PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Second Delegated Legislation Committee

DRAFT COMMUNITY INFRASTRUCTURE LEVY (AMENDMENT) (ENGLAND) (NO. 2) REGULATIONS 2019

Thursday 27 June 2019

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Monday 1 July 2019

The Committee consisted of the following Members:

Chair: Mike Gapes

† Blackman-Woods, Dr Roberta *(City of Durham)* (Lab)
† Courts, Robert *(Witney)* (Con)
† Fitzpatrick, Jim *(Poplar and Limehouse)* (Lab)
† Green, Kate *(Stretford and Urmston)* (Lab)
† Harrison, Trudy *(Copeland)* (Con)
Lammy, Mr David *(Tottenham)* (Lab)
† Lopresti, Jack *(Filton and Bradley Stoke)* (Con)
McKinnell, Catherine *(Newcastle upon Tyne North)* (Lab)
† Mackinlay, Craig *(South Thanet)* (Con)
† Malthouse, Kit *(Minister for Housing)*
† Mann, John *(Bassetlaw)* (Lab)
† Morris, David *(Morecambe and Lunesdale)* (Con)
† Newton, Sarah *(Truro and Falmouth)* (Con)
† Quin, Jeremy *(Lord Commissioner of Her Majesty's Treasury)*
† Twist, Liz *(Blaydon)* (Lab)
† Whately, Helen *(Faversham and Mid Kent)* (Con)
† Yasin, Mohammad *(Bedford)* (Lab)

Stewart Ramsay, Yohanna Sallberg, *Committee Clerks*

† attended the Committee

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Thursday 27 June 2019

[Mike Gapes *in the Chair*]

Draft Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019

11.30 am

The Minister for Housing (Kit Malthouse): I beg to move,

That the Committee has considered the draft Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019.

The regulations were laid before the House on 4 June 2019. If approved and made, the regulations will help local authorities to collect contributions from developers more effectively, and to use them to fund infrastructure. The regulations will remove unnecessary restrictions that prevent authorities from using funds effectively. They will ensure fair charges so that self-builders do not face a £30,000 charge if they hand in their paperwork late, and will increase transparency and accountability, so that local people know exactly what contributions their local authority has secured.

The community infrastructure levy regulations first came into force in April 2010. They enabled local planning authorities and the Mayor of London to raise a levy on new developments in their local area. The levy can be used to fund a wide range of infrastructure to support development. Some 150 local planning authorities now charge the levy, and £855 million was raised by March 2018, which has been used to fund infrastructure, including road schemes, green spaces and flood defences. In London, the levy has raised an additional £490 million towards Crossrail.

Local planning authorities are also able to negotiate individual planning agreements with developers, which secure contributions towards infrastructure and affordable housing. Unlike the community infrastructure levy, those section 106 planning obligations must be directly related to the development in question. In 2016-17, local authorities levied around £5 billion through section 106 planning obligations, £4 billion of which was for affordable housing and £1 billion of which was for infrastructure.

The regulations before the Committee introduce reforms to both the community infrastructure levy and section 106 planning obligations. They have been developed through extensive consultation with industry and local authorities.

Sarah Newton (Truro and Falmouth) (Con): The section 106 agreements have been really useful in communities like mine. Will the Minister confirm that we will lift the cap and enable as much pooling as communities think appropriate to deliver vital local infrastructure, such as walking and cycling pathways?

Kit Malthouse: I can confirm that we will be doing so, and I will come to the details shortly.

We are making changes to make it easier for local authorities to introduce the levy. Currently, before a local planning authority can introduce or update the levy, it must consult twice on its proposed schedule of charges. That schedule is then subject to examination in public to ensure that the proposed rates will not make development across the area unviable.

Although safeguards are important, the current system is too slow and bureaucratic. Local authorities can take a year or more to introduce the levy and may take as long again to update their charging schedule. We have therefore reduced the consultation requirements to a single round of consultation followed by an examination in public. That will make it easier for local authorities to introduce the levy and to update their levy rates when economic circumstances change.

We are also making the levy fairer. Local authorities' charging schedules are indexed to a measure of building costs, meaning that levy charges do not rapidly become out of date. Complications can arise when a developer changes their development in a way that changes their levy liability, for instance by increasing or decreasing the floor space. Our reforms ensure that when an amendment to a planning permission increases the developer's liability, the increase is charged at the latest indexed rate.

If a permission to increase floor space is increased, it is right that the latest levy rate is paid on that new space. On the other hand, decreases in levy liability are charged at the original indexed rate. If the original levy liability was £100 per square metre, for example, any reduction should also be at a rate of £100 per square metre, rather than £120 or whatever the latest indexed rate is. That way, we ensure that charges remain fair.

A further complication occurs when a development is granted planning permission before the levy is introduced to an area, but is changed after the levy has been implemented. Under the existing regulations, that can generate perverse outcomes for developments that are built in phases, over time. For example, when an amendment increases floor space in one phase of development, that rightly creates a new levy liability for the new floor space. However, when an amendment to another phase of the development reduces floor space, there is no corresponding reduction in liability. That is because the development was first granted permission before the levy was in place, so there is no levy liability to reduce. That creates a ratchet effect; amendments that create new floor space create new liabilities, while amendments that reduce it do not. Developers may end up paying the levy on more floor space than they actually build. The draft regulations will allow reductions in floor space in one phase of the development to be offset against increases in floor space in another phase of the development. That is much fairer, and ensures that developers are charged only for what they build.

The 2010 regulations allow for some developments to be exempt from the levy. That includes residential extensions and self-build housing, but for exemption to be valid, a commencement notice must generally be submitted before work is started on the site. If the paperwork is not completed in time, the developer must pay the full levy liability. I am aware of circumstances in which people building their own home have found themselves subject to a £30,000 charge or more simply for late paperwork. That is disproportionate and it is distressing for those

involved. Under the reforms, the penalty for a late commencement notice will now be reduced to 20% of the full levy amount, capped at £2,500. Again, the aim is to improve fairness.

My hon. Friend the Member for Truro and Falmouth will be pleased to hear that we are also introducing new freedoms for local authorities to spend funds raised through the levy and through section 106 planning obligations. The existing regulations prevent local authorities securing more than five section 106 planning obligations on a single piece of infrastructure. That is known as the section 106 pooling restriction. For example, if six developments in an area collectively require a new school to be built, only the first five can be required to contribute. That can prevent otherwise acceptable development from being built. It also means that developers and local authorities waste time and resources developing workarounds so that all developments contribute fairly to the required infrastructure. We are removing that restriction to give local authorities the freedom that they need to fund infrastructure.

The existing regulations also state that section 106 planning obligations cannot be used to fund infrastructure that a local authority intends to fund partly through the levy. If the local authority wants to fund half the cost of a school through the levy, therefore, it cannot use planning obligations—for example, from those developments in the immediate vicinity—to pay for the other half. That restriction makes it harder for local authorities to fund infrastructure so we are removing it.

It is not enough to give local authorities more freedom on how they use the levy and planning obligations; it is also important for local people to know what is being secured on their behalf. For that reason, we are introducing new reporting requirements for local authorities. Each year, they must publish an infrastructure funding statement detailing revenues from the levy and from section 106 planning obligations, and setting out how those funds have been allocated. To ensure that local authorities are able to resource that, the new regulations will make it clear that they may seek proportionate monitoring fees through section 106 planning obligations. Authorities are already able to use up to 5% of the levy to fund that administrative work.

We have also created a new requirement for authorities to consult if they want to stop charging the levy. That will ensure that they consider the funding impacts of their decisions and that they can be held accountable for them by local people.

Lastly, the draft statutory instrument makes a small number of minor clarifications to the regulations to deal with issues identified during and after the March 2018 public consultation. The parts of the regulations dealing with calculating the levy have also been consolidated into a single schedule to make them easier to use.

Contributions from developers play an important role in delivering the infrastructure that new homes and local economies require. If the draft regulations are approved and made, they will ensure that the levy and section 106 planning obligations can better fund vital infrastructure in local communities. They will give more freedom to local authorities over how they use this funding, and will also make that more transparent to local people. Finally, they will ensure that levy charges are transparent and fair for developers. I commend the draft regulations to the Committee.

11.38 am

Dr Roberta Blackman-Woods (City of Durham) (Lab): It is a pleasure to serve under your chairmanship again, Mr Gapes. I thank the Minister for so succinctly outlining a pretty hefty statutory instrument.

I will not go through every single aspect of the draft SI—the Committee will be relieved about that—but I will check our understanding of a couple of issues. However, it is worth highlighting at the beginning that this SI, as we understand it, is the implementation stage of the change in the CIL system that the Government signalled they wished to make in the autumn statement in 2017—to reform and develop contributions—and that it follows a period of consultation, on which I wish to applaud the Minister, because we not only had the consultation but received the Government response before the SI came before us. That was extremely helpful.

The technical consultation asked questions about a policy statement that sought to make developer contributions more transparent and accountable. To achieve that, the system should reduce complexity, achieve swifter development, improve market responsiveness, increase transparency about where contributions are spent, and introduce a new tariff to support the development of strategic infrastructure. I will come back to that last point in a moment, because I cannot actually find it in the SI. Perhaps it is hidden somewhere and the Minister can enlighten me.

In putting forward that set of policy proposals, the Government asked questions about whether the consultation was proportionate; about removing the restriction preventing local authorities from using more than five section 106 obligations to fund a single infrastructure project—the pooling restriction, which we have already heard about—about improving the operation of the CIL levy, and about introducing a more proportionate approach to administering exemptions. They also asked about extending abatement provisions to phased planning permissions secured before CIL was introduced—the Minister explained clearly what the Government were doing in that regard—about applying indexation where planning permission is amended, and about indexing CIL to track the value of development more closely. We think those are all very sensible. Finally, questions were asked about removing regulation 123 restrictions, about seeking a proportion of section 106 agreements to monitor planning obligations, and about delivering starter homes.

It is worth recognising that, interestingly, the vast majority of respondents to the consultation were local authorities. We might expect that, because they administer the CIL system, but not as many developers responded as one might have expected. In general, there was support from local authorities for the provisions that enable more flexibility to be introduced into the system. Obviously, they liked the proposal to make consultation more appropriate in scale, and they agreed with the removal of the pooling restriction. There was less agreement about replacing penalties with surcharges. It is not clear exactly where we have ended up with that. A cap of £2,500 has been introduced, but it is not clear whether we are calling it a surcharge or a penalty.

There are a number of smaller changes to do with abatement on which the Government seem to have reduced their initial intentions. It might be useful to know why. I think there is general understanding of

[Dr Roberta Blackman-Woods]

why the Government are changing indexation and what will happen with regard to CIL being applied to amendments. However, the changes make it more difficult for local authorities to plan for infrastructure spending: if they expect a certain amount of CIL from a development and that development changes, there might still be high infrastructure requirements, but they might not get as much money. The Government do not seem to have recognised that in what they have said so far.

On the replacement of regulation 123 lists with infrastructure funding statements, it is really good to give communities more information about the CIL—how it is applied and what it funds—but we need to be sure that that does not place a burden on local authorities that they will not be able to fund. Will the Minister reassure the Committee that the monitoring fee will cover the additional burden on local authorities of putting that list together?

I understand entirely why the Government wanted to provide an exemption from the levy to support the delivery of starter homes—years on, I think the number that have been delivered is zero—and local authorities have said, I think in exasperation, "If the Government think exempting starter homes from the levy might help to deliver them, fair enough". However, that reduces the amount of money available for infrastructure, which is not a good thing. I hope that the Government will monitor that and see what impact it has on local infrastructure delivery.

The sector generally welcomes proposals to streamline consultation and to get rid of pooling restrictions. There is concern that some of the changes to CIL will reduce the funding for investment in critical infrastructure. In principle, there is support for infrastructure funding statements, but there needs to be an absolute guarantee that councils have time and resources to produce them. There is still concern that the Government did not quite deal with the issue of CIL regulations working properly between two-tier authorities. Local government asked the Government to give better direction on how CIL should be directed between county and districts where there are two tiers. I understand that the Government say, "Where it is two-tier, we'll give the money to the county and there will have to be a negotiation between the county and the districts." That is the current system, but it leads to some problems. Will the Government look again at that issue?

I have stood here on a number of occasions with amendments to CIL regulations in front of me. It is now almost impossible to track exactly where we are with CIL regulations because they have changed so much in the last few years. The whole local Government sector and the development sector are saying to the Government that now is the time not just to consolidate the CIL regulations into a single schedule but to rewrite where we are, so that it is clear what regulations are still in force, and what has been changed.

11.48 am

Jim Fitzpatrick (Poplar and Limehouse) (Lab): It is a pleasure to serve with you in the Chair, Mr Gapes. I have three brief questions for the Minister, and I apologise if they touch on questions raised by my hon. Friend the Member for City of Durham. First, the Minister mentioned that less than £1 billion was raised in infrastructure levy money, but an additional £500 million was raised in London for the infrastructure levy. He then said that £5 billion was raised in section 106 money, but I did not catch the London figures, so I assume that the London section 106 money is included in that £5 billion. Is there a separate figure for London?

Secondly, outline planning approvals can last for some considerable time. In east London, as the Minister knows only too well from his experience, developers bank the land while they watch property prices change. He said that he was removing restrictions on the ability to change the levy when plans were changed—what was originally submitted against what is finally submitted. Has an assessment been made of whether that will work out to the advantage of local authorities or of developers? Is it expected to be six of one and half a dozen of the other?

Finally, restrictions on the section 106 money and pooling are being eliminated. Do the new regulations on accountability and transparency mean that councils will be more likely to combine infrastructure levy money with section 106 money, provided that they are more transparent and accountable? If that is the case, following the point made by my hon. Friend about communities tracking the money paid to developers and making them accountable, communities will be confident that they are getting the benefit.

11.49 am

John Mann (Bassetlaw) (Lab): I have attempted to read these documents, though it gets a little difficult because the Whips on the Labour side choose to put me on one of these Committees every single week. They have done so for several months, and when I failed to get to one on time, they sent me a very heavy, threatening letter. The good news is that there is a new Member back on the Labour Benches, my hon. Friend the Member for Derby North (Chris Williamson), so he can fill my place on Statutory Instrument Committees in future weeks.

I have spoken about the community infrastructure levy at every stage since it was introduced, and I want to clarify a couple of matters, because it has had a rather chequered history. The Minister used the term "self-build". Most self-builders are not people who actually build themselves but people who commission small building firms to build a house for them; in areas such as mine, it might be an outhouse, the dividing up of a large mining property from the past, or the conversion of an old barn. People have repeatedly found problems with the CIL, and I want to clarify whether those problems have now been removed.

The first problem was that if a person were developing a single property—let us say, converting a barn—they were required to pay absurd amounts of money. I identified in my constituency a young couple trying to build their first home who were required to pay £47,500; the highest I could find was in Hertfordshire, where someone would have to pay £183,000. Will the Minister confirm that those small developments are not going to be done over and stopped by those fees? That was happening.

Secondly, I found a peculiarity in that a local authority could bring in the CIL for an unused shop building for which there was a change of use. One example that

arose in my local area was a building that had been derelict for quite a number of years—about 10 years. A local entrepreneur—a former miner made good—wants to convert it into a premise that will attract people, but because a change of use is required, he is required to pay the CIL. Is that absurdity going to be removed by this SI, and if not, will that be the next stage? Clearly, we are trying to do up town centres where we have buildings that have been derelict for 10 years or longer. Someone is prepared to invest their own money, but has to pay a large tax for the privilege of doing so—in this case, £23,000 for tiny little premises.

Thirdly, nothing is more absurd and damaging than a requirement for up-front payments. I have seen a whole series of developments over the years. When we say "developments", people normally think of major, large, multi-million or even bigger companies. Actually, in my area, it is often very small companies doing work for individuals who are not very well off. For example, an elderly widow with a large house wished to demolish that house and have a smaller property built. She was asked to pay about £30,000 in CIL money up front, and therefore decided not to proceed. There are countless examples of that kind of thing happening, including someone who was trying to develop—put, say, three properties on—a bit of wasteland. They were not someone who was used to development; it was the first time they had gone into the development field, and they were asked to pay that amount of money up front. That has been a huge problem, so is that up-front payment capped in any way, based on scale of development?

Another problem that has occurred in recent times is the definition of Traveller sites or showman's sites versus that of park homes. Could the Minister confirm whether Traveller sites are exempt, whether park homes are exempt, and how the two are defined? For example, I have two sites in my area where planning is being sought for what are described as Traveller sites, but they are permanent. If they are permanent, does the CIL apply, and is there a perverse incentive to try to get something categorised if people not of Traveller heritage travel to and from the site as opposed to permanently living there? Particularly when it comes to showmen's sites, where, for six months of the year, there is a requirement to park and house large vehicles, is that covered by the CIL? If not, is there a perverse bias in the planning system that could operate against the showman getting a suitable location?

Finally, the Minister breezes over the question of the bureaucracy tax. I am concerned if there is a 5% bureaucracy tax for paperwork. I do not know whether the Minister has cleared this with his leadership candidates, but why is there a 5% bureaucracy tax? Why is a developer of whatever level having to pay a tax for bureaucracy? Where is the proof that anyone wants that bureaucracy? My community does not want more bureaucracy. We do not need more bits of paper from the local council. We want more housing suitably located and ideally of the right size. We want local people to be able to get on with their lives. If they want to build or extend their house or convert a barn, they should be able to do so rationally without being stopped by additional tax. Where there is major development, we want the tax going into local infrastructure, not into bureaucracy. Why is there a bureaucracy tax?

Sarah Newton (Truro and Falmouth) (Con): Will the hon. Gentleman give way?

John Mann: I will let the Minister respond.

Sarah Newton: Will the hon. Gentleman give way?

John Mann: Okay, I will give way.

Sarah Newton: Thank you. I am sorry. I was a little confused as to whether the hon. Gentleman had come to the end of his speech.

As somebody who advocated this openness and transparency, to call it a bureaucracy tax is a misnomer, because the parish councils in my constituency really want to know how Cornwall Council is allocating the section 106 and the CIL funding. People in the villages and communities are sometimes very suspicious about decisions made at the centre about infrastructure, and suspicious that the funds are not flowing from the individual developments in their communities into the infrastructure that they would like to see, such as new schools, road junctions or cycle pathways.

Enabling greater transparency is a good thing, but councils have to bear some cost in doing this—

The Chair: Order. If the hon. Lady wishes to make her own speech, she can, but she must keep her interventions relatively brief.

Sarah Newton: Sorry, Mr Gapes. My natural enthusiasm got the better of me.

John Mann: I advise the hon. Lady that the best bit of legislation from this Government originated from a Labour Government. Neighbourhood planning was wisely taken up by both the coalition Government and the current Government with my strong support every time. If there is a neighbourhood development plan—Bassetlaw is a leader and has more plans than any other council in the country—25% goes into the local community. Parish and town councils are boldly going forward with their plans and are able to draw down more money. It is the best single piece of legislation by this Government and their coalition predecessor, albeit stolen from a very good Labour Government idea, but that is good politics. Why a bureaucracy tax as well? We do not need it. Neighbourhood planning is one of the good things that the Government have managed to do.

11.59 am

Craig Mackinlay (South Thanet) (Con): I have a little experience of section 106, having been a council member on a unitary authority, where I was the audit chairman. I recommend that the Minister familiarise himself with the reserves of councils, which are the stuff of Merlin-type magic. When I was serving on that council, it had lost track of what was in the section 106 reserve. That money had been accumulated over a number of years and levied against various developments. There has always been a requirement that if allocated money has not been spent for the purpose for which it was raised, it could be returned to the developer. I am pleased to see that schedule 2 to the regulations attempts to give

[Craig Mackinlay]

greater clarity on what has come in, what is in the reserve and what has been spent, so that everyone can see—developer and public alike—that the money is so allocated and levied.

I share some of the concerns of the hon. Member for Bassetlaw that it has become a bit of a muddle and a mix over the years. The regulations will give clarity within local government, particularly for council members, and I say that with some experience. It is a very obscure area of council accounts. Is it the Minister's interpretation that schedule 2 will help give people clarity on what is being raised and spent?

12.1 pm

Kit Malthouse: I am grateful to Members for their detailed consideration of the regulations. I will attempt to address the various points that have been raised on what I admit is a fairly long SI by SI standards, but I am pleased that there seems to be general support for it, notwithstanding one or two of the omissions that the hon. Member for Bassetlaw raised and that I will have to consider.

It is absolutely the case that the regulations are designed to provide certainty and transparency to local people about what has been collected and how it will be deployed. All of us no doubt have experience in our constituencies of an air of mystery about section 106 in particular and where the money may go. I had a particular experience in Andover in my constituency. I along with other local councillors was campaigning for a crossing outside a school where a particular road had become very busy because of development at the end of the road. It became clear after a while that there was a section 106 reserve for exactly that purpose. A little pressure and help from the county council managed to get that released and lo and behold a brand new pelican crossing appeared.

Providing that transparency and certainty is exactly what we are aiming to do with the statements, not least because the lifting of the restriction on pooling requirements may mean that local authorities are able to combine section 106 and CIL in a way that can point towards much larger infrastructure projects that may be some time off. For example, a new school might be needed in three or four years. At the moment, section 106 has to be deployed almost immediately on a new coat of paint for the village hall or whatever it might be. With pooling, it can be put in the piggy bank for bigger things, which will broadly make people happier. There are still some restrictions on section 106. It has to be more directly related to the locality from which it emerges than CIL, but the lifting of the restriction will mean that local authorities can be more ambitious, and there is a clear requirement for them to be more transparent.

Obviously, the report will require some funding in its production. We are not introducing a new bureaucracy tax. It is already the case that local authorities can use 5% of CIL for this purpose. In the regulations, we are saying that they can use a proportionate amount—effectively, they can cover the costs from section 106 and CIL to produce the report. It is not something we are introducing. Critical, we think, to the growing acceptability of large-scale development across the country will be transparency and clarity for local people about what has been collected and deployed. Frankly, they will be able to compare the performance of their local authority with neighbouring authorities. We see differential performance in section 106 negotiations between local authorities.

Craig Mackinlay: On the point of the 5% charge, is there any system within what is being proposed whereby an agency—perhaps the external auditors—would check whether the 5% had been properly used? Are we somewhat fearful that every authority will go, "Great. It is 5%. Let us make it fixed and do some internal wooden dollar accounting"—that can feature in some local authorities—"to ensure that we always get our 5%." That could be a substantial amount of money in areas that are growing rapidly. It might be less in others.

Kit Malthouse: As I am sure my hon. Friend knows, there are controls within the local authority environment, such as the section 151 officer and, of course, the district audit function, which make sure that local authorities comply with the rules, particularly where cost recovery is the restriction. We are saying that their use of funds should be proportionate to the output that they produce. However, it is important that we invest money in transparency. If we are going to have credibility in the system, it is important that we take those steps.

The hon. Member for City of Durham asked how things would work in two-tier authorities, and we think we can address that point in guidance rather than through regulations. It will obviously vary from area to area. We have some two-tier authorities and some that are unitary, and we will address that through guidance.

The hon. Lady asked about the strategic infrastructure tariff. I think I am right in saying that, as the strategic infrastructure tariff is not enabled under the same planning Act, it has to come in by separate regulation. When a combined authority requests such, it is our intention to bring forward regulations.

The hon. Member for Bassetlaw and the hon. Lady both raised the cap on self-build on what I said in my speech were ordinary people—I hate using that phrase, because I do not think anybody is ordinary. We have seen perverse situations in the media where a delay in the submission of paperwork for a commencement order means that somebody building a home for their own occupation suddenly gets a huge charge, sometimes up to £100,000. The regulations cap that surcharge at £2,500, which is the figure that seemed to be acceptable from the consultation. We are also saying that it is a surcharge rather than a penalty, and we are giving local authorities the discretion to collect it or not. We recognise that for some local authorities the cost of collection may exceed £2,500, and, therefore, whether they collect that will be at their discretion.

The hon. Member for Poplar and Limehouse raised section 106 money for London. There is a separate figure. I do not have it with me at the moment, but I will write to him with it.

The hon. Member for Bassetlaw asked whether Traveller sites and park homes were exempt. It is essentially up to the local authority to determine its CIL charging policy. It will vary from area to area. Fundamentally, it is for his local councils to decide whether they want to charge it on park homes or Traveller sites or showman sites.

The hon. Member for Poplar and Limehouse raised a good point about the likelihood of local authorities combining section 106 and CIL. Obviously, the removal of the restriction will allow them to do that. However, as I said earlier, there are still greater restrictions on section 106—it has to have more of a connection to where it comes from— but we think there is merit in allowing authorities to combine the two for larger infrastructure projects when it is required.

I think that I have broadly covered all the issues that have been raised.

Dr Blackman-Woods: The Minister has not covered consolidation. Paragraph 49 of the Government's response to the technical consultation on reforming developer contributions says that the Government will look at further consolidation. Is that likely to happen?

Kit Malthouse: Yes, it is likely to happen. We will look at further consolidation. As the hon. Lady will know, much of the thrust of policy coming out of the Department has been to create certainty and transparency both for local people and for the development community. Although the regulations appear complex in their formulation, they are actually designed to simplify and to make the levy more predictable and less perverse.

There were a number of questions about whether the regulations will result in more money for the local authority or less. On balance, my guess is that it will result in more, not least because there will be more certainty and the perverse disincentive for development will be removed. Greater certainty reduces risk, which should in the end result in more development, but I am more than happy to look at what more we can do for clarity's sake.

The hon. Member for Bassetlaw raised a very good question about bringing derelict property into use. I think he is right that in the regulations such properties will not be exempt. However, there is a wider policy issue for the Government to address about the general disincentives in the system for investment in a property to bring it back into use. For example, in my constituency there is a very good pub called the Wellington Arms in Baughurst, which was a derelict pub for many years. It was bought by a couple of guys who brought it into use. It is now one of the best restaurant-pubs in the area. I try to eat there on a regular basis—I have to save up to go, but it is brilliant.

Of course, the immediate impact of the new owners' investment was that they saw the rateable value of their pub rose from £12,500 to £55,000, with a commensurate effective taxation penalty for the investment that they had made and the employment that they had created. There is a wider question for us, as we move into a new phase, if you like, of government, about where we want the balance between incentive and disincentive for investment to sit.

I am grateful to the Committee for considering the regulations.

Question put and agreed to.

Resolved,

That the Committee has considered the draft Community Infrastructure Levy (Amendment) (England) (No. 2) Regulations 2019.

12.11 pm

Committee rose.