas: Now that is good news. I hope that the details and minutes of that conversation will be published, because I was struck by the concern of the Local Government Association, sadly at the moment run by the Conservative party, and by its strong opposition to and concern about the distinction between housing associations, which will be able to receive the additional proceeds that might be generated under pay to stay, and local authorities, which will not be able to receive them.

I do not know whether the leader of South Norfolk Council is an active player in the Local Government Association and we do not know whether the leader of the LGA took the opportunity yesterday to bend the ear of the Minister on—

Mr Bacon *rose—*

The Chair: Order. Before any intervention, perhaps we should focus on the topic before us, rather on an amusing and amicable exchange.

Mr Thomas: I am very grateful for your protection, Mr Gray, from the hon. Member for South Norfolk.

My second key point is that the failure to allow local authorities to keep any of the additional rent raised further undermines the housing revenue account self-financing settlement, which was supposed to free up local government housing from central Government control, and further reduces the chance of local authorities being able to contribute new house building to address our national crisis. That settlement will be further put at risk by the rent cuts being pushed through in the Welfare Reform and Work Bill and by the forced sell-off of homes that we have discussed already.

I say gently to Government Members that I will have to be blown away by the oratory of the Minister not to want to press the matter.

Matthew Pennycook: My hon. Friend is making a good point about the clause that speaks to wider concerns with the Bill. On Second Reading, the right hon. Member for Arundel and South Downs (Nick Herbert) put it well when he said that many measures in the Bill, including this clause, cut against the grain of the Government's laudable commitment to localism.

Mr Thomas: My hon. Friend makes an important point, which further illustrates the need for the Minister to be particularly convincing in his response.

Question put and agreed to.

Clause 79 accordingly ordered to stand part of the Bill.

Clauses 80 to 83 ordered to stand part of the Bill.

The Chair: In accordance with the programme order of 10 November, as amended on 19 November, we now come to amendment 93 to clause 92.

Clause 92

Designation of neighbourhood areas

The Chair: I call Gareth Thomas.

Mr Thomas: I am extremely grateful for your assistance, Mr Gray. In the spirit of moving swiftly through the passage of the legislation, I take the opportunity to move the amendment formally.

Amendment proposed: 199, in clause 74, page 30, line 4, at beginning insert "Subject to subsection 1(A)".—*(Mr Thomas.)*

See amendment 200.

The Minister for Housing and Planning (Brandon Lewis): I appreciate the ethos and the manner with which the hon. Gentleman has moved the amendment. It is one of the most succinct, direct and brilliant speeches that he has made in the past few weeks, and the first one that I have been almost tempted to agree with. Before we get to that point, however, I must say, on the amendment, that communities can already use neighbourhood planning to allocate land for housing development, including land put forward by housing co-operatives, which I know he champions, and has done consistently and superbly throughout this Committee. We all support housing co-operatives.

4.15 pm

Our early evidence indicates that neighbourhood plans have allocated 10% more homes so far than local plans. Furthermore, neighbourhood development orders and community right-to-build orders allow communities to give planning permission for a particular development without the need for traditional planning applications. Neighbourhood plans and orders are subject to local referendum so that proposals benefit from genuine local support. We have put £22.5 million into supporting such programmes, and more than 1,700 communities are going forward with them.

The Bill makes provisions to ensure that more permissioned service land is available that is suitable for self-building and custom house building. To return to the conversation that we had a week or two ago, where a group of people want to build or commission their own homes next to each other so they can live as a community, the clauses in chapter 2 of the Bill allow that to happen. We fully support community-led housing development, and we have already put in place a range of mechanisms to support it. I hope the hon. Gentleman withdraws his amendment.

Mr Thomas: I am grateful to the Minister for the positive attitude with which he has clearly considered my amendment. It was certainly tabled before we had the opportunity for the helpful debate on housing co-ops and the applicability of the self-build and custom build provisions. There was a slight caveat in his willingness to recognise that housing co-ops are potential examples of self-building and custom house building. I say gently to him that some further clarity, perhaps by way of guidance to the parent bodies of the UK co-op housing movement, might be helpful by indicating what types of housing co-operative are covered in what circumstances by the self-build and custom build provisions.

Brandon Lewis: In the spirit of helpfulness, the hon. Gentleman makes a fair point, and I will consider how we can do something positive in that way.

Mr Thomas: That is the Christmas spirit kicking in, and I am grateful to the Minister for it. There is a parent body for the housing co-op movement. If he is willing to suggest to the relevant official in his Department that they communicate with that organisation, that would be additionally helpful.

I am grateful to both Ministers for the spirit with which they have engaged with the potential difficulties facing housing co-ops in the legislation, and particularly to the Under-Secretary of State on the concerns about pay to stay, which genuinely put at risk some of the smaller housing co-ops due to the administrative burdens involved. In the spirit in which the Minister has responded, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Brandon Lewis: With your agreement and the Committee's, Mr Gray, I move that we take clauses 92 to 95 stand part together.

Dr Blackman-Woods: I rise to ask the Minister a question about clause 94. Can he enlighten us on how neighbourhood planning forums and parish councils developing neighbourhood plans will take on board the provisions of clause 102? I will not go into the detail of clause 102 at the moment, but there will be neighbourhood plans, and there might or might not be allocated land for development. What involvement will they have in permission in principle being granted?

The Chair: Order. I think we are perhaps a bit ahead of ourselves. It has been suggested that we take the discussion on clause stand part on clauses 93, 94 and 95 together. That was the Minister's proposal. Is the hon. Lady speaking to that?

Dr Blackman-Woods: Sorry, I am speaking to clause 94 on development orders and asking how later stages of the Bill will have an impact on them.

The Labour party very much welcomes the changes that are being made to the neighbourhood planning system to speed up the neighbourhood planning process, ensuring that deadlines are in place and that neighbourhood planning groups get the support of their local authorities in putting plans together. We would like to support and help the Government to achieve that important aspect of the legislation, but we have that one outstanding question that I would like the Minister to respond to.

The Chair: Does the Minister wish to reply to that point?

Brandon Lewis: I would be happy to. We will come to this point when we get to planning permission in principle—clauses 102 and so on—but I reassure the hon. Lady that we are determined to ensure that such decisions are made locally. Neighbourhood plans have the advantage of having been through a local referendum. Local people will directly be involved in drafting and approving the local plans that will ultimately inform that planning in principle process, which we will come to in a short while.

The Chair: Order. Since there has been some discussion on some of the clauses, we will therefore take them separately as stand part debates.

Clauses 92 to 95 ordered to stand part of the Bill.

Clause 96

POWER TO DIRECT AMENDMENT OF LOCAL DEVELOPMENT SCHEME

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

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

New clause 14—*Development plan documents: accessible design*—

"In section 19 of the Planning and Compulsory Purchase Act 2004 [*preparation of local documents*] after subsection (1) insert—

'(1B) Development Plan documents must (taken as a whole) include policies designed to secure inclusive design and accessibility for the maximum number of people including disabled people"'.

This new Clause would ensure all planning decisions fully consider the need to create places and buildings which meet the needs of all sections of society across their lifetimes. It would provide support for plans and planning decisions which seek to meet locally assessed needs for accessible homes.

New clause 15—*Strengthening the Plan Led system*—

"(1) In section 38 [*Development plan*] of the Planning and Compulsory Act 2004 subsection (6) after 'considerations' insert 'of exceptional importance"'.

This new Clause would give more certainty to all parts of the community that the content of neighbourhood and local plans will be the prime factor in all decision making.

New clause 16—*The Purpose of Planning*—

"(1) In Part 2 (Local development) of the Planning and Compulsory Act 2004 insert—

'12A The Purpose of Planning

(1) The Purpose of Planning is the achievement of long-term sustainable development and place making.

(2) Under this Act sustainable development and place making means managing the use, development and protection of land and natural resources in a way which enables people and communities to provide for their legitimate social, economic and cultural wellbeing while sustaining the potential of future generations to meet their own needs and in achieving sustainable development, development the local planning authority should—

(a) positively identify suitable land for development in line with the economic, social and environmental objectives so as to improve the quality of life, wellbeing and health of people and the community;

(b) contribute to the sustainable economic development of the community;

(c) contribute to the vibrant cultural and artistic development of the community;

(d) protect and enhance the natural and historic environment;

(e) contribute to mitigation and adaptation to climate change in line with the objectives of the Climate Change Act 2008;

(f) positively promote high quality and inclusive design;

(g) ensure that decision-making is open, transparent, participative and accountable; and

(h) ensure that assets are managed for long-term interest of the community.'"

This new Clause would make clear in statute that the planning system should be focused above all on the public interest and in achieving quality outcomes including place-making.

This is the first clause on local planning. Therefore, it might be convenient for the Committee to allow for a slightly wider Second Reading-type debate, encompassing new clauses at the same time as the stand part debate on clause 96.

Mr Jones: Thank you, Mr Gray. We are committed to a planning system that provides communities with certainty on where new homes are to be built. Local plans set out how housing and other development needs will be met and provide the starting point for dealing with planning applications. Over the previous Parliament, the Government removed top-down regional strategies and placed local planning authorities at the fore of planning how to meet the need for housing through their local plans. Local authorities have had more than a decade to produce a local plan under the Planning and Compulsory Purchase Act 2004. Most have done so—83% of authorities have a published local plan.

The Government have put targeted support in place through the Local Government Association's planning advisory service and through the planning inspectorate to assist authorities that are struggling to get a local plan in place. Residents deserve to know where their new homes and other essential developments will be. Those decisions should be made locally but if that is not happening, it is right that we intervene. If we intervene, currently we have no choice but to take over responsibility for the entire process of preparing, examining and approving the local plan. That is wrong. The measures in the Bill would ensure that, when we have to intervene, we can return responsibility for plan making to the local authority for decisions to be made locally, where they belong.

Clause 96 ensures that directions requiring a local authority to amend its local development scheme are fully effective. A local planning authority must prepare and maintain a local development scheme. This sets out the development plan documents—the documents that comprise the local plan—that the authority intends to produce and the timetable for producing them. A local development scheme is a mechanism for keeping the public informed of plan making in an area and its progress.

Section 15(4) of the Planning and Compulsory Purchase Act 2004 currently enables the Secretary of State, or the Mayor of London where the authority is a London borough, to direct a local planning authority to amend its local development scheme. Such a direction must be to ensure effective coverage of the local authority's area by plans. Clause 96 will allow for a less narrow interpretation of what is meant by "effective coverage". The clause clarifies that the Secretary of State, or the Mayor of London where the authority is a London borough, could direct an authority to produce a specific type of plan—for example, one that addresses housing and other essential development—together with a timetable for its preparation. The clause removes the possibility of an unnecessarily narrow interpretation of section 15(4). By doing so, it ensures that, where there are delays, we can take the necessary action to get plans in place so that all communities benefit from the certainty that a local plan can provide.

Dr Blackman-Woods: I will start with where we agree with the Minister. It is important that our planning system is plan-led, and therefore it is important that local authorities are encouraged to produce plans in a timely manner and that those plans are based on a proper assessment of local housing need and of everything that is needed to support housing development. We need good land-use planning that meets the needs of the population that resides in an area, or that might reside in an area over the period of the plan. To that extent, we agree that local plans are pivotal to our whole plan-making system.

I draw the Minister's attention to the Lyons review, which was set up by the Labour party in the last Parliament. The review contains a section on speeding up plan making, on requiring local authorities to carry out their plans in a timely way and on ensuring that, by the end of next year, all local authorities have a plan in place, because we think local authorities have had more than enough time to put a local plan together. It is extremely difficult to have a plan-led system if local authorities do not have plans in place.

Helen Hayes: Does my hon. Friend agree that, although there is no excuse for local authorities to have an inefficient plan-making system, a major contributory factor in some cases is the extent of cuts to local authority budgets? Planning is the second most cut service provided by local authorities, after cultural services. The Minister should be addressing how local authorities are to resource the timely completion of their local plans. All other things—efficiency, and so on—being equal, resources are the problem.

Dr Blackman-Woods: My hon. Friend makes an excellent point, and it is a point that we sought to address in the Lyons review by considering additional income streams that could flow into planning departments. Of course, in addition to the cuts that have been applied to local councils and planning departments, the Government's changes, particularly to permitted development rights, have taken a huge lump of resources from local authorities because they are not able to apply the same fees for permitted development changes as they would for planning approvals. I am sure that the Ministers are well aware of the issue of the resourcing of local planning departments. I speak to lots of developers, and not one does not raise the issue. They all start by saying, "Look, the major barrier we currently have to getting planning permission is the fact that local authority planning departments are massively under-resourced"—they use the word "massively"—"and are having to take the brunt of cuts in some areas." Councillors are having to make really difficult decisions about whether to cut their planning departments or care services.

4.30 pm

One need go no further than the evidence given by house builders at the beginning of our deliberations. They said their major concern was that council planning departments should be properly resourced, not only so that they are able to put together their plans, which is extremely important, but on an operational basis, to ensure that applications for planning permission are dealt with speedily, which is what we all want to see. We all think it is important that people who are seeking planning permission for developments get that permission as speedily as possible so that we can get on with building the homes our country needs.

Kevin Hollinrake (Thirsk and Malton) (Con): Does the hon. Lady accept that there have been no Government cuts to planning departments? That is a choice for local government. Does she also accept that such cuts are a false economy, because planning departments are there to drive the economic prosperity of an area and therefore of the local authority?

Dr Blackman-Woods: I have already outlined the choices that many local authorities throughout the country are having to make. Many councillors are facing the extremely difficult to decision of whether to cut the planning department, care services or education services. Although the hon. Gentleman is right to the extent—

Brandon Lewis: I am trying to work out where this is.

Dr Blackman-Woods: I will be getting on to the provisions in just a moment. If the Minister is suggesting from a sedentary position that I should not be addressing the intervention, perhaps that is a matter for the Chair. I am seeking to answer the hon. Gentleman's questions.

Brandon Lewis: On a point of order, Mr Gray. What is the recourse for anyone on the Government Benches to clarify the fact that the hon. Lady has just completely misrepresented what I was saying? My point was that the entirety of what she has been saying for the past 10 minutes has been outside the scope of her amendments and the Bill.

The Chair: Order. The Minister should realise that had the hon. Lady been out of order, I would have been the first to bring that to her attention. As far as I am aware, her remarks have been absolutely in order: they have been on new clauses 14, 15 and 16.

Dr Blackman-Woods: Thank you, Mr Gray. I had better continue my discussion of new clause 14. I want to set out for the Committee the direction of travel on planning that we would like to see in the Bill. It might be slightly at odds with what the Government have outlined in clause 96, which, although it is concerned with local plan-making, seeks to take a direction that we would not entirely agree with. New clause 14 will ensure that planning decisions fully consider the need to create places and buildings that meet the needs of all sections of society across their lifetimes. It would provide support for plans and planning decisions that seek to meet locally assessed needs for accessible homes. Clause 96 is relevant because we are not sure that the interventions it will bring about will address the issue.

We want to see support for plans and planning decision making that would not only be based on locally assessed needs, but would seek to address particular needs. That is why the assessment of all needs is important. Sometimes, as the Minister will know, it is easy to overlook the number of fully accessible homes that are required in local plan making, for example. That needs to be based on a very careful consideration of what disabilities people might have in a particular area, and how that need might grow or diminish over the whole plan period.

What we would expect to see from local authorities is therefore not only some input in the local plan to demographic change and the realities of what an ageing population might mean for an area, but perhaps designing housing of a lifetime quality that would enable housing stock, particularly new housing that is developed, to be able to be applied to families and to people with special needs so that they do not have to move. What do the Ministers think about building lifetime homes that would be fully accessible over a lifespan? Or do they want more specialist housing? How do they think such housing would be planned for and built?

The new clause also has something about housing for older people. I was struck, as I am sure other members of the Committee were, in the evidence sessions at the beginning of our deliberations, by how many people across the sector were concerned with the needs of older people. Housing associations told us there is a real issue about supported housing for older people and people with special needs, and how it can be delivered.

Helen Hayes: Does my hon. Friend recognise the huge amount that has been invested by the development industry following the previous lifetime homes standard? The new clause would be a means by which that investment, which is no longer a cost to the industry but an efficiency, could be captured and taken forward, and we could all see the benefits of it.

Dr Blackman-Woods: My hon. Friend makes an important point about how lifetime homes could be funded. That is extremely important. We heard evidence in the early stages of the Committee that some funding streams for supported accommodation were disappearing because of the cuts to local authorities, making it harder for them to provide that much-needed accessible housing.

Peter Dowd: Does my hon. Friend agree that the issue is not only about resource, although I completely accept that that is important? Local authorities do not go out of their way to be difficult in terms of planning processes. In the main, they genuinely try to reflect on what their local communities say now.

Dr Blackman-Woods: I absolutely accept that. My hon. Friend is absolutely right to remind me that local authorities do a very good job in trying to assess local housing need. The purpose of the new clause is to make sure that in doing so they understand the need for accessible homes, and perhaps look at ways of adapting future stock to meet the needs of people over a lifetime, rather than only having to think about specialist housing. It is about how the definition is made.

New clauses 14 and 15 need to be considered together. Through new clause 15, we seek, in the light of clause 96 on the power to direct amendment of a local development scheme, to test the Minister on whether the local plan will have primacy in local planning, or whether clause 96 will give primacy to another body or document. With these new clauses, the Opposition want to assert the primacy of the local plan in plan making in this country. We think that local authorities best understand the needs of local communities. Although the local plan-making process could be improved—I will talk about improvements that could be made in a moment—what we like about it is that local authorities have to consult their local communities extensively when they put their local plans together. Therefore, all parts of the community are involved in the creation of those plans.

There are lots of different methods that local authorities can use to ensure that the community is not only involved in putting together the local plan, but actively participates in it. Committee members have had information about the charrette system, which can help local communities to participate actively in the plan making. There are excellent examples from across the country. In the south of my region, Scarborough is a very good example. With new clause 15, we are asking the Minister, in the light of clause 96, to ensure that primacy is still given to the local plan.

Helen Hayes: In my 18 years of working as a planner, I worked with many local communities in the charrette process that my hon. Friend describes, which is an efficient way to get communities to buy into and give informal consent to new, high-quality developments that contain the appropriate community facilities. In many instances, it helps local authorities to deliver more developments than they would otherwise have been able to deliver. It is therefore a democratic and efficient means of supporting plan making.

Dr Blackman-Woods: My hon. Friend makes a really important point, which I should have emphasised when I started to discuss the new clauses. We tabled the new

clauses because we want positive planning. We want to encourage local communities to get actively involved in planning, and to give their permission for new developments in their area. We want them to be fully involved in the consensus-making system, and in saying what their areas should be like in 20 or 25 years' time.

Those of us who have had a degree of involvement in that process in our constituencies are often surprised, in a very positive way, by how people think about their local community, and how they want it to look in 25 years' time. They not only want to ensure that there is housing for their children and grandchildren, although that is incredibly important given the housing crisis, but they want it to be in communities in which people want to live. That is why positive planning is so important.

I want to spend a moment or two on new clause 16. We want a planning system that is plan-led and fully inclusive. That is the point of new clause 14. New clause 15 is about giving primacy to local plans, and new clause 16 is about what we want those local plans to encompass that we think they are in danger of not encompassing under clause 96. This is about place making. It is unfortunate that there is absolutely nothing in this part of the Bill on how we ensure that the local plans and interventions proposed deliver a planning system that looks at all of the infrastructure needed to make places that people want to live in. I was struck by the number of witnesses who said in their evidence to the Committee, time and again, that the Government's proposals do not give enough consideration to the infrastructure needed to underpin housing.

4.45 pm

Through new clause 16, we want to push the Ministers a little further, to think about not only a system that is plan-led and looks at the necessary infrastructure in a local community, but how to make all development sustainable for the future, so that we are not faced with housing that does not work because it is of poor quality—let us face it: we have been there before.

Mr Jackson: I am puzzled by the hon. Lady's comments. Incidentally, sustainability is at the heart of the national planning policy framework, which she will know has been in place for three years. On the one hand, she says she is in favour of localism, local choices and value judgments made by local planning authorities and local people, but on the other hand, she tells us that we have to put in the Bill variety, diversity and all the rest of it. Surely it is up to local planning authorities to work on things such as joint ventures and regeneration; we cannot legislate for that in the Bill.

Dr Blackman-Woods: It is perfectly legitimate for a Government to consider what framework they need to put in place to help local communities plan for their future, and their children's and grandchildren's futures. After all, I am trying to ensure that we have a planning system that is plan-led, totally inclusive, encourages local authorities to plan for the needs of everyone in their area, and focuses on place making, so that we do not have a planning system that only looks at housing, for example—although it could just as easily look at only transport.

We need a planning system that looks right across the board at place making. How local authorities do that will be a matter for them, within the framework, and what they seek to prioritise will be a matter for them locally. The system needs to do specific things, outlined in new clause 16, in order for development to be sustainable for the future. I do not want to test the Chair.

The Chair: You definitely do not want to do that.

Dr Blackman-Woods: I will get on to the specific provisions, because it is important that this is read into the record. It would be wonderful if the Minister accepted what we are arguing for in new clause 16.

Helen Hayes: In relation to planning, does my hon. Friend agree that the problem with the Bill—the problem that new clause 16 seeks to address—is that it entirely lacks ambition for our planning system in this country? There is no ambition for planning. Planning is regarded in the Bill entirely as a constraint on development, to be minimised, whereas in fact it should be a set of facilitating processes helping to bring new development forward. In particular, there is no ambition for quality of place, or design quality and design standards in any sense, and no ambition for the sustainability of the communities that we create through the planning system. New clause 16 would address that.

Dr Blackman-Woods: My hon. Friend is exactly right. The problem that we want to address is the lack of vision for a planning system. Too often the Conservative party has characterised planning as a block to development, whereas we argue that if planning is done in the right way, and if the approach is fully inclusive, that brings communities along in the planning system. They help to plan neighbourhoods and that can speed up planning further down the line.

Perhaps something else happens as well—something that is even more important. We need a system that designs the communities that people want to live in, which should be fully sustainable. We have tried in new clause 16 to outline changes and improvements, and what the planning system should encompass to make that objective achievable, so that it can take root. We want a planning system based on principles of sustainable development that would positively identify land suitable for development in line with economic, social and environmental objectives, so as to improve the quality of life, wellbeing and health of people and the community.

Mr Jackson: The hon. Lady is most kind in giving way. I have a straightforward question. How is the new clause any different from the existing regime of a national planning policy framework, a robust system of checks and balances through the Planning Inspectorate and supplementary planning documents? For instance, in Peterborough there is the Peterborough city centre area action plan, a supplementary planning document for Peterborough district hospital, and so on. We all have those things in our local authorities. How would the new clause add any commitment to sustainability or effective planning that is not already in place?

Dr Blackman-Woods: We are trying to take some of the principles in the NPPF and give them life in local planning documents, so that local authorities will make very positive identifications of land.

[Dr Blackman-Woods]

What we propose would not be a system in which local authorities would be required just to find a certain amount of land on which to build a certain number of houses. It is important that they should do that, and we are not for a moment suggesting that they should not. We are suggesting that, in addition to thinking about land needed for housing, they should think about what the wider environment will be like if those houses are built. Will there be adequate transport and access to health facilities? Will the development contribute positively to the wellbeing of the community? How will that happen? Where are those objectives reflected in the land use plan? Those things are extremely important if we are to build resilience into communities for the future.

We also say that the plan should contribute to the sustainable economic development of the community. That is an important thing to ask of it. To give an example from my constituency, about putting a land use plan together, I happened to notice when our local plan was before the inspector that although a great many aspects of it related to economic development, and although sites were set aside here and there across the county for economic development, which was very welcome, something was missing. The bit that was missing was setting aside land for start-up units, in particular ones for new businesses that could be easily accessed by students from the university. Some of the start-up units were in an area that students would never be able to access, but that is important for sustainability and to ensure that jobs are there for the future and that we are developing jobs based on knowledge transfer and high-technology skills—we often hear about those exact things from the Conservatives, because that is the high-value and high-skilled economy that they want us to move to. Simply not enough was reflected in the local plan, which was also changed. That is the sort of difference that we think having those principles embedded in local planning would deliver.

The plan should also consider the cultural and artistic development of the community. That can often be missed out in the development of local plans, in which there is a concentration on land use for housing, the economy or transport, forgetting that, in order to ensure that a community develops holistically and is a good quality place to live, adequate notice should be taken of the need for space for new features that can be accessed by the whole community. Those features, whether for sport or leisure, should be inclusive, but they would need to be facilities that create opportunities for the whole community. That is why new clause 14 is so important and why the new clauses in this group must be seen as linked, because we want the principles to be totally inclusive, with planning for the needs of the whole community.

More needs to be done with the plans in areas such as mine, because they must protect and enhance the natural and the historic environment. The Woodland Trust and others gave written evidence to the Committee, and they were most concerned about how interventions could be made under clause 96 that might seek in some way to downplay the attention given in a local area to the planting of trees, for example. We can talk in more detail about garden cities when we reach later amendments, but one of the amazing things that Milton Keynes did when it was being developed under the positive planning agenda that I am outlining was to plant thousands and thousands of trees. Having enough trees was considered important to people's quality of life and the ambience of the new city. It is extraordinary that that could be left out of new developments if it were not an underpinning principle of the local plan or reflected in neighbourhood and local plans.

In my own area I am working alongside a neighbourhood planning forum, and I often say—

Mr Bacon: I am listening to the hon. Lady with interest, but she sounds as if she is saying that one cannot trust local authorities to plant enough trees or ensure provision for local trees in the plan unless central Government tell them to do so. Will she elucidate, because I simply do not understand?

Dr Blackman-Woods: We are talking about a set of principles to underpin a local plan. That does not mean that we would say to local authority X, "You must plant additional trees in your area"; rather, it would be a gentle reminder.

As I was about to explain, I am working alongside my local neighbourhood forum, which is putting a neighbourhood plan together. Often I have to say, "Don't forget about the trees. Where are you going to put the additional trees?" We are talking about a prompt—a set of principles that would have to be addressed when putting a plan together. In no way is the proposed measure seeking to be prescriptive with local authorities or to tell them they have to put trees in a particular place. It just says, "When you're putting together a local plan, don't forget that you need to enhance the natural and historic environment." The word "enhance" is extremely important in that context.

5 pm

We also think it important, as a set of underpinning principles, that a contribution is made to mitigation and adaptation to climate change, in line with the objectives of the Climate Change Act 2008. Interestingly, removing the requirement to build zero-carbon homes has actually made it more difficult for local authorities to address climate change mitigation. We are saying that some of the measures proposed by the Government go against the underlying principles that we would like to apply to plan making in this country. We think that addressing climate change issues is important. Again, to address Government Members' concerns, this is very much about steering; the underlying principles will steer a local plan to address climate change issues.

Helen Hayes: I recently had the privilege of hearing Al Gore speak in London. He expressed his puzzlement—that was the moderate and polite term that he used—at how this Government had taken so many steps in the wrong direction on climate change. Several of those policy decisions related to planning. Does my hon. Friend agree that that is what lies behind the importance of the reference in the amendment to the Climate Change Act 2008? *[Interruption.]*

Dr Blackman-Woods: If I can continue to outline the measures in new clause 16, I will do so. My hon. Friend makes a good point, and gives additional evidence that such principles must underpin local planning if we are to create communities where people want to live.

Mr Jackson: The hon. Lady must have a short memory. I remember that in the good old days when we were both in Parliament under the Labour Government, her party downgraded code 6 for eco-homes in eco-towns to code 3, which was opposed by significant numbers of people in the sustainable energy sector. In that respect, we all make mistakes. She should understand, within the context of planning, that that was done for a good reason.

Dr Blackman-Woods: The hon. Gentleman can correct me if I am wrong, but my recollection is that we put in place a timeframe, which the industry said it needed in order to be able to move to zero-carbon homes. That timeframe was 2016. In the last Parliament, under the coalition Government, the requirement to produce zero-carbon homes by 2016 was removed. The hon. Gentleman must forgive me, but I am not sure I want to take lessons about building climate change-resilient homes from the Conservative party.

Moving swiftly on, we also want an underpinning principle that will promote high-quality and inclusive design. To return for a moment to the charrette system, one positive thing about it is that it involves people in design. I have seen it work by asking quite young children what sort of community they want. *[Interruption.]* That can be easily dismissed, but it is important that we encourage children from an early age to understand the importance of planning and what planning can contribute to improving our whole society if the right system is in place. We have lost that somewhere. That is what underpins the new clauses: if we go back to the intra-war and post-war periods, Britain was at the forefront of improving planning for everyone. Amazing new towns legislation and the Town and Country Planning Act 1947 set a plan-making system in place, but we are falling down the international ranks in planning because we are not ensuring that those sorts of principles are fully incorporated into local planning at all levels. We also want to ensure that decision making is open, transparent, participative and accountable.

The reason we are so concerned about clause 96 is because the whole basis of our local plan-making system is that it should be not only transparent and participative, but accountable. Local councillors should be putting schemes forward with participation from their neighbourhoods. People should be able to go along to a public inquiry and say, "I do not like this bit of the plan. I think it should be changed." We tamper with that system at our peril. Perhaps we can discuss that more when considering later clauses.

Finally, I want stress the importance of paragraph (h) in new clause 16, which says that the planning authority should

"ensure that assets are managed for long-term interest of the community."

That is something we must do, but that element of our plan making has almost, if not completely, disappeared from the Government's thinking. We should use the uplift in land values that development brings for the long-term benefit of the community. Unfortunately, over several years—first under the coalition Government and now this Government—planning gain has been watered down, either through non-application of section 106 or the community infrastructure levy, removing the uplift money that could go towards communities' long-term stability.

Some Government Members are looking at me quizzically, so I will give an example of how uplift planning gain can be invested for the long term in, for example, Letchworth or Milton Keynes. Milton Keynes has existed for 50 years and its roads now need to be improved. The authorities have been able to call on the levy that was attached to new development to fund infrastructure improvement on an ongoing basis. That is the sort of thing we would like to see, especially as so many people have suggested to us that there was no money for infrastructure.

I hope that helps members of the Committee to understand why the new clauses are so important. They would help to put in place a planning system that delivered places that all the people in our communities, as well as future generations, would want to live in—places that provided not only a good quality built environment, but a good quality natural environment, and that gave people access to the jobs and facilities they needed to be able to live comfortably and harmoniously not only in their own neighbourhoods, but with surrounding areas.

I hope the Minister's response will positively welcome such principles and how they could be used to counter some of clause 96's possible negative impacts.

Mr Jones: I refer the hon. Lady to my opening comments, particularly those about local and neighbourhood plans, which clearly outline that the system is plan-led. I will leave it at that.

Question put and agreed to.

Clause 96 accordingly ordered to stand part of the Bill.

Clauses 97 and 98 ordered to stand part of the Bill.

Clause 99

Secretary of State's default powers

Brandon Lewis: I beg to move amendment 182, in clause 99, page 43, line 25, leave out "those matters" and insert

"publication of those recommendations and reasons"

This amendment is designed to clarify the intention of subsection (4)(b) of the section substituted by clause 99.

Brandon Lewis: This is a minor and technical amendment.

Amendment 182 agreed to.

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

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

Government new clause 17—*Default powers exercisable by Mayor of London or combined authority.*

Government new schedule 2—*Default powers exercisable by Mayor of London or combined authority.*

Brandon Lewis: New clause 17 and new schedule 2 insert a new section into, and amend section 17 of, the Planning and Compulsory Purchase Act 2004. The measures enable the Secretary of State to ask the Mayor of London or a combined authority to prepare a development plan. The Mayor of London will be able to do so where a local planning authority is a London

[Brandon Lewis]

borough, and a combined authority will be able to do so where the local planning authority is a constituent authority or combined authority. The Mayor or combined authority will be responsible for having the document examined and approving it.

Currently, where it is necessary for the Secretary of State to intervene to prepare or revise a development plan, his only option is to take over responsibility for the process of preparing, examining and approving. Our proposals will move more power back to a local level. Mayors and combined authorities provide strong and directly accountable governance, which makes them appropriate bodies to ensure that plans that support the delivery of new homes are in place across their areas. The new clause and new schedule, together with clause 99, enable more targeted and appropriate intervention where a local planning authority has failed to take action to get a plan in place, despite having every opportunity to do so.

Dr Blackman-Woods: I want to take the Minister to what clause 99 actually says:

"(1) This section applies if the Secretary of State thinks that a local planning authority are failing or omitting to do anything it is necessary for them to do in connection with the preparation, revision or adoption of a development plan document.

(2) The Secretary of State may—

(a) prepare or revise (as the case may be) the document, or

(b) give directions to the authority in relation to the preparation or revision of the document.

(3) The Secretary of State must either—

(a) hold an independent examination, or

(b) direct the authority to submit the document for independent examination."

I am happy to take a correction from the Minister, but that seems to me to be a total and fundamental change to how we do local plan making. In the current system, local authorities prepare a local plan, consult on it and take it to an inspector, who, through a public inquiry, either approves or does not approve it. I may be reading too much into the clause, but it appears to allow the Secretary of State to intervene in the process and say, "Hold on. I do not like what is happening in that plan. I am going to change it."

Brandon Lewis *rose—*

Dr Blackman-Woods: If the Minister is rising to clarify that the Secretary of State cannot do so, that would be helpful.

Brandon Lewis: I am rising to say that the Secretary of State has had the power to do that from the very beginning. Clause 99 retains the existing powers and allows for more targeted intervention, so that it will not be quite as heavy-handed as it is at the moment. That should be a welcome change.

Dr Blackman-Woods: I hope that that is what the clause is really designed to do, because the Secretary of State's intervention powers are rarely used at the moment. It is not custom and practice for the Secretary of State to intervene in the plan-making process, and clause 99 appeared to be an attempt to widen the scope for the Secretary of State to intervene under clause 99(1). If the Minister is reassuring us that this is a narrowing of the circumstances in which the Secretary of State should intervene, we will take him at his word, but the terminology used in the clause does not quite suggest that.

5.15 pm

Brandon Lewis: I rise to give some clarity and, hopefully, confidence to the hon. Lady. As I said, the clause retains existing powers, but it also allows for more targeted intervention by enabling the Secretary of State to direct a local planning authority to prepare or revise a document and take other steps necessary for that to become part of the development plan in its area. That will be more targeted than the current heavy-handed approach. The existing requirement on the Secretary of State to give reasons for exercising those powers will be retained. The hon. Lady is quite right that those powers are used rarely—in fact, they have been used twice this year. The requirement in terms of local planning authorities reimbursing the Secretary of State will also be retained. He will have to give reasons.

Should the Secretary of State need to step in, the measures give him options that enable more decisions to be made locally, which is hopefully a beneficial change. For instance, if an authority is not making progress with its local plan, the Secretary of State could direct the authority to take steps to progress it. The authority would remain accountable for the plan and could determine with its community—quite rightly—how it will address the Secretary of State's concerns most appropriately to get a plan in place.

The clause ensures that the Secretary of State will retain the ability to intervene and prepare or revise the plan in consultation with the local community. Importantly, when that happens, the clause will give the Secretary of State other options. He could, for example, return a plan to a local authority to take through the examination process or to decide whether to adopt a document. I hope that the hon. Lady accepts that that is a big step forward for localisation in the local planning process.

Question put and agreed to.

Clause 99, as amended, accordingly ordered to stand part of the Bill.

Clause 100 ordered to stand part of the Bill.

Clause 101

PLANNING POWERS OF THE MAYOR OF LONDON

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

Helen Hayes: The Opposition support the aim of a planning process that does not inhibit the speed of potential delivery. London's boroughs have a commitment to boosting London's housing supply and building the homes that Londoners need in accordance with local priorities, but there is some concern about the planning requirements in the clause, which provide the Mayor of London with new powers of intervention. The Government must ensure that the new planning legislation that gives the Mayor greater powers to call in local planning applications does not undermine local planning controls that ensure that developments are of benefit to local communities and local development needs.

The Bill introduces new powers for the Mayor of London to call in planning applications in areas determined through the London plan. We support the Government's ambition to ensure that the strategic importance of London's housing supply is fully considered, particularly in those areas where it will have most impact. We also support more housing and a faster rate of home building in London. In July 2013, for example, more than 120,000 homes had agreed planning permission but had not yet been built.

It is not clear that the Bill gets the balance right between passing more power to the Mayor and local councils, or how it will achieve the right balance between rapid development and responsiveness to local communities. I would welcome more clarity on what the clause is specifically designed to achieve, why the change is necessary and what problems in the current London planning processes it will remove. Has the Minister consulted London's local authorities on the new provision? Does he believe that responsiveness to local communities and the related duties of local borough planning authorities are safeguarded in the new provision? How will the role of authorities change? How will the provision be implemented?

Will the Minister publish further details on how the Mayor's new intervention powers may be exercised in practice, safeguarding the need for active consultation with boroughs as part of the process, as well as detailed local community consultation? Will he make a commitment that any new intervention powers for the Mayor will be used only in instances of London-wide strategic importance?

To retain Londoners' support for positive growth and development, it is critical that local communities have a say in planning decisions in their area. It is not clear how widely the new definitions of the London plan could be drawn or the extent to which the new powers could be used. There is therefore a risk that considerable new call-in scope could overwhelm the capacity of the Greater London Authority's planning function and emphasise operational planning at the expense of its strategic role. It must therefore be ensured that any additional powers that seek to maximise the Mayor's capabilities to control strategic housing supply do not undermine boroughs' capabilities to deliver local housing stock. I would welcome the Minister's response on those points.

Brandon Lewis: This clause, which amends sections 2A and 74(1B) of the Town and Country Planning Act 1990, empowers the Secretary of State to prescribe

"applications of potential strategic importance"

by reference to the Mayor of London's spatial development strategy, otherwise known as the London plan or the London boroughs development plan document.

At present, the Mayor exercises powers under the 1990 Act to call in for his own decision certain planning applications of potential strategic importance for Greater London or to direct a local planning authority to refuse planning permission. The Secretary of State prescribes in secondary legislation which applications are subject to these powers. The practical effect of the clause will be to expand the circumstances in which the Secretary of State can prescribe applications as being of potential strategic importance, for the purposes of the Mayor's call-in and refusal powers. For instance, it could allow different thresholds in growth areas identified in the London plan, allowing the Mayor greater influence over development in those areas where necessary. That would be an important additional tool to allow the Mayor to encourage development in key locations, helping to ensure the delivery of much needed additional homes.

The clause will also enable the Mayor, in circumstances prescribed by the Secretary of State, to issue consultation directions. These directions would require a London borough to consult the Mayor before granting planning permission for development described in the direction. The Secretary of State can already, under existing powers, issue similar directions to require local authorities to consult the Mayor when receiving applications for development on certain safeguarded wharfs on the River Thames or developments that would affect key London sightlines. In conjunction with the Mayor's power to direct refusal of planning applications and policies in the London plan, those directions control development that might harm London's capacity for waterborne freight or its protected views.

The effect of the clause would be to enable the Secretary of State to devolve decisions on which wharfs and sightlines to protect to the Mayor, which would complement the Mayor's existing strategic planning role and allow the Mayor to be more responsive to London's changing needs in the future.

Question put and agreed to.

Clause 101 accordingly ordered to stand part of the Bill.

Clause 102

Permission in principle for development of land

Dr Blackman-Woods: I beg to move amendment 230, in clause 102, page 45, line 14, after "of", insert "housing".

This amendment makes clear that "permission in principle" is limited to housing land in England.

The Chair: With this, it will be convenient to discuss amendment 231, in clause 102, page 45, line 26, after "to" insert "housing".

This amendment is consequential to amendment 230.

Dr Blackman-Woods: These amendments are quite straightforward. The explanatory notes state:

"Permission in principle for development of land"

will apply only to housing sites and to future plans. I would be very grateful if the Minister clarified whether permission in principle can apply to any form of development in England, including highly controversial development, for example waste and energy sites, and what exactly is meant by "other register" or "other document". We are not very clear what that means, and some clarity would be very helpful.

Brandon Lewis: The clause sets out that permission in principle can be granted in relation to land that is allocated in a qualifying document for development of a prescribed description. The clause gives us the power to prescribe in secondary legislation which classes of development should be granted permission in principle. I hope that I can give the hon. Lady the assurance she needs. I will be very clear with the Committee today and answer her question directly.

[Brandon Lewis]

We intend to limit the type of development that can be granted permission in principle to housing-led development. As the hon. Lady rightly outlined, the amendment, which I take from what she said is probing, would mean that it was not possible to have mixed use. That is why we are very clear that it must be housing-led development. Our intention is to set out in secondary legislation that as long as a site allocation includes residential development, local authorities will be able to grant permission in principle for other uses. For example, in a mixed-use development, developers may wish to have some retail premises, community buildings and other things that are compatible with residential properties, but ultimately that will be a decision for the local authority. I hope that the hon. Lady will be able to withdraw the amendment.

Dr Blackman-Woods: Does "housing-led" mean predominantly housing? There could be a mixed development scheme that is housing-led in that housing happens first, but then it is actually a massive new employment complex or a waste or energy complex.

Brandon Lewis: First, that would be a matter for local authorities to decide. We will deal with this matter in secondary legislation, but we are clear that permission in principle will be housing-led. The reason for not limiting it to just houses is to allow for mixed use. For example—I am happy to make this clear to the Committee—if retail is mixed in with houses, that can be quite good in getting a community together. There may be a community centre or even a school, but it has to be a housing development or a housing-led development.

Dr Blackman-Woods: I am partly reassured by what the Minister has said, although I am still a little anxious about the total scope of developments that could be given permission in principle. If the Committee will bear with me, I would like to take the Minister's comments away and think about them. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Stephen Hammond (Wimbledon) (Con): I beg to move amendment 240, in clause 102, page 45, line 22, at end insert—

'(4) A development order under subsection (1) shall be made in respect of land in Greater London by the Mayor of London and in respect of land in England outside of Greater London by the Secretary of State.

(5) Section 59B shall apply to the making of a development order under subsection (1) by the Mayor of London."

See Member's explanatory statement for amendment 245.

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

Amendment 241, in clause 102, page 45, line 30, leave out paragraph (b) and insert—

"(b provide for the granting in respect of land in Greater London by the Mayor of London or the local planning authority, and in respect of land in England outside Greater London by the local planning authority on application to the authority in accordance with the provisions of the order, of permission in principle for development of a prescribed description."

This amendment would provide for an application for permission in principle to be made to the Mayor of London in respect of land in Greater London and to a local planning authority elsewhere in England.

Amendment 242, in clause 102, page 46, line 5, leave out "Secretary of State" and insert

"the Mayor of London in respect of land in Greater London and the Secretary of State in respect of land in England outside of Greater London".

This amendment is consequential to amendment 241.

Amendment 243, in clause 102, page 46, line 8, leave out "Secretary of State" and insert

"Mayor of London in respect of land in Greater London and the Secretary of State in respect of land in England outside of Greater London".

This amendment is consequential to amendment 241.

Amendment 244, in clause 102, page 46, line 28, after "authorities" insert

"and the Mayor of London".

This amendment is consequential to amendment 241.

Amendment 245, in clause 102, page 46, line 30, at end insert—

'(2A) After section 59A of that Act insert—

"59B Development orders made by the Mayor of London

(1) Subsection (2) shall apply to a development order made by the Mayor of London under section 58A(1).

(2) The Mayor of London may make a development order if—

(a) the Mayor of London has consulted the persons specified by subsection (3);

(b) the Mayor of London has had regard to any comments made in response by the consultees;

(c) in the event that those comments include comments made by the Secretary of State, the London Assembly or a consultee under subsection (3)(e) or (f) that are comments that the Mayor of London does not accept, the Mayor of London has published a statement giving the reasons for the non-acceptance;

(d) the Mayor of London has laid before the London Assembly, in accordance with standing orders of the Greater London Authority, a document that is a draft of the development order that the Mayor of London is proposing to make, and

(e) the consideration period for the document has expired without the London Assembly having rejected the proposal.

(3) The persons who have to be consulted before a development order may be made by the Mayor of London are—

(a) the Secretary of State;

(b) the London Assembly;

(c) each constituency member of the London Assembly;

(d) each Member of Parliament whose parliamentary constituency is in Greater London;

(e) each London borough council;

(f) the Common Council of the City of London, and

(g) any other person whom the Mayor considers it appropriate to consult.

(4) In this section—

the "consideration period" for a document is the 21 days beginning with the day the document is laid before the London Assembly in accordance with standing orders of the Greater London Authority, and

the London Assembly rejects a proposal if it resolves to do so on a motion—

(a) considered at a meeting of the Assembly throughout which members of the public are entitled to be present, and

(b) agreed to by at least two thirds of the Assembly members voting.

(5) If the Mayor of London makes a development order he must—

(a) ??publish a notice setting out the effect of the development order in the London Gazette and otherwise give the development order adequate publicity including on the Greater London Authority's website, and

(b) notify and send a copy of the development order to—

(i) the Secretary of State, and

(ii) every London local planning authority."

This amendment would give the power to make development orders in respect of land in Greater London to the Mayor of London, as the Secretary of State will have in respect of land elsewhere in England.

Stephen Hammond: Even at this hour of the day, it is a pleasure to serve under your chairmanship, Mr Gray. The GLA and the Localism Act 2011 give the responsibility for planning and housing in London to the Mayor. He has a strategic role for the whole of London in setting the framework for local planning policies and the London plan. The London plan constitutes part of every borough's local development plan and is effectively the expression for London in the national planning policy framework. The Mayor has a range of decision-making powers of strategic importance, and he can take over an application to act as the local planning authority as well. Although he has rarely used that power, it is there. He has a unique role in working with London boroughs and the GLA to focus on the need for housing in London and the number of new houses needed in London.

While there are, as I have said, a number of welcome things in the Bill, my six amendments are designed to test the Minister's will, as this issue is important given the Mayor's strategic role. The amendments in toto would give the Mayor the power to make development orders and give permission in principle for land in Greater London, in the same way as the Secretary of State has those planning powers for elsewhere in England. Effectively, the amendments would tidy things up and acknowledge the Mayor's strategic role. Given the central role of the Mayor in the implementation of the powers, it is only right that he has those powers for London. I hope that the Minister can reassure me that that is possible.

Brandon Lewis: I would like to explain the clause in the context of the amendments, after which I hope my hon. Friend will feel confident enough to withdraw them.

Clause 102 will make it possible for local authorities and neighbourhood groups to grant a new form of planning consent called permission in principle for sites that they identify and qualify in documents. As I have said, we plan to set out the details of that in secondary legislation. The clause enables the Secretary of State to make a development order that itself grants permission in principle, but only to sites allocated in the qualifying documents by a local planning authority or a neighbourhood group. To be clear, the Secretary of State will have no direct role in choosing which sites to grant permission in principle to. Simply put, the clause makes it possible for plans and registers to grant a new level of planning consent.

Permission in principle is a new element in the planning system that gives local authorities an extra tool to deliver the housing that the country needs. It will therefore be crucial for the Secretary of State to maintain oversight of how that functions across England. In particular, the Secretary of State will need to have oversight of what form of development can be granted permission in principle and what qualifying documents can grant permission in principle.

5.30 pm

We have already given assurances that the Secretary of State is committed to ensuring that qualifying documents are those that have been through suitably robust processes, such as public consultation and an evidence-based assessment. The Government will need to maintain the ability to do that. The Secretary of State must therefore maintain oversight of how the permission-in-principle system will work, including issuing statutory guidance that applies across the country to ensure that it complements the existing system rather than complicates it. I hope that explains why we wish to keep the power with the Secretary of State, at least for now.

Amendment 241 would provide that an application for permission in principle would be made to the Mayor of London in respect of land in Greater London or the local planning authority. We think that is impractical for two reasons. The ability for developers to apply directly for permission in principle was designed to support small builders in the first instance. That recognises the challenges that they face, so the Government are proposing to limit the application route to minor development only. As the Mayor's role in London is more one of strategic oversight, he therefore would not be looking to determine applications for permission on smaller developments.

Furthermore, the Town and Country Planning Act 1990 allows the Mayor to direct that he is the planning authority when the planning application is of potential strategic importance. We have amended that legislation in schedule 6 to the Bill, so that that provision also applies to permission in principle, which will mean that the Mayor is able to gain the power that the Mayor's office would benefit from, to the advantage of London. He will also be able to do the same for an application for technical details consent.

When local authorities in London are preparing local plans or are considering granting permission to sites of strategic importance in London through a register, the Mayor will therefore have an opportunity to influence the process by providing his views. I therefore hope that my hon. Friend will be able to withdraw the amendment.

Kevin Hollinrake: I would like quickly to sound the Minister out on what might be a key issue and a key opportunity—a further step on planning in principle for the brownfield register. This is really an opportunity for small and medium-sized enterprise house builders. I am a very strong advocate for SMEs, coming from a small-business background, but this is not just ideological. SMEs used to build around 100,000 homes a year in the UK, but now only build about 18,000, so this is a key opportunity. It is not just about building homes, but about who we find to build them.

Members will remember the evidence given to the Committee by Brian Berry from the Federation of Master Builders, who said:

"The brownfield register is a positive step, because there are very small parcels of land which our"—

[Kevin Hollinrake]

SME—

"members could build on…That would encourage more development."—*[Official Report, Housing and Planning Public Bill Committee,* 10 November 2015; c. 50, Q122.]

However, all that assumes that those plots of land are going to be released and made available to buy. We need to persuade local authorities, the NHS, Network Rail and the Ministry of Defence to give up their dominion over this land. It has been very interesting to hear the shadow Housing and Planning Minister talk about their dominion over their residential housing stock. We are trying to put that housing stock to better use, talking about a tax or a levy, but this is in public ownership. How can we tax something that is already in public ownership?

I took the opportunity to look up the stock for Durham County Council. There are 18,500 residential homes—I know recently there has been a stock transfer—and 9,234 commercial sites. There is a list of all those commercial sites all under Durham County Council's ownership.

Dr Blackman-Woods: Will the hon. Gentleman outline what evidence he has that those sites are not being efficiently used at present?

Kevin Hollinrake: I am not saying that all those sites are developable, of course, but 6,500 of those sites are occupied by Durham County Council and 200 are vacant today. Why can those properties not be put to better use? I am not just focusing on Durham. Southwark Council owns 43% of the land in Southwark—there are 10,000 garages. We need to put that to better use.

Helen Hayes: Southwark Council is indeed a large landowner in the borough, but I hope the hon. Gentleman recognises that it also has the single biggest commitment to building council homes—11,000 new homes over 30 years—on much of that land, including many garage sites in the borough.

Kevin Hollinrake: I am very pleased to hear that but, when I travel home this evening, I will start at King's Cross, which was a desolate brownfield site for decades. At the other end of my journey is York central, a desolate brownfield site for 20 years—in fact, since I started in business in York nearly 30 years ago.

The Chair: Order. The amendments are entirely about London, so to talk about York or, indeed, Durham is out of order.

Kevin Hollinrake: I was making a general point, Mr Gray. I would say that the same applies nationally. In conclusion—

The Chair: Order. It may well apply elsewhere as well as in London, but the amendments are entirely about London. It is therefore in order for the hon. Gentleman to discuss only matters to do with London. If he discusses matters to do with anywhere else in England, he is out of order.

Kevin Hollinrake: I stand corrected, Mr Gray. To go back to my point about King's Cross, how can we release the land in such locations owned by, for example, the NHS, local authorities, the Ministry of Defence or Network Rail?

Maria Caulfield (Lewes) (Con): Does my hon. Friend agree that we need to look at the processes via which local authorities and other public bodies in London—and, indeed, elsewhere—release that land so that we can speed up the planning process?

Kevin Hollinrake: I could not agree more. In conclusion, will my hon. Friend the Minister consider how we move that public land out of public sector ownership and into use for the public good?

Brandon Lewis: I have heard my hon. Friend's comments and the intervention by my hon. Friend the Member for Lewes. Bearing in mind the amount of land we have in London, they make a sensible point. We have established the London Land Commission, which I chair jointly with the Mayor of London, to ensure we get that land released, and it is a really good vehicle for doing so. Nevertheless, I will take away their comments because they make a fair point about how we ensure that local authorities generally and public bodies particularly in London and elsewhere release that land.

Mr Bacon: On that point, I draw my hon. Friend the Minister's attention to the National Audit Office report on the disposal of land programme, which affects many public bodies and Government Departments—the NHS, the MOD and so on—in London and elsewhere. Will he study the information that different Departments have, or rather do not have, about the extent to which land that has been sold has actually been used or built on?

Brandon Lewis: My hon. Friend makes a good point. I am well aware of that report. Just last week the Chancellor announced that land for 160,000 homes has been identified by Government Departments. We need to look at whether those Departments, both in London and nationally, and public bodies and local authorities should have some sort of duty for what they do with surplus land. I will take away the comments made by my hon. Friends and, if they will bear with me, I might come back to the matter later in Committee.

Stephen Hammond: I always have confidence in my hon. Friend the Minister. I am very hopeful that the London Land Commission will bring forward a lot of land. I hope that when he reviews matters in a year's time he will look at powers to force co-operation on some of the public bodies that are dragging their heels. That is not for now, but I know that he will want to look into it.

Peter Dowd: It would be helpful if the hon. Gentleman named names in terms of the authorities that are dragging their feet, because there is a danger that all public sector organisations are tarred with the same brush. We really need to be forensic about this.

Stephen Hammond: I can be very forensic if the hon. Gentleman likes. The NHS took eight years to bring a site in Wimbledon to development. I am sure I will not

need the help of my London colleague, my hon. Friend the Member for Croydon South, to provide other examples. I am very hopeful that the London Land Commission will work, and I am pleased that the Minister is its joint chairman.

Chris Philp (Croydon South) (Con): I can add another example. There is a site in my constituency called Cane Hill, which was owned by the NHS for many years but has stood derelict for about 20 years. It was transferred to the GLA a few years ago, and progress has been rapid—650 houses are now being built. That could have happened 20 years ago.

Stephen Hammond: Excellent. That is another great example. I am sure that the joint chairman of the London Land Commission is listening to those examples with relish and that, when he conducts his review in a year's time, he will want to ensure that there is a duty to co-operate.

I listened to the Minister carefully, and I follow his logic about the need for oversight on some of my amendments. He was extremely kind in granting me some time when I was preparing the amendments, but I hope he will grant me more time before Report. I accept his point that the Secretary of State needs oversight and that neither the Secretary of State nor the Mayor will be directly making an application, but surely the powers in London are similar and, because of the way in which the Localism Act 2011 and the GLA Acts work, amendment 240 would merely be giving the Mayor similar powers to the Secretary of State. I hope the Minister might be persuaded to have another look at that prior to Report. I take his points on a number of my amendments, but there is one point that I hope he will reconsider. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Dr Blackman-Woods: I beg to move amendment 232, in clause 102, page 46, line 14, leave out "not".

This amendment would ensure that permission in principle expires when the plan that created it expires.

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

Amendment 233, in clause 102, page 46, line 41, at end insert—

"unless any material considerations indicate otherwise".

This amendment would make clear that local planning authorities can still consider a full range of material considerations as well as the plan.

Amendment 234, in clause 102, page 47, line 8, after "period", insert—

"and in any event no longer than five years".

This amendment would insert an upper limit on permission in principle which is the same as the current planning permission period of five years.

Dr Blackman-Woods: These are probing amendments that seek more information from the Minister on how the brownfield register might operate in practice. Amendment 232 addresses the fact that, as currently drafted, it appears that permission in principle can outlive the plan that created it. We are concerned about that, and the amendment's contention is that permission in principle should expire when the plan is no longer relevant or has been replaced. A one-word amendment would accommodate that.

Proposed new section 59A(4)(b) of the Town and Country Planning Act 1990 currently reads:

"is not brought to an end by the qualifying document ceasing to have effect or being revised, unless the order provides otherwise."

Amendment 232 would change that to read:

"is brought to an end by the qualifying document ceasing to have effect or being revised, unless the order provides otherwise."

If the Minister refuses the amendment, will he explain why permission in principle should outlive the document by which it is granted? If that is the case, how long is the permission in principle to last? We do not know how long that could be.

Amendment 233 is extremely important, and it is a pity that we are addressing this issue now. Tuesday morning, when we are all fresh, would have been an appropriate time for the Committee to consider clause 102 given the extraordinary changes that it makes to our planning system. In the limited time available today, will the Minister explain how a decision could depart from permission in principle? What exactly would the material consideration be? How would it overturn a permission-in-principle decision?

5.45 pm

The example that has been given to us has come from the Chartered Institute for Archaeologists. Under the clause, a piece of land on the register could have permission in principle, but when it comes to the detailed assessment for the technical consideration part of the permission, which could be some years into the process, it might be discovered that the site is incredibly important archaeologically—there might be a Roman fort on the site that no one knew about before. Flooding might be another issue that no one had picked up on before. There could be a number of things, but it is not clear, as the legislation is currently written, how permission in principle would be overturned by such discoveries. It is important that we iron this out this afternoon. It would be wrong of us to agree to a clause being included in a Bill if it did not allow permission in principle to be overturned by a very important material consideration if something was discovered at a much later stage of the process.

Amendment 234 is linked to amendment 232 in that it seeks to provide another time limit in statute for permission in principle. The Government have said that they will do this in secondary legislation, but they have not stated how long the limit would be, so the amendment creates certainty for communities and developers by setting a limit on the time when a permission in principle can apply, partly so that we are not contributing to land banking. The Minister knows that Labour Members had a concern about land banking, which can prevent land from coming forward. We certainly would not want to see permission in principle being used as a contributing factor to stacking land simply for future development, because that would not help us to provide land that is needed for development. Amendment 234 seeks a prescribed period so that land would be subject to permission in principle for no longer than five years. I would welcome the Minister's comments on these probing amendments.

Brandon Lewis: I hope I can give the hon. Lady the reassurance she requires. With regard to her opening remarks, it is right that I put on the record that we are running behind on our agreed timetable, but that is at the request of the Opposition. That is why we are where we are. I am happy to be flexible on that, as I have been in accepting debates on late amendments, to ensure we have full and proper debates, as I am sure the hon. Lady will confirm.

I want to reassure the hon. Lady that we intend to set out a sensible duration for a permission in principle created by a plan or register in secondary legislation. We have no intention of allowing a permission in principle to exist in perpetuity. The power in the Bill currently gives an important flexibility to ensure that, in appropriate circumstances, where a plan or register is revised or updated, it does not automatically mean that permission in principle comes to an end. This is necessary for technical reasons to ensure that permission in principle can work effectively. I will give an example.

We propose that the brownfield register will be annually updated. In those circumstances, we would want to ensure that permission in principle could live longer than a one-year period. Because we will be setting out the duration of permission in principle in secondary legislation, we intend to consult. We will do that shortly and will seek views from experts in the sector and from the general public. Planning in principle is something that experts in the sector have called for. Setting a timeframe in the Bill for permission in principle is therefore unnecessary and would remove the flexibility to work as intended.

Amendment 233 would entirely undermine the purpose of the clause, although I appreciate that the hon. Lady has made it clear that this is a probing amendment. Permission in principle will agree and establish the fundamental principle of development once—namely, at plan-making stage. This ensures that the existing work local authorities undertake when they allocate a site as suitable for development during the plan-making process is made good use of.

Currently, under section 70 of the Town and Country Planning Act 1990, when the local authority determines an application for technical details consent, it cannot revisit the principles agreed by the permission in principle. Amendment 233 would have the effect of giving the local planning authority scope to reopen the principle of development and would reintroduce the uncertainty that the clause will address.

Dr Blackman-Woods: I want to get this clear: is the Minister saying that before a piece of land is put on the register and given permission in principle, local authorities must have carried out a full archaeological survey of that land, and checked whether it is liable to flooding or subsidence and a whole range of things that they might not have to do normally to put it on the register? If that is what the Minister is suggesting, it would seem to incur huge costs for the local authority.

Brandon Lewis: Actually, what I am suggesting is that the amendment would undermine the entire principle of the permission in principle. I remind the Committee that although the local planning authority will not be able to revisit the decision as far as the fundamental principle of development is concerned when determining an application for technical details consent, it will at that point be required to consider the details of the application fully and properly against the national planning policy framework and local policy. Technical details consent can therefore be refused if the detail is not acceptable.

Amendment 234 would have the effect of allowing the principles of development to be revisited in determining an application for technical details after five years. As I said, we intend to set out a sensible duration for this principle in secondary legislation and will consult on that shortly. I strongly discourage an amendment that sets out a fixed timeframe in the Bill because it would take away the flexibility for the principle to work as intended. Therefore, I hope the hon. Lady will withdraw the amendment.

Dr Blackman-Woods: I think I have even more grave concerns about the clause and how it will affect the planning system than I did before the Minister spoke. Actually, I would like to seek the leave of the Committee to withdraw the amendment so that I can consult with people more widely in the planning sector about what this could mean in practice, particularly for local planning authorities, and what costs they will incur. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

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

Stephen Hammond: I want to raise two issues with the Minister, which I think are appropriate to raise under this clause but would not have been appropriate when discussing the amendments to which I was speaking a few moments ago. One of the issues follows on directly from what my hon. Friend the Member for Thirsk and Malton said. The thrust of the Bill is to ensure that housing suppliers build more housing. He spoke about how the Bill could help small and medium-sized developers.

Many of us, during our times as Members of Parliament, will have had people come to us who are frustrated with the application process and the lengthy time of it, notwithstanding the inability to pay for a pre-application process. I ask the Minister to think about whether there is a way of writing into the Bill a fast-track or accelerated process for small and medium-sized enterprises with small pieces of land, for which they could pay a fee. That would perhaps enable smaller pockets of land to be developed and help smaller industries. I ask the Minister to think about that.

The clause seems to open up some real possibilities. As a London MP, I know that there are pieces of land that do not fall wholly within one borough. In fact, this time next week my local planning committee will decide on an application that is right on the boundary between two boroughs. Is there a way of allowing those sorts of applications not to go to a particular borough? For instance, I know of a London borough that is very slow in bringing forward applications, while the borough next door has a reputation for being extraordinarily efficient. Some plots of land for housing development are on the boundary between boroughs.

The hon. Member for City of Durham, when speaking on her new clauses, talked about sustainable communities and local transport links. In some instances, the boundary

line between boroughs is purely arbitrary, and that must be true of other parts of the country, too. Will my hon. Friend the Minister consider allowing applicants to apply to what they regard as the more efficient authority?

Brandon Lewis: In speaking on clause stand part, I hope I can give some more clarity to the hon. Member for City of Durham and address her queries and amendments.

Planning permission in principle will give applicants greater certainty that the suitability of land for development is agreed so they have the confidence to invest in the technical detail without fear that the fundamental principle of development will be reopened. The technical detail stage will provide the opportunity to assess the detailed design of the scheme to ensure that any impacts are appropriately mitigated and that the contributions to essential infrastructure, for example, are secured. If the technical details are not acceptable, the local authority can refuse the application. A community infrastructure levy will still be payable when an authority has a charging schedule in place.

Up-front clarity on the principle of development will free local authorities and communities to concentrate their efforts on the technical details to ensure high standards and quality development. I stress that the areas that are open to planning permission in principle are aimed at small developers and will be driven by the local community.

My hon. Friend the Member for Wimbledon raised two queries that link to this issue. He asked about making the process quicker and more transparent and efficient for people. He spoke about fast-tracking planning options and having a product that local authorities can offer to small and medium-sized developers for a faster process. That is a very interesting model. He also spoke about having a more competitive planning process and allowing local authorities to bid against each other to take on planning applications, which fits with the ethos behind the Bill. We want a more transparent, faster, efficient, locally led system that gives confidence and speed to the community and developers. If he will bear with me, I will take those points away and come back to him later in the Bill process.

The clause contains an enabling power that will allow us to set out procedural details, such as the process that local authorities must follow when granting permission in principle, in secondary legislation. We will consult on procedural matters very shortly.

Question put and agreed to.

Clause 102 accordingly ordered to stand part of the Bill.

Schedule 6

Permission in principle for development of land: minor and consequential amendments

Brandon Lewis: I beg to move amendment 238, in schedule 6, page 87, line 11, leave out sub-paragraph (3) and insert—

"(3) In subsection (4)—

(a) for 'subsection (5), where' substitute 'subsection (5)—

(a) where';

(b) for 'local planning authority and' substitute 'local planning authority;

(b) ??where an application for permission in principle is referred to the Secretary of State under this section, section 70 shall apply, with any necessary modifications, as it applies to such an application which falls to be determined by the local planning authority;

and'."

This makes a drafting change to the consequential amendment in section 77(4) of the 1990 Act, to avoid disturbing the effect of the existing reference to "the Secretary of State"— which, in relation to Wales, falls to be read as referring to the Welsh Ministers.

The Chair: With this it will be convenient to discuss Government amendment 239.

Brandon Lewis: The amendments are small, technical corrections to two consequential amendments listed in schedule 6 to the Bill and I am happy to outline them briefly.

Amendment 238 makes a change to ensure that the introduction of permission in principle does not change the existing reference to the Secretary of State in the legislation, which is a reference to Welsh Ministers when the matter relates to Wales. Amendment 239 deals with the same issue, but also ensures that provisions about planning applications, whether in relation to planning permission or permission in principle, apply also when there is an appeal.

6 pm

Schedule 6 is a list of minor and consequential amendments that mainly amend the Town and Country Planning Act 1990 to apply the relevant planning provisions to permission in principle.

Amendment 238 agreed to.

Amendment made: 239, in schedule 6, page 87, line 34, leave out sub-paragraph (2) and insert—

"(2) In subsection (4)—

(a) for 'subsection (2), the provisions of sections' substitute 'subsection (2)—

(a) sections';

(b) after 'under section 78' insert 'in respect of an application within section 78(1)(a), (b) or (c)';

(c) for 'local planning authority and' substitute 'local planning authority;

(b) section 70 shall apply, with any necessary modifications, in relation to an appeal to the Secretary of State under section 78 in respect of an application for permission in principle as it applies in relation to such an application which falls to be determined by the local planning authority;

and'".—*(Brandon Lewis.)*

This is a drafting amendment designed to deal with the issue mentioned in the explanatory statement on amendment 238 and also to ensure that the relevant provisions about planning applications, whether in relation to planning permission or permission in principle, apply also on appeal.

Schedule 6, as amended, agreed to.

Clause 103

Local planning authority to keep register of particular kinds of land

Dr Blackman-Woods: I beg to move amendment 235, in clause 103, page 48, line 16, at end insert—

[Dr Blackman-Woods]

"and in particular the achievement of sustainable development and good design".

This amendment would insert an explicit duty to consider sustainable development and place making when including sites on brownfield register.

Before I speak to the amendment, I want to read something into the record to counter what the Minister said earlier. There was no agreement with the Opposition that we would reach clause 103 today. The brownfield register and permission in principle are important issues that require greater consideration. My hon. Friend the Member for Dulwich and West Norwood tabled amendments to which she hoped to speak, and it is unfortunate that the information communicated to the Minister, by whom I do not know, was not entirely correct.

Amendment 235 seeks to add into the legislation that the brownfield register and land that is on the brownfield register should conform to the place-making and sustainable development obligations that I set out earlier when discussing the local planning part of the Bill. It would amend proposed new section 14A(7)(b) in the Planning and Compulsory Purchase Act 2004 so that to "national policies and advice" would be added

"and in particular the achievement of sustainable development and good design".

Due to the late hour and the fact that we have been in this Committee for many hours today, I will not go through again what I think good design should entail, but I hope, given how we are considering the clauses, that we will be able to return to some of these important issues at a later stage in our deliberations. Amendment 235 is essentially a probing amendment to ask the Minister whether he would consider adding that line to the Bill, and if not, why not.

Brandon Lewis: I hope I can give the hon. Lady some reassurance in response to her probing amendment. She and I stood outside this room and had a conversation. We, as a Committee, have been very flexible. We gave the extended time she asked for by moving provisions from Tuesday to today, to allow for a longer debate. We are working to ensure we have proper time to scrutinise the Bill properly, so I think her comments are somewhat misguided.

Amendment 235 would explicitly require local planning authorities to consider sustainable development and good design when entering sites on the brownfield register. The clause, as it stands, will enable the Secretary of State to make regulations requiring a planning authority in England to compile and maintain registers of a particular kind of land. We intend to use that power to require local planning authorities to compile registers of previously developed land that is suitable for housing development. I emphasise that the clause already provides a power to require local planning authorities to have regard to the national planning policy framework when making decisions about sites to include on local registers. The framework makes it clear that sustainable development should be at the heart of both plan making and decision making, and we are in agreement on wanting good-quality design to be part of the process.

The national planning policy framework also emphasises the importance of good design, stating that it is a

"key aspect of sustainable development"

that should

"contribute positively to making places better for people."

It follows that decisions on sites to be included on the register will already take account of planning policies on sustainable development and good design.

Furthermore, local authority decisions about sites to include on local registers will be required to take the policies of the local plan into account, and sustainable development will have been considered as part of that process. Sites considered suitable for permission in principle still need technical detail consent, and design is one issue that will be considered at that stage.

I will say to the hon. Lady what I said to one of her colleagues last week: if there are amendments on planning issues that Opposition Members have not tabled in time but wish to debate, I am happy to look at debating them, as I have done before. The hon. Lady kindly thanked me for doing that before, and I am happy to give that flexibility again. I therefore ask her to withdraw her amendment.

Dr Blackman-Woods: I have noted those comments and will perhaps seek clarity from the Clerk outside of the Committee about how that can be achieved. I have heard what the Minister has to say on the amendment. It is a pity he is not taking up the opportunity to write into the primary legislation that the land should contribute to the achievement of sustainable development and good design, but we will return to that in our deliberations on the Bill, so I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 103 ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned.—*(Julian Smith.)*

6.7 pm

Adjourned till Tuesday 8 December at twenty-five minutes past Nine o'clock.

Written evidence reported to the House

HPB 99 A secure housing association tenant in London (this individual wishes to remain anonymous)

HPB 100 Hatch Row Housing Co-op

HPB 101 Rosemary C Rylands

HPB 102 London Councils

HPB 103 Leeds GATE

HPB 104 Citizens Advice Milton Keynes

HPB 105 National Housing Federation

HPB 106 Shelter

HPB 107 HARAH (Hampshire Alliance for Rural Affordable Housing)

HPB 108 Red Kite Community Housing

HPB 109 SHOUT and TPAS

HPB 110 National Grid

HPB 111 Bristol City Council

HPB 112 Locality