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PARLIAMENTARY DEBATES
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HOUSE OF LORDS

OFFICIAL REPORT

ORDER OF BUSINESS

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The first time a Member speaks to a new piece of parliamentary business, the following abbreviations are used to show their party affiliation:

Abbreviation	Party/Group
CB	Cross Bench
Con	Conservative
DUP	Democratic Unionist Party
GP	Green Party
Ind Lab	Independent Labour
Ind LD	Independent Liberal Democrat
Ind SD	Independent Social Democrat
Ind UU	Independent Ulster Unionist
Lab	Labour
LD	Liberal Democrat
LD Ind	Liberal Democrat Independent
Non-afl	Non-affiliated
PC	Plaid Cymru
UKIP	UK Independence Party
UUP	Ulster Unionist Party

No party affiliation is given for Members serving the House in a formal capacity, the Lords spiritual, Members on leave of absence or Members who are otherwise disqualified from sitting in the House.

House of Lords

Tuesday 17 January 2017

2.30 pm

Prayers—read by the Lord Bishop of Portsmouth.

Retirement of a Member: Lord Mackay of Drumadoon

Announcement

2.37 pm

The Lord Speaker (Lord Fowler): My Lords, I should like to notify the House of the retirement, with effect from today, of the noble and learned Lord, Lord Mackay of Drumadoon, pursuant to Section 1 of the House of Lords Reform Act 2014. On behalf of the House, I should like to thank the noble and learned Lord for his much-valued service to the House.

Business Rates: High Street Retailers

Question

2.38 pm

Asked by ***Lord Naseby***

To ask Her Majesty's Government, further to the responses to their consultation on business rates revaluation, whether they have any proposals to reduce the impact on high street retailers.

Lord Naseby (Con): My Lords, I beg leave to ask the Question standing in my name on the Order Paper. In doing so, I declare an interest as a member of my family has a shop on a high street.

The Parliamentary Under-Secretary of State, Department for Communities and Local Government and Wales Office (Lord Bourne of Aberystwyth) (Con): My Lords, business rates are based on valuations carried out independently by the Valuation Office Agency and it is right that Ministers do not intervene in that process. Nearly three-quarters of all businesses will see no change to, or a fall in, their rates bill from April thanks to the 2017 revaluation, with 600,000 businesses set to pay no business rates at all.

Lord Naseby: My Lords, I am grateful to my noble friend for giving me the position of Her Majesty's Government's Ministers. Nevertheless, the core of the high street is badly affected in many parts of our country. There was an article in the *Times* on Saturday about Southwold—not a huge place—where a local baker's rates are going up from just over £4,000 to £14,000. Against that background, will my noble friend look at the possibility of revising the proposals where there is an increase of up to 15%? The rules at the moment suggest that there can be no appeal. Secondly, where there is a small, or any, reduction, can that reduction be paid in April and not phased in? Thirdly, when the upratings are done, can we move from RPI to CPI earlier than 2020? Finally—

Noble Lords: Too long!

Lord Naseby: Finally, my Lords, is it not time for a whole root-and-branch reappraisal of this form of business tax?

Lord Bourne of Aberystwyth: My Lords, as I have indicated, most businesses will see a fall in their business rates. Those subject to increases will find that of course they will be phased in over time, to take just one area which my noble friend touched upon. That will pay for those seeing a reduction, which will also be phased in over time, as is required by law under the Local Government Finance Act 1988.

Lord Beecham (Lab): My Lords, given that local government will be increasingly dependent on business rates, instead of being funded through rate revenue support grant, what steps will the Government take to mitigate the effect of the differences of yield in business rates between authorities with high-yielding properties—for example, in London and elsewhere—as opposed to those with low rates in the north-east, for example, or in other parts of the country?

Lord Bourne of Aberystwyth: My Lords, the noble Lord is quite right that there needs to be a mechanism to correct that. He is probably aware that we have introduced a Local Government Finance Bill in the other place, where no doubt such matters will be discussed at greater length.

Baroness Pinnock (LD): My Lords, does the Minister agree that major online retailers pay considerably lower business rates on their very large warehouses, which puts them at an unfair advantage compared with high-street retailers? What do the Government intend to do about it?

Lord Bourne of Aberystwyth: My Lords, I think the noble Baroness is aware—it is the essence of her question—that, of course, all businesses pay business rates. Larger businesses tend to pay larger business rates. We have focused our reliefs, and the transitional relief which I have just touched upon, on ensuring that smaller businesses have the type of relief that is needed—and much earlier.

Lord Watts (Lab): Will this mean that the poor areas of Britain will get less or more money as a result to provide public services?

Lord Bourne of Aberystwyth: My Lords, as I indicated to the noble Lord, Lord Beecham, there will be a corrective mechanism. There needs to be because some areas are less wealthy, in terms of businesses, than others, and that is something that will be subject to discussion, not least as the Local Government Finance Bill goes through the other place and then comes to us.

Earl Cathcart (Con): My Lords, given that some businesses, especially in London and the south-east, as my noble friend said, will see rate increases of more than three or four times, how will the new transitional relief arrangements work?

Lord Bourne of Aberystwyth: My Lords, my noble friend is absolutely right that there is, in essence, a scheme within the 1988 legislation that provides for relief for businesses that are experiencing increases. Most of them are in London and the south-east of England, but they are not limited to that area. That will phase in over a period. There are caps—I shall not go into all the technical details—but we are concentrating assistance on the small and medium-sized end of things, up to a rateable value of £100,000, to qualify for the small business relief. That has been doubled in the legislation, which will help businesses from April 2017.

Lord Campbell-Savours (Lab): My Lords, with retailers all over the country complaining about the prospect of increased rates, what consultation took place with retail organisations prior to these decisions being taken?

Lord Bourne of Aberystwyth: My Lords, as I have indicated previously, this is carried out by the Valuation Office Agency. It is not something that Ministers have got involved in. It has been carried out in the normal way of revaluation in relation to the principles that apply in relation to the valuation of businesses. Ministers have put in place the relief scheme in order to help. I should say once again that over large parts of the country, certainly in all of the north and all of the south-west, for example, businesses have benefited disproportionately in terms of the revaluation. They have seen their rates bills go down.

Lord Campbell-Savours: My Lords, my question was about consultation. What retail organisations were consulted on what is about to happen?

Lord Bourne of Aberystwyth: My Lords, for example, the CBI has welcomed the proposals and the British Chambers of Commerce has said that it is essential that we have revaluations. It is not a question of consulting. We have put in place in relation to assisting businesses—the great mass of small and medium-sized businesses have benefited—a scheme that is entirely fair.

Lord Harrison (Lab): Could the Minister write to my noble friend about what consultation actually took place?

Lord Bourne of Aberystwyth: My Lords, I am very happy to write to the noble Lord. I have indicated that no consultation has taken place on the scheme with business; I am very happy to confirm that. That is the way this has always been conducted under successive Governments. What is important is having something there in terms of transitional relief to assist businesses. Most businesses are benefiting from that.

Lord West of Spithead (Lab): My Lords, can I say, as a simple sailor, that there must be something wrong? High streets around the country are full of charity shops, estate agents and the odd coffee shop. There must be something wrong with what is going on.

Lord Bourne of Aberystwyth: My Lords, I would certainly not call the noble Lord a simple sailor for one minute. It is true that many high streets are thriving; I visit many of them. In essence, what is important is that we seek to protect small and medium-sized businesses. We have been doing that, and that is the way forward.

Principle of Comparative Advantage: Bicentenary

Question

2.46 pm

Asked by ***Viscount Ridley***

To ask Her Majesty's Government what plans they have to celebrate the bicentenary of David Ricardo's principle of comparative advantage, and the case for free trade.

Baroness Mobarik (Con): My Lords, free trade is and will remain fundamental to the prosperity of UK citizens and of people around the world. We will celebrate this bicentenary by delivering the best environment in which UK trade can thrive and the benefits of free trade can be felt by all.

Viscount Ridley (Con): My Lords, I thank my noble friend for that encouraging reply and welcome in particular her clarion call on behalf of free trade, which echoes the remarks of our Prime Minister, who has promised to make Britain a global beacon of free trade. I am a little disappointed that she is not able to promise a party to celebrate the publication in 1817 of *On the Principles of Political Economy and Taxation* by David Ricardo, in which he established the point that poor people and poor countries benefit from free trade just as much as rich people and rich countries, and thereby laid the foundations for the repeal of the Corn Laws and the prosperity of the country. If she were to change her mind and throw such a party, would she consider inviting Donald Trump, Donald Tusk and other mercantilists in the hope that they might learn to love free trade?

Baroness Mobarik: I think I will leave arranging the party to my noble friend, and he can draw up the guest list. But I reassure him that whatever the setting, the UK will remain a strong and proud proponent of free trade, which, as Ricardo's work predicted, has spread prosperity, lifted millions out of poverty and enhanced political stability across the globe.

Lord Wallace of Saltaire (LD): My Lords, does the Minister recall that Ricardo's classic example of comparative advantage was between Portuguese wine and English woollen cloth? Several industrial transformations later, with active Governments intervening to alter the terms of comparative advantage—in Japan, Korea and now China—would she agree that the formulation, negotiation and regulation of free trade is infinitely more complicated than Ricardo could ever have imagined?

Baroness Mobarik: Yes, it is infinitely more complicated, as most things are in life. There is nothing black and white in anything, but trade can contribute to economic growth and poverty reduction internationally. It helps to raise incomes and create jobs, and has been the greatest liberator of the world's poor, harnessing the forces of globalisation to spread prosperity and lift millions from poverty. We cannot underestimate that.

Lord Stevenson of Balmacara (Lab): My Lords, the list of names at the party was interesting but, I suppose, appropriate for a banker who made his money shorting the market in order to speculate on the result of Waterloo; he made a million pounds and was able to retire for the rest of his life, when no doubt many parties were held. Does the Minister realise that Ricardo qualified his original proposal because he ensured that it was applicable only to situations where capital was immobile? If capital is mobile, it results in offshoring, economic decline and joblessness. Taking us forward to the present day, could she confirm that the new industrial strategy, which from what she has said will be based on Ricardian principles, will for the first time allow measures to be taken against foreign capital taking over British companies in a hostile way?

Baroness Mobarik: I do not think there is time today to go into various academic works. If the noble Lord is alluding to protectionism, we are committed to taking a fair and balanced approach to protecting sectors against unfair trade.

Lord Maude of Horsham (Con): My Lords, does my noble friend agree that there was a strand in the Brexit referendum campaign that was hostile to the open movement of goods, services, talent and investment, and that that strand was deeply unattractive? Does she agree that it has never been more important for this country and this Government to be a really inspiring voice in support of free trade?

Baroness Mobarik: I absolutely agree with my noble friend. To reinforce that, according to the World Bank, in the three decades between 1981 and 2011 liberalised trade practices in the developing world saw the proportion of their citizens living on less than $1.25 a day fall from 50% to under 20%. This represents the greatest decrease in material deprivation in human history.

Lord Rooker (Lab): Do the principles of free trade mean that after we leave the EU this country will be flooded with American beef stuffed with hormones, which, while we are members of the EU, we are protected from?

Baroness Mobarik: No, I do not think that would be the case.

The Archbishop of York: Does the Minister agree that the principle of comparative advantage works only if trade is not only free but also fair?

Baroness Mobarik: I absolutely agree with the most reverend Primate that there has to be free and fair trade. Those are very important principles.

Lord Spicer (Con): My Lords, does the Minister accept that the Ricardo principles apply even more strongly now that we have a realistic value for the pound?

Baroness Mobarik: Yes, they do.

Baroness Tonge (Non-Afl): My Lords, in view of the obvious importance of David Ricardo's principle of comparative advantage, could the Minister perhaps arrange a briefing for those of us who had never heard of it until today? [*Laughter*]

Baroness Mobarik: I will ask my noble friend Lord Ridley to write to the noble Baroness, but I also suggest that she read his very interesting article in yesterday's *Times*.

Lord Blunkett (Lab): My Lords, given the mention a moment or two ago by my noble friend Lord Rooker of American hormones, could the Minister also arrange to circulate Malthusian principles at the same time as Ricardo's?

Baroness Mobarik: Perhaps the noble Lord could do that himself to inform us. We will continue to take into account the views of academics, economists past and present, business, civil society and indeed the devolved Administrations and Parliament in delivering the best trading environment for the UK's future. The Government's engagement with Parliament has already been extensive and will continue to be.

Economic Forecasts

Question

2.54 pm

Tabled by ***Lord Forsyth of Drumlean***

To ask Her Majesty's Government how the United Kingdom economy has performed since 23 June, in terms of growth and employment; and how this compares to forecasts made by the Treasury during the referendum campaign.

Lord Dobbs (Con): My Lords, at his request and with the leave of the House, I beg leave to ask the Question standing in the name of my noble friend Lord Forsyth of Drumlean.

The Commercial Secretary to the Treasury (Baroness Neville-Rolfe) (Con): In quarter 3 of 2016, following the EU referendum, UK GDP growth was 0.6%, and the unemployment rate is now 4.8%. These figures show that not only was the economy stronger than we thought going into the referendum, it has been much more resilient than many people projected—"a brighter future", in the Prime Minister's words. The short-term pre-referendum analysis published by the Treasury was based on a specific set of assumptions, some of which have already proved invalid.

Lord Dobbs: My Lords, what a joy it must be for us all to see business confidence rising and industry expanding; what excitement there is in seeing so many great, global countries recommitting themselves to Great Britain; and what a sadness for so many of us to see so many so-called experts having got it so wrong so frequently. Michael Fish got it wrong just once, not every night for six months. Does my noble friend agree that we have a clear objective, we have a clear agenda, and it is now time for all of us, no matter what side we took during the referendum campaign, to accept the very clear instructions of the British people and help to deliver the very best Brexit deal that common sense and common European interest can deliver?

Baroness Neville-Rolfe: I agree with my noble friend that we should try to deliver the best deal for this country that we can. Obviously, the analysis was based on a specific set of assumptions. They may have seemed sensible at the time but, with the benefit of hindsight, these things are always difficult. The Treasury also cited the uncertainty that a leave vote would cause, weighing on the economy, and it was therefore good to see certainty at the top of the Prime Minister's list of objectives today.

Lord Davies of Oldham (Lab): My Lords, not all facts are as rosy as the noble Lord, Lord Dobbs, suggests. In hard facts, are we not dealing with a significant depreciation of the currency and a consequent rise in inflation which will cause difficulty for those of our fellow citizens who cannot readily raise their incomes? Is it not the case, whatever the rosy view on the other side of the House, that despite the drop in the value of the pound we have the highest levels of deficit on our current account ever recorded, so not much has yet fed through to our exporters?

Baroness Neville-Rolfe: As a new Treasury Minister, I am very aware that I should not comment on currency movements, but we are very lucky in this country to have the independent Bank of England. It has an inflation target; we do not target the exchange rate. The performance of the economy has been stronger since Brexit than any of us feared with, for example, good household consumption figures recently.

Lord Tomlinson (Lab): My Lords, does the noble Baroness agree with the Governor of the Bank of England, whom she has just praised, in his analysis but two days ago, when he said that the high levels of consumption in this country are kept up by unsustainable levels of household debt—that we are living now and will have to pay for it in the future?

Baroness Neville-Rolfe: I always listen with great care to what the governor says. Of course, unsecured debt as a share of household income is in fact lower than it was before the financial crisis. It is true that the savings ratio has come down more recently to 5.6%. That often happens in a recovery. I go back to the point that I made at the start: UK GDP growth has been strong relative to other leading OECD nations, and the unemployment rate is extremely low in this country, which is very good for working people across the UK.

Lord Lawson of Blaby (Con): Will my noble friend ignore the misery mongers on the Opposition Benches? Is she aware that some time back, long before the beneficent Brexit decision, the majority of economists, including the Bank of England, were saying that sterling was overvalued and needed to come down, and that inflation was too low—far below the 2% target—and needed to go up? When these things are gradually happening, they then say it is a disaster. Would she like to comment on that?

Baroness Neville-Rolfe: I very much agree with my noble friend that we always need to look at the opportunities. As I have often said, I am glass half full, not glass half empty. Like the Prime Minister, I am determined that we should pursue a good Brexit and a bold and ambitious free trade agreement with the European Union, if I may pick up the comments that were made in relation to Mr Ricardo.

Baroness Kramer (LD): My Lords, does the Minister understand some of the concerns at the kind of complacency that we have just heard expressed about a 20% devaluation of sterling, far higher than any recommended devaluation; soaring consumer debt, not quite yet at the crisis levels of 2008 but only a margin below; and inflation creeping into the system? I am sure that poor people will be glad to know that the noble Lord, Lord Lawson, celebrates the higher prices that they will be paying. Those have been recipes in the past for economic crisis. Should not the Government take more notice of what are not straws in the wind but major signals of problems ahead?

Baroness Neville-Rolfe: We have a system of carefully looking with the help of the independent OBR twice a year at where things are going and making the adjustments that we need. Indeed, I agree with the noble Baroness that there are long-term problems, and I am surprised that no one has mentioned the fiscal sustainability report that was published today—an independent and objective assessment, which looks ahead to the long term and will be an important catalyst for discussing some of the challenges we have in relation to the economy and how we fund the public services appropriately.

Israel: Ambassador

Question

3.02 pm

Asked by ***Baroness Tonge***

To ask Her Majesty's Government, in the light of the apology by the Israeli Ambassador for remarks made by an embassy official concerning a Foreign Office Minister, whether they intend to conduct an inquiry.

The Minister of State, Foreign and Commonwealth Office (Baroness Anelay of St Johns): My Lords, the Israeli ambassador has apologised and it is clear that these comments do not reflect the views of the embassy or of the Government of Israel. The UK has a strong relationship with Israel and we consider the matter closed.

Baroness Tonge (Non-Afl): I thank the Minister for that response, but will she please tell us what action would be taken if, for example, Chinese embassy staff were discovered to be interfering in our political process in this way? Will she agree that the very serious charge of anti-Semitism is devalued if it is used against anyone who criticises the actions of the Government of Israel?

Baroness Anelay of St Johns: My Lords, I shall not speculate on what might happen; I deal with what does happen. It is clear that in this case unacceptable activity was undertaken by one person who is no longer in this country, and appropriate action was taken by the Israeli embassy.

Lord Anderson of Swansea (Lab): My Lords, a junior embassy official made a stupid remark at a gossipy lunch and was sacked, and our Government say that that is the end of the matter. Does the Minister share my puzzlement at any possible benefit that would result from raising the matter now? Is it seriously suggested, for example, that the Israeli embassy wants to bump off Sir Alan Duncan?

Baroness Anelay of St Johns: My Lords, I am delighted to say that my right honourable friend is alive and well and an excellent Minister at the Foreign Office.

Baroness Northover (LD): My Lords—

Lord Suri (Con): My Lords—

Lord Taylor of Holbeach (Con): My Lords, we will hear from the Lib Dem Benches.

Baroness Northover: The Government accepted the Israeli ambassador's explanation but, on Sunday, the UK failed to send a Minister to the Paris meeting on the peace process and yesterday the UK vetoed the EU's support for the conclusions of that meeting. Can the Minister assure us that on Israel/Palestine the Government are not distancing themselves from our European neighbours and seeking favour with a very unpredictable new US President?

Baroness Anelay of St Johns: My Lords, the UK position on the Middle East peace process has not changed. I appreciate that there has been some speculation over the recess—that happens during a recess period. But the noble Baroness rightly raises specific points, and I would like to address the two main points of those specific issues.

First, with regard to the Paris conference, we made it clear to the French, whom we congratulate on trying to take the process of peace forward, that decisions made at this stage without the presence of the only ones who can come to a settlement—the Palestinians and the Israelis—were not going anywhere and could simply harden opinions. It was nothing to do with the incoming President of the United States. However, we have to recognise that the US plays a crucial role in these negotiations, and has done so. With regard to Paris, while welcoming the French efforts, we made it clear that we would not attend the meeting at ministerial level, although we had a senior representative there—the head of our Near East department—and as such it was not appropriate for us to sign up to that communique.

I would like to put on record a clarification about the misunderstanding in the press to which the noble Baroness referred. We did not veto anything yesterday in Brussels. Federica Mogherini, the High Representative of the European Union for foreign affairs, confirmed yesterday that the UK,

"did not stop or prevent any decision of the European Union".

From her mouth, I hope that the House will accept that we did not veto anything.

Lord Wright of Richmond (CB): Can the Minister confirm nevertheless that the Government are still firmly in favour of a two-state solution to the Arab-Israel question? Can she add to her explanation why the British delegate to the meeting in Paris—and, indeed, the Foreign Secretary himself, at a meeting of his European Union colleagues—both failed to go along with a statement in support of the two-state process?

Baroness Anelay of St Johns: First, it was not an occasion for making a statement. Yesterday was a discussion over lunch—it was not a position from which one makes a statement. What we have made clear, and the Prime Minister has made it clear, is that we continue to be in favour of a two-state solution. The importance is to concentrate on the range of issues which both of those who will come to the settlement table need to sign up to. My grammar is getting a little awry there but, clearly, our policy has not changed. We want to see a safe and secure Israel living alongside a viable and sovereign Palestinian state based on 1967 borders, with agreed land swaps, Jerusalem as the shared capital of those states and a fair, just, agreed settlement for refugees. We are constant in our policy.

A New Partnership with the EU

Statement

3.08 pm

The Parliamentary Under-Secretary of State, Department for Exiting the European Union (Lord Bridges of Headley) (Con): My Lords, with the leave of the House, I will now repeat a Statement made in the other place earlier today by my right honourable friend the Secretary of State for Exiting the European Union. The Statement is as follows:

"With permission, Mr Speaker, I would like to update the House on the Government's plans for exiting the European Union. Today, the Prime Minister is setting out a plan for Britain. It is a plan to ensure that we embrace this moment of change to build a confident, global trading nation that seizes the new opportunities before it; and a fairer, stronger society at home, embracing bold economic and social reform. It is a plan which recognises that the referendum vote was not one to pull up drawbridges and retreat from the world but, rather, a vote of confidence in the UK's ability to prosper and succeed. It is a plan to build a strong, new partnership with our European partners, while reaching beyond the borders of Europe too, forging deeper links with old allies and new ones.

[Lord Bridges of Headley]

Today we set out 12 objectives for the negotiation to come. They answer the questions of those who have been asking what we intend, while not undermining the UK's negotiating position. We are clear that what we seek is that new partnership: not partial EU membership, not a model adopted by other countries, not a position that means we are half in, half out. Let me address each of our aims in turn. First, we will provide certainty wherever possible, while recognising that we are about to enter a two-sided negotiation. So we have already made announcements about agriculture payments and student funding. Our proposal to shift the acquis—the body of EU law—into UK law at the point of exit is designed to make the process as smooth as possible. At the point of exit, the same rules and laws will apply, and it will then be for this Parliament to determine changes in the country's interests. For we also intend to take control of our own laws, and end the authority of the European Court of Justice in the UK. Laws will be made in this Parliament, and in the devolved Assemblies, and interpreted by our judges, not those in Luxembourg.

We will aim to strengthen the union between our four nations. So we will continue to engage with the devolved Administrations, and we will ensure that as powers are returned from Brussels to the UK, the right powers come to Westminster and the right powers are passed to Edinburgh, Cardiff and Belfast. Another key objective will be to maintain the common travel area between the UK and the Republic of Ireland. No one wants to see a return to the borders of the past.

In terms of immigration, we will remain an open, tolerant nation. We will continue to welcome the brightest and the best, and ensure that immigration continues to bring benefits in addressing skills shortages where they exist. But we will manage our immigration system properly, which means free movement to the UK from the EU cannot continue as before. We want to guarantee the rights of EU citizens who are already in this country and make such a great contribution to our society, in tandem with the rights of UK citizens in EU countries being similarly protected. We would like to resolve this issue at the earliest possible stage. Already, UK law goes further in many areas than EU minimums, but as we shift the body of EU law into UK law, we will ensure that workers' rights are not just protected, but enhanced.

On trade, we want to build a more open, outward-looking, confident nation that is a global champion for free trade. Membership of the EU's internal market means accepting its four freedoms in terms of the movement of goods, services, capital and people, and complying with the EU's rules and regulations. That would, effectively, mean not leaving the EU at all.

So we do not propose to maintain membership of the EU's single market. Instead, we will seek the broadest possible access to it through a comprehensive free trade agreement with the EU. We want it to cover goods and services and to be as ambitious as possible. This is not a zero-sum game. It should be in the interest of both the UK and the EU. It is in all our interests that financial services continue to be provided freely across borders, integrated supply chains are not disrupted and trade continues in as barrier-free a way as possible. While we will seek the most open possible market with the European Union, we also want to further trade links with the rest of the world. So we will deliver the freedom for the UK to strike trade agreements with other countries. The Department for International Trade has already started to prepare the ground, and it is clear there is enormous interest around the globe in forging new links with the UK.

Full membership of the EU's customs union would prohibit new international deals. So we do not intend to remain part of the common commercial policy or to be bound by the common external tariff. Instead, we will seek a customs agreement with the EU, with the aim of ensuring that cross-border trade remains as barrier-free as possible. Clearly, how this is achieved is a matter for detailed negotiation.

The UK is one of the best places in the world for science and innovation, with some of the best universities in the world, so we must continue to collaborate with our European allies.

When it comes to crime, terrorism and security, we will aim to further co-operation with EU countries. We will seek practical arrangements in these areas to ensure we keep our continent secure and defend our shared values.

Finally, we have said repeatedly that it will be in no one's interests for our exit to be disorderly, with any sort of cliff edge as we leave the EU, so we intend to reach a broad agreement about the terms of our new partnership with the EU by the end of the two-year negotiation triggered by Article 50. But then we will aim to deliver an orderly process of implementation. That does not mean an unlimited transitional period where the destination is not clear, but time for both the UK and EU member states to prepare for new arrangements, whether that be in terms of customs arrangements, the regulation of financial services, co-operation over criminal justice, or immigration controls.

So these are the aims and objectives we set out today for the negotiation to come. So our objectives are clear: to deliver certainty and clarity wherever we can; to take control of our own laws; to protect and strengthen the union; to maintain the common travel area with the Republic of Ireland; to control immigration; to protect the rights of EU nationals in the UK and UK nationals in the EU; to protect workers' rights; to allow free trade with European markets; to forge new trade deals with other countries; to boost science and innovation; to protect and enhance co-operation over crime, terrorism and security; and to make our exit smooth and orderly. It is the outline of an ambitious new partnership between the UK and the countries of the EU.

We are under no illusions: agreeing terms that work for both the UK and the 27 nations of the EU will be challenging, and no doubt there will be bumps in the road once talks begin. We must embark on the negotiation clear that no deal is better than a bad deal. As the Prime Minister has made clear today, the UK could not accept a punitive approach. We would still be free to trade with the EU, strike trade deals around the world, set competitive tax rates and embrace policies that would attract companies and investors, including many from Europe. Let me be clear: we do not expect this outcome. We are confident that if we approach

these talks with a spirit of good will, we can deliver a positive deal that works to the mutual benefit of all. It is absolutely in our interest that the EU succeeds, and in the EU's interests that we do too. So that will be one of our central messages: we do not want the EU to fail, we want it to prosper politically and economically, and we will seek to convince our allies that a strong, new partnership with the UK will help it to do so.

Our approach is not about cherry picking but reaching a deal which fits the aims of both sides. We understand that the EU wants to preserve its four freedoms and to chart its own course. That is not a project the UK will now be part of. And so we will leave the single market and the institutions of the EU. We will make our own laws and decisions about immigration. And let me be crystal clear today, if there has been any doubt: the final deal agreed between the UK and the EU will be put to a vote in both Houses of Parliament before it takes effect.

To conclude, we are leaving the EU but we are not leaving Europe. We will continue to be reliable partners, willing allies and close friends with our European neighbours. We will be ready for any outcome, but anticipate success, not failure. The UK will embrace its new place in the world with optimism, strength and confidence".

My Lords, that concludes the Statement.

3.19 pm

Baroness Hayter of Kentish Town (Lab): I thank the Minister for repeating the Statement, which, regrettably, we saw on TV before it was given in the Commons.

We welcome the commitment to a vote in this House on the final deal—but how much better had the Government committed to a vote on Article 50 rather than having to be dragged to the courts. We also welcome the objective of ending up with a fairer Britain—it would have been strange if they had asked to get to a less fair Britain. Our worry is the sting in the tail of saying that "no deal" and a new economic model was better than a bad deal. That sounds like lower taxes, which means fewer public services and therefore a price to be paid by exactly those ordinary working people whom the Prime Minister claims to prioritise.

However, I do not want to dwell on the possibility of failure in negotiations. I want to welcome the commitment to as free trade as possible with the European Union—our major market, our closest neighbours, our security partners. I welcome the Government's use of the word "partnership" as a grown-up relationship which benefits both sides. My concern is whether this is possible, since the Government are contemplating leaving the customs union. Without that, we are in WTO territory, with no protection for services, a poor deal for agriculture —the future of which got no reference at all in the speech—and higher prices for consumers as tariffs are imposed. The NFU estimates that there would be cheese and meat tariffs of up to 30%, with extra red tape adding a further 6%.

More than this, if we are not fully in the customs union, we will not be able to import and export finished products or components without "country of origin" rules and checks. That is costly and time-consuming. If costs to business increase, how can we expect them to invest and innovate? Outside of the customs union, our financial services would also be at a disadvantage—a cost to industry as well as the services themselves. If our insolvency regime does not work, investors will think twice about locating here and putting their money at risk. If our insurance, hedging, clearing and other major services are weaker, so is the chance of entrepreneurs and investors risking their capital.

We of course welcome the commitment to maintaining workers' rights and hope that the Government will therefore support Melanie Onn's Private Member's Bill, which entrenches just that. Furthermore, workers are consumers too, yet they did not get a mention in the speech. Their rights to be protected from unsafe goods or food, their ability to travel visa-free, using their domestic car insurance, or to get compensation for delayed air travel—all these also need to be retained but were not mentioned. We were pleased to hear the acknowledgement of the importance of science, but we heard nothing as to whether we would be able to stay within the European Medicines Agency or other similar agencies, which are vital for our trading relationships.

What of the future needs of our economy? The Government, quite rightly, want to protect EU citizens already here, but what of the future? A quarter of a million EU nationals work in public services, but there will be churn and, in care homes as well as hospitals, we may need these people in the future, as with the 100,000 EU nationals working in food and drink.

I leave just three quite simple questions with the Minister. First, what impact assessment have the Government made of the UK being outside the customs union, and will he commit to publishing that? Secondly, does he accept that, even if we come out of the ECJ, any trade agreement requires some sort of dispute adjudication body? So what thought has been given to what might be appropriate for a free trade agreement with the EU? Finally, what response does he envisage from the EU 27 to these objectives?

Baroness Ludford: My Lords, I too thank the Minister for repeating the Statement. We see that the Prime Minister, who pretended that she did not have to choose, has come to the end of her "cake policy" period and has made a choice, and it is the most damaging one possible in response to the referendum result and in terms of the values, vision and alliances that Britain wants to pursue. We do indeed need to take this opportunity to ask ourselves what kind of country we want to be, but the Prime Minister is deluding the country if she thinks that the UK will emerge stronger, fairer and more united from this Brexit plan.

The attempt to rebrand hard Brexit as clean Brexit does not survive a moment's scrutiny. It will be destructive, messy and antagonistic, as indeed the Government's contemplation of "no deal" suggests. There is overwhelming public support for free trade with the EU to continue, and the only true free trade is inside the single market. That is why Mrs Thatcher created it, and the Conservative manifesto last year pledged to stay inside it.

Do the Government expect to be thanked by millions of Britons, particularly young ones, who will lose their protection from data-roaming and flight cancellation

[Baroness Ludford]
rip-offs, as well as the freedom to live, work and study where they want? The Government's claim that we will be a fairer country with workers' rights enhanced is contradicted by Chancellor Hammond's threat that we will be the Singapore of Europe, as a tax haven with slashed regulation.

The Prime Minster claims that we need hard Brexit to be more outward-looking and to reach beyond the borders of Europe, but that is perverse. The most obvious example of international co-operation is on our door-step—the very EU on whose single market she is turning her back. The contention that the UK needs to reject the EU to "go global" posits a completely false choice. The EU, with over 50 free trade agreements, is a gateway to the global stage, not an impediment to it, and leaving it risks exposing the UK and its people to the coldest winds of globalisation that the EU helps protect them from.

The Prime Minister is aligning the country with a protectionist incoming US President—ironically while the Chinese leader speaks at Davos in favour of free trade. She says that she wants the EU to succeed and for the UK to be its best friend, but the choice of hard Brexit aligned with Mr Trump and, through him, with President Putin and against Chancellor Merkel is a rejection not only of the single market and the European economic, social and human rights model but, indeed, a pact with those whose declared—not even hidden—objective is to subvert, divide and break up the EU and NATO, and thus the bedrock of our security.

The Prime Minister says that she wants us to be tolerant and a magnet for international talent but, by refusing a unilateral guarantee, she is sending a message of denigration and rejection of the 3 million EU citizens who already contribute so much to Britain's economy and society, putting them through agonies of insecurity and subjecting them to the most Kafkaesque Home Office bureaucracy.

When the British people voted last year, they did not vote to live in a world where our values are replaced by ones set by Presidents Trump and Putin, so the case for a referendum on the Brexit deal, so that people can decide democratically whether they want a future as portrayed by this Tory Government, has been strengthened even further.

Lord Bridges of Headley: I thank the noble Baronesses, Lady Hayter and Lady Ludford, for their contributions. I start by addressing the point about no deal being better than a bad deal. I repeat what I said in the Statement and what my right honourable friend the Prime Minister said in her speech. The Government's objective is to succeed in these negotiations. We are aiming for success but, as any responsible Government would do, we are preparing for a whole range of outcomes, and it is absolutely fair to say that we should be transparent in that. Being transparent all along is what I think this House would wish us to be.

I think that the noble Baroness said that we would be leaving the customs union and therefore essentially going straight to WTO terms. Again, that is not exactly what the Prime Minister set out this morning—indeed, it is far from that. We are aiming for a comprehensive free trade agreement. Undoubtedly there are aspects of and concepts behind the customs union which, as my right honourable friend spelled out this morning, we do not want to be part of, such as the common external tariff. But there are other aspects of the customs union, such as frictionless trade and, as she and her right honourable friend giving the Statement in the other place mentioned, ensuring that we avoid impediments to trade.

We are approaching these negotiations unlike how other countries have approached negotiations with the EU. Not only are we a considerable trading power in our own right, but we have spent the past 40 years as a member of the EU. Therefore, unlike other nations that are trying to ensure that trade barriers come down, we want to make sure that trade remains as frictionless and free as possible. That is an extremely good way to start these negotiations, and that is why I do not quite share the pessimism that I feel is coming from some of the questions we have heard today.

As regards the point on an impact assessment, there is a wide range of possible outcomes to these negotiations and it would be impossible for us to model all of them. Furthermore, as the House has heard me say at this Dispatch Box on many occasions, and as the other place voted for, we must not undermine our negotiating position by giving our European partners information that might enable them to see the weaknesses in our position.

A considerable amount of thought has gone into and continues to go into the issue of a dispute mechanism. The noble Baroness is absolutely right: there will need to be some form of dispute mechanism. She is quite right to observe that, in other trade deals, there are such mechanisms. We will be thinking about that and it will be a subject for negotiation.

As regards the envisaged EU response, I know from the conversations that I have been lucky enough to have with our European partners' ambassadors in London, and from conversations that my colleagues in my department have had with their counterparts, that there is considerable keenness, as there is in this House, for the Government to spell out their position on certain things, such as whether we wish to be a member of the single market, have a transitional arrangement or continue to be part of the common external tariff. We have done that today. I very much hope they will recognise that and note the fact that we are, as the noble Baroness so rightly said, approaching this in the spirit of good will, wanting to create a new partnership that is of mutual benefit to both sides. I very much hope that that will come to pass.

Turning to the noble Baroness, Lady Ludford, who made a number of remarks, I have to say that I fundamentally disagree with the premise she is starting from. I do not agree that globalisation is an inherently bad thing. I think that competition and free markets are a good thing and that, over the past 10 to 20 years, the forces of globalisation have helped raise prosperity throughout the world. So I dispute that.

As regards becoming the Singapore of Europe, as I said, I also dispute the suggestion that we should be not transparent with people about the potential outcomes of these negotiations and our potential response to those. It is absolutely right that we should be candid with the British people about this, and that is what we shall do.

I am sorry to say that I disagree entirely with the noble Baroness's remarks that, essentially, we are aligning ourselves with those who wish to see Europe break up. It is absolutely not in our interests to see that happen. The Prime Minister has made that clear, and I will make that clear at any opportunity I have.

3.33 pm

Baroness Quin (Lab): My Lords, given that successive British Governments have trumpeted their success in creating the single market, I am sure I am not alone in thinking that this is a very sad day for our country. The new partnership that the Minister has described makes no mention whatever of EU environmental policy or, indeed, areas such as defence and security, where we have been involved in peacekeeping initiatives. Could the Government tell us what those priorities are in the negotiations ahead?

Lord Bridges of Headley: The noble Baroness makes a very fair point. I apologise that I have been unable to cover the complete waterfront in my remarks, but I am sure we will have the opportunity to discuss detailed points in the weeks and months ahead. As regards the environmental approach, let me first repeat what I said in my Statement: our approach to the great repeal Bill is that we will be porting EU law into UK law. That will be the case as of day one. Parliament will be able to decide if—I emphasise if—it wishes to amend or appeal any of those regulations in the months and years ahead.

As for our approach to the common defence policy, let me repeat and underscore what I have said in my remarks. As I have said before, we wish to and continue to keep close co-operation and collaboration with our European partners where there are common challenges that we all face and where it is in our national interest to do so. Yesterday, I was fortunate enough to meet the Baltic ambassadors who represent their nations here, and we had a good discussion about what the UK is doing, for example, in Estonia, where we have increased our support for operations there. As I said in my Statement, I should like to underscore and allay any concerns that we are intending to pull up the drawbridge on that front.

Viscount Hailsham: My Lords, I welcome the commitment in the Statement that the final terms will be subject to parliamentary approval. That is very good news. However, against the possibility that Parliament will reject the final terms, or that the final terms might be rejected in a referendum determined by Parliament, surely part of the negotiation should include the provision that, in the event of negation in the terms I have just suggested, Article 50 will be deemed by consent to be withdrawn and we will remain a member of the European Union on the existing terms or as they may be modified by agreement between the parties?

Lord Bridges of Headley: My noble friend has made this point before. It is the Government's position that, once Article 50 has been triggered, notice to withdraw will not be withdrawn.

Lord Lea of Crondall (Lab): On that point, is it not the case that two years is not a final deadline but only an interim stage where these broad principles are agreed? Is this not putting off the final decision to a point which could simply be a total failure quite outside the Article 50 process? Where would we be then in fact?

Lord Bridges of Headley: If I understand the noble Lord correctly, the Government intend to stick by the timetable as set out in Article 50. So at the end of the two-year period, the UK will withdraw from the EU.

Lord Lexden (Con): I welcome the Government's determination to strengthen the union that matters above all—the one that unites the constituent parts of our own great country. Is my noble friend able to say at this early stage anything more about how a common travel arrangement with the Irish Republic might be secured?

Lord Bridges of Headley: I know my noble friend is a doughty supporter of the union. I can underscore here that we will continue to engage closely with all the devolved Administrations and the parties in them to ensure that we continue to hear their views and consider their proposals. That will continue in spite of recent events in Northern Ireland. As to the common travel area, I can only go as far as I have in the past and assure my noble friend and your Lordships that it remains the Government's view that we do not wish to return to the borders of the past. We are continuing to assess the various practical options open to us, both in terms of where the borders are and what digital technology might be at our disposal to deliver that outcome.

Lord Kinnock (Lab): My Lords, the Government intend to reach broad agreement about the terms of our new partnership with the European Union by the end of the two-year negotiation triggered by Article 50. Is it not folly on the Government's part to set negotiations to a 24-month timetable—realistically, a 14 month timetable taking into account the German elections in the autumn—because the calendar then imposes a particular kind of pressure on the demandeurs, the UK officials negotiating in this process? Does it not mean that the ambition, the intention, to conduct everything within two years is part of a wish list and not just a strategy?

Lord Bridges of Headley: I know the noble Lord speaks with considerable experience of the EU. All I will say is what the Prime Minister said this morning, which is that it is our aim to conclude an agreement within two years. The noble Lord will probably agree that our European partners wish to get certainty and clarity on these issues as quickly as possible, as clearly we do too.

Lord Wigley (PC): My Lords, I will press the Minister further on the question of what happens if at the end of two years there has not been an agreement. If there is an agreement there will be an opportunity for both Houses to vote on it. If there is no agreement, will there still be an opportunity for them to vote, and to vote to indicate that they are not prepared to go ahead with the proposal as it stands, which, by then, will have been rejected and no agreement reached on it?

Lord Bridges of Headley: My Lords, I know it might be very tempting to the noble Lord, but I am sorry to say that I am not going to start hypothecating on those kinds of issues, simply because it is our intent to enter these negotiations to get a successful outcome.

Lord Wallace of Saltaire (LD): My Lords, the Minister confirms that getting out completely from underneath the jurisdiction of the European Court of Justice is one of our fundamental objectives. I am very sorry that the Government have taken over this King Charles's head from the Bruges Group and Sir William Cash, but clearly that is what has happened. I ask the noble Lord two questions. Given that the equivalent of Sir William Cash and the Bruges Group in the United States believe that the superiority of American common law—all Anglo-Saxon law to Roman law—is such that the United States cannot accept the supremacy of any international law or international court, would it be the Government's intention that we should also challenge, for example, the right of WTO arbitration to override the British Parliament? How far do we wish to go in withdrawing from the whole network of international law, of which European law is part? My second, related question is: how do we intend to continue to co-operate on international security, sharing of data and intelligence, data protection et cetera with other European Union countries, as the Prime Minister has clearly said she wants to do, unless the European Court or some other court manages to maintain a degree of jurisdiction and supervision over that area?

Lord Bridges of Headley: As usual, the noble Lord asks some very good, forensic questions. On the second question, sharing data will be a matter for negotiation. Here we should look at the outcome we wish to achieve. As I said in the Statement, we wish to ensure we have arrangements with our European partners that continue to deliver the same level of security and stability we have now. That must be absolutely in our interest, given the criminal and terrorist threats we face. How we achieve that, given our position on the ECJ, will be a matter for negotiation. The noble Lord is right to highlight that. On the WTO jurisdiction, I have no knowledge that there is any wish by the Government to start unravelling that or any other jurisdictional court.

Lord Hylton (CB): My Lords, will the noble Lord confirm that the common travel area will benefit only British and Irish citizens, otherwise what hope has he of controlling our borders?

Lord Bridges of Headley: That is a very good question. I am not going to go into details now on how the common travel area might operate. The noble Lord highlights a good point. It is one that we have absolutely highlighted and will continue to consider how to address.

Lord Cormack (Con): My Lords, does it remain the Government's policy that negotiations should not end with what the Prime Minister recently called a cliff-edge moment? How will we ensure that?

Lord Bridges of Headley: My noble friend enables me to highlight again that we absolutely do not wish that to happen. How we do that will be a subject for negotiation. As I said at the Dispatch Box last week, it is interesting that a number of other institutions and organisations, here and in Europe, see the benefits of avoiding that for both our mutual interests. As that realisation begins to settle in in the minds of those in Europe and here, I have every hope that we will reach that outcome.

Baroness Royall of Blaisdon (Lab): My Lords, in the Statement, the Government quite rightly recognise the excellence of our university sector. However, warm words are not enough. In the organisational chart of the Minister's department there is no mention of higher education—there is no person assigned to the task of listening to and incorporating the views of the sector in the Brexit negotiations. How will their views be taken into consideration?

Lord Bridges of Headley: A number of my officials have met those within the higher education sector and I have been fortunate enough to visit universities and meet them myself. I am delighted that we are so ably assisted by my right honourable friend Jo Johnson, who has been feeding in the views of those in the HE sector. Let me take this opportunity to assure the noble Baroness that we are determined to look at issues such as Horizon 2020, as the Statement implied, from the point of view of what is in the national interest in the years ahead. Where there is scope for continued co-operation and collaboration, we will look at what the options might be.

The Archbishop of York: My Lords, there are good things in the Prime Minister's Statement. I have no intention of turning it into a Christmas tree on which to hang many baubles so that it collapses under the weight of them. Nevertheless, although the Prime Minister referred in her Statement to immigration and to welcoming the brightest and the best, I am surprised that, as a former Home Secretary who worked hard on immigration and the issue of asylum seekers in particular, she made no reference to asylum seekers.

Lord Bridges of Headley: Let me first thank the most reverend Primate's colleagues in the Church of England for so ably assisting me in meeting other faith groups as well as other representatives of the Church of England. We had a very good discussion about Brexit at Lambeth Palace shortly before Christmas. At that discussion, issues were raised along the lines of those just mentioned by the right reverend Primate, especially around immigration. Now is not the opportunity for me to set out in detail the Government's approach to immigration post Brexit. His remarks are very well made; I absolutely note them. I know that my right honourable friend the Prime Minister, the Home Secretary and others are looking in detail at how we can continue to build on our reputation as a country that is welcoming, open and tolerant to those in greatest need.

Lord Kilclooney (CB): My Lords—

Viscount Ridley (Con): My Lords—

Lord Taylor of Holbeach (Con): It is the Cross Benches' turn.

Lord Kilclooney: My Lords, I hope that the United Kingdom and the European Commission will reach agreement, but from my experience of the European Parliament I would not be surprised if it rejected that agreement. What would happen then?

Lord Bridges of Headley: I am sorry to disappoint noble Lords again, but I am looking for a successful outcome. We are not entering this in the spirit of looking for anything other than that. That said, and as I said earlier in the Statement, it is the responsibility of any Government to ensure that we prepare for contingencies were that not to be the case.

Viscount Ridley: My Lords, I welcome the fact that No. 10 on the list of the Prime Minister's priorities is making Britain the best place for science and innovation. Does the Minister agree with me that we need to spread the word rapidly and broadly throughout the country that Britain is now open for science and innovation, as it always has been, but that it has been held back by the overzealous application of the precautionary principle by the European Commission and the European Parliament?

Noble Lords: Oh!

Lord Bridges of Headley: Up until the final bit, I think that my noble friend was carrying the House. I absolutely agree that there are potential opportunities before us. We have an extremely strong base on which to build. Many of our universities are truly world class. As I said earlier, I have had the opportunity to talk to a number of vice-chancellors and, being completely candid, a number of them raised issues such as immigration as regards both students and the ability to attract and retain academic staff. As I mentioned in the Statement, we are very mindful of those points. On what my noble friend said about the precautionary principle, he is obviously entitled to his views. Given the response of other noble Lords to that, I say that this can now be a matter for this House and this Parliament to consider and debate, and control the future of our regulatory system in the years to come. That is what delivering on Brexit is all about.

Lord Beith (LD): My Lords, it was announced before Christmas that the Mayor of London, Sadiq Khan, would have a monthly meeting with the Brexit Secretary so that the views of London would be known throughout this process. What arrangements has he made for the north-east of England, 58% of whose exports go into the European Union and which has a positive balance of trade, to have its views heard in this process?

Lord Bridges of Headley: The noble Lord makes a good point. My ministerial colleagues and I—and Ministers right across government—have been travelling to meet representatives of business throughout the United Kingdom. But if the noble Lord has a group of people he would like me to meet, my door is open.

Lord Tomlinson (Lab): My Lords, does the Minister agree that the usual methodology in treaty negotiations is that nothing is agreed until everything is agreed? Does that include the votes of the two Houses of Parliament?

Lord Bridges of Headley: My Lords, as we have made clear, the ratification process requires the votes of both Houses of Parliament. I have nothing further to add on that.

Lord Dobbs (Con): My Lords, pursuant to the point raised by the noble Lord, Lord Kinnock, will the Minister confirm that the two-year timetable for this is actually set by the EU's own rules and not by anybody else? To follow up on the point just made about the rights of this House, can he see any circumstances in which this House might vote against an agreement that had been approved by the House of Commons and continue to survive?

Lord Bridges of Headley: My Lords, the second point is a matter for noble Lords but I would strongly suggest, were that to be the temptation of your Lordships, that we should tread carefully. As regards the first point, as my noble friend points out, the timetable regarding the exit treaty is indeed set under Article 50 and we will abide by that.

Lord Hain (Lab): My Lords, if the deal as it comes to both Houses is judged by Parliament to be a bad deal, surely we have a duty on behalf of the people of Britain to vote against it. Given that most mainstream economists think that there will be a period of adjustment of at least 10 years, involving a permanent loss of national wealth, after exiting the single market and the customs union as the economy adjusts to new patterns of trade, why do the Government not come clean about the fact that there will be a loss of income to the people of Britain at least over this period?

Lord Bridges of Headley: My Lords, the noble Lord makes a number of assumptions. A number of economists made a number of predictions before the Brexit vote, a number of which have not come to pass, as the chief economist of the Bank of England admitted the other day. Indeed, only yesterday the IMF's economic data showed that we are likely to be the fastest growing of all the largest economies in the world. I am not approaching this in quite the same spirit as the noble Lord. I am approaching this as the glass being half full, that we have a very strong basis upon which to grow, and that we will get a successful outcome to these negotiations.

Lord Lansley (Con): Please can my noble friend explain something to me? I understand a customs union or a customs arrangement to imply the free circulation of goods within an agreed area, but if one is outside the common commercial policy and the common external tariff, does that not imply that if we were in an arrangement with Europe, goods that came to Europe from outside could come to the UK and escape quantitative restrictions or EU tariffs? That would necessarily be unacceptable to the European Union. I fail to see what is being explored by way of a customs arrangement that does not imply a common external tariff.

Lord Bridges of Headley: The noble Lord makes an interesting point about EU goods coming here and then being exported on to the EU. Clearly, that will be

[Lord Bridges of Headley]
a matter for negotiation. As regards the customs union, the Prime Minister made it clear that we do not wish to be part of the common external tariff but we wish to explore what customs arrangements we might be able to agree on that will enable us to continue free and frictionless trade.

Lord Harris of Haringey (Lab): My Lords, the Minister has told us that under no set of circumstances will the Government withdraw the Article 50 notice. Presumably what will be put to Parliament at the end of this process will be: deal or no deal. If either House votes for no deal, we will simply leave without the benefit or otherwise of any deal that has been negotiated. Can he confirm that? If that is the case, does that not mean that Parliament should be fully involved throughout the negotiation process to make sure that at the end of that process we are not faced with such an invidious choice?

Lord Bridges of Headley: The noble Lord actually answers his own question. He is absolutely correct that we need to ensure, as my right honourable friend the Secretary of State for Exiting the European Union has said, that this Parliament is at least as well informed as the European Parliament, to ensure that we can continue to have these kinds of debates and this level of scrutiny, and therefore that the successful deal that we hope to achieve at the end of this process will have received the scrutiny it so deserves.

Baroness McIntosh of Pickering (Con): Would my noble friend care to give us a ballpark figure of how long a trade agreement in services would take to conclude?

Lord Bridges of Headley: No.

Lord Watts (Lab): My Lords, during the referendum campaign the Prime Minister said that it would be a disaster if we left the single market, because the British people would be poorer as a result. Can the Minister explain why she has changed her mind?

Lord Bridges of Headley: My Lords, it is since people voted to leave the European Union in the referendum on 23 June. The consequences of that vote and the options open have therefore been analysed and assessed, and the Prime Minister has set out the plan that we have heard today.

Lord Faulks (Con): My Lords, it is quite clear from the Statement that after Brexit, the jurisdiction of the European Court of Justice will end. However, there is suggestion in some quarters that European law could in some way be rediscovered as the common law by the judges of our courts. Can my noble friend confirm that the continued application of EU law is a matter for Parliament alone?

Lord Bridges of Headley: My noble friend makes an interesting point. We have made it clear today as regards the ECJ. I will have further things to say about the application of EU case law, as and when we outline our proposals on the great repeal Bill, but the thrust of what he says is correct.

Lord Pearson of Rannoch (UKIP): My Lords, further to that reply, why do the Government consider it necessary to shift the acquis—the body of EU law—into UK law before repealing it? I ask that because in 1997, I got a Second Reading of a Bill which would have withdrawn us from the European Union through your Lordships' House—by four votes, I might add, in the largest vote ever in the House on a Friday. The clerks advised me then that the acquis was already part of British law and estimated that it would have taken, I think, about 12 parliamentary draftsmen about three months to identify those items which the Government wanted to repeal. Those could then have been put before Parliament and repealed under the negative procedure. It would obviously take rather more draftsmen rather longer now. What is the advantage of putting EU law into our law if it is already part of our law, or has the advice changed?

Lord Bridges of Headley: I am sorry to say that I think the noble Lord's assessment of where we are currently is not strictly true. There are various regulations that are not part of our law but, again, we will outline more as regards this when we set out an approach to the great repeal Bill. There are two clear reasons why we are doing this. First, as I said in the Statement, it is to provide certainty for everyone—be they businesses or organisations in any walk of life—as regards the state of play on day one when we leave. Secondly, it is because the Government believe that it should be for Parliament to decide on what then to do. It can then be free to keep, amend or repeal EU law, once it has been transposed into UK law, as it so wishes.

Baroness Kramer (LD): My Lords, can I ask the Minister about the financial services sector, which is about 7% of our GDP? As he will know, if we are leaving the single market and the customs union, most of the financial services sector can essentially no longer operate across Europe unless it redomiciles something like a third of its operations. The Minister says that he wants a bespoke agreement and an implementation transition period. But how long does he think the industry can wait for those to be confirmed before it has to decide to relocate in order to meet the needs of its clients?

Lord Bridges of Headley: The noble Baroness makes a valid point; we have had good discussions about this issue and I thank her for that. I understand the needs of some parts of the sector and the fiduciary duty that certain businesses will be under to make contingency plans. I can only hope that they will look at the remarks made today and see that while we are coming out of the single market, we are intent on negotiating as free and as frictionless access to the markets as possible. Once again, I repeat my earlier remarks: we are obviously starting from a unique position here, in that we are not just equivalent to EU law but absolutely identical to it. This puts us in a good position.

The second point is that, as the Governor of the Bank of England made clear yesterday, once again it would be to our mutual benefit—that is, our benefit and Europe's benefit—to ensure that we avoid a cliff-edge. It was interesting to see that the German Finance Minister said today, "London as a financial centre will play an important role for Europe, even after Brexit". I hope that those in Europe and in our financial institutions will be looking at these remarks and planning with due respect for what is happening and mindful of the fact that we are looking for this free and frictionless approach.

Baroness Young of Old Scone (Lab): Is the Minister aware that the Secretary of State for the Environment, Food and Rural Affairs has already indicated that between 25% and 30% of current EU environment regulation, which we currently adhere to and which is vital for the future of British business, will not be capable of being brought over in the grand repeal Bill because it will be inoperable in its current form? This legislation and these standards will have to be reset for the benefit of British business and the environment by a process of secondary legislation. Will the Minister tell us how we are going to cope with that and how we can reassure British businesses that they are not going to be left without clarity about the important environmental standards that are vital for their businesses?

Lord Bridges of Headley: I thank the noble Baroness for that question. It is absolutely right. Since 23 June we have been looking at the entire statute book for cases exactly like the one that she has highlighted. I am very grateful to all the civil servants who have been undertaking this enormous task. I am not going to go into great detail today about how that process will work, but we are looking at how both Houses will be able to cope with the task ahead to ensure that we deliver on the aim of delivering as much certainty as possible while at the same time ensuring that such secondary legislation gets the scrutiny and debate it deserves.

Lord Empey (UUP): My Lords, in the Statement the Prime Minister indicated that free movement and the common travel area between Northern Ireland and the Irish Republic should continue, but, as the House will know, the Northern Ireland Executive have abandoned the field, and there will not be an Executive in place before Article 50 is triggered. How do the Government intend to consult the people of Northern Ireland to ensure that our views are put forward on a coherent and consistent basis so that our interests are not lost, given that we have a particular series of problems to face? I hope that the Government will take those points on board.

Lord Bridges of Headley: The noble Lord speaks with considerable authority and experience. He makes a very good point. My ministerial colleagues are very mindful of the situation; we will ensure that there is a proper structured way in which we can continue to hear the views of the parties in Northern Ireland as we go through the period we are currently in. The noble Lord can rest assured. If he has other thoughts and ideas on how we might do that which he feels we are not adopting, my door is open.

Lord Robathan (Con): My Lords, despite the carping that the Minister has heard this afternoon in this House, does he think that the majority of the great British public will be pleased to have heard the clarity with which the Prime Minister has enunciated our future with Europe?

Lord Bridges of Headley: I very much hope so. It is an end to having no running commentary, and we can now have a debate on a number of the substantial matters that the Prime Minister set out with such clarity today.

Lord Soley (Lab): My Lords—

Lord Taylor of Holbeach (Con): My Lords, I regret to say that we have concluded that repeated Statement and it is time to hear from my noble friend.

Northern Ireland Assembly Election

Statement

4.04 pm

The Parliamentary Under-Secretary of State, Northern Ireland Office and Scotland Office (Lord Dunlop) (Con): Mr Speaker, with permission I will repeat a Statement made by my right honourable friend the Secretary of State for Northern Ireland in the other place. The Statement is as follows:

"Mr Speaker, with permission, I should like to make a Statement regarding the forthcoming elections to the Northern Ireland Assembly.

As the House is aware, Martin McGuinness resigned as Deputy First Minister of Northern Ireland on Monday 9 January, as a result of which the First Minister also ceased to hold office. This began a seven-day period in which to fill both positions, otherwise it would fall to me to fulfil my statutory obligations as Secretary of State to call a fresh election to the Northern Ireland Assembly.

Over the past week, I have engaged intensively with Northern Ireland's political parties to establish whether any basis existed to resolve the tensions within the Executive without triggering an election. I have remained in close contact with the Irish Foreign Minister, Charlie Flanagan. In addition, my right honourable friend the Prime Minister has also been kept fully informed and has had conversations with the former First and Deputy First Ministers and with the Taoiseach, Enda Kenny.

Regrettably, and despite all our collective efforts, it has not proved possible to find an agreed way forward in the time available. In the Northern Ireland Assembly yesterday, the Democratic Unionist Party nominated Arlene Foster as First Minister, while Sinn Fein declined to nominate anybody to the post of Deputy First Minister. While I have some discretion in law over the setting of a date of an election, given the circumstances in which we find ourselves in Northern Ireland, I can see no case for delay. As a result, once the final deadline had passed at 5 pm yesterday, I proposed Thursday 2 March as the date of the Assembly election. The Assembly itself will be dissolved from 26 January, meaning that the last sitting day will be 25 January, allowing time to conduct any urgent remaining business before the election campaign begins in earnest.

[Lord Dunlop]

I am now taking forward the process of submitting an Order in Council for approval by Her Majesty the Queen, on the advice of the Privy Council, formally setting in law the dates for both Dissolution and the election. In setting these dates, I have consulted the Chief Electoral Officer for Northern Ireland, and he has given me assurance on operational matters relating to the running of the election. The decisions that I have taken have also been informed by my ongoing discussions with Northern Ireland's political leadership.

All right honourable and honourable Members in this House will understand that elections, by their nature, are hotly contested. That is part of the essence of our democracy, and nobody expects the debates around the key issues in Northern Ireland to be anything less than robust. I would, however, stress the following. This election is about the future of Northern Ireland and its political institutions: not just the Assembly, but all of the arrangements that have been put in place to reflect relationships throughout these islands. That is why it will be vital for the campaign to be conducted respectfully and in ways that do not simply exacerbate tensions and division.

Once the campaign is over, we need to be in a position to re-establish strong and stable devolved government in Northern Ireland, and let me be very clear that I am not contemplating any outcome other than the re-establishment of strong and stable devolved government. For all the reasons I set out in my Statement last week, devolution remains this Government's strongly preferred option for Northern Ireland. It is about delivering a better future for the people of Northern Ireland and meeting their expectations. For our part, the UK Government will continue to stand by our commitments under the Belfast agreement and its successors, and we will do all that we can to safeguard political stability.

Over the past decade, Northern Ireland has enjoyed the longest run of unbroken devolved government since before the demise of the old Stormont Parliament in 1972. It has not always been easy, with more than a few bumps in the road. But with strong leadership, issues that might once have brought the institutions down have been resolved through dialogue. Northern Ireland has been able to present itself to the world in a way that would have been unrecognisable a few years ago: a modern, dynamic and outward-looking Northern Ireland that is a great place to live, work, invest and do business.

Northern Ireland has come so far, and we cannot allow the gains that have been made to be derailed. So yes, we have an election, but once this election is over we need to be in a position to continue building a Northern Ireland that works for everyone. That is the responsibility on all of us, and we all need to rise to that challenge. In that spirit, I commend this Statement to the House".

4.10 pm

Lord McAvoy (Lab): My Lords, I thank the Minister for repeating the Statement made by the Secretary of State in the other House. I am saddened to be standing here again responding to this Statement after our discussion last week. I know the whole House shares my regret that we have reached this impasse. We can only imagine the disappointment that is felt in communities across Northern Ireland. It has been only 10 months since voters in Northern Ireland went to the polls and in six weeks' time, on 2 March, they will be asked to do so again. The Secretary of State has fulfilled a statutory duty to call an election where the positions of First Minister and Deputy First Minister are not filled within a seven-day period.

The Secretary of State must recognise, as I am sure he does, that he has a responsibility not only to call an election but to look to the future of Northern Ireland following that vote, and to work with all parties during this period to continue dialogue and ensure a return to strong, stable devolved government in Northern Ireland as soon as possible. I am sure he understands that the negotiations must always be confidential, not broadcast to the world, but to give people hope there have to be signs that the Secretary of State is being proactive in this period of the election. On that theme, what plans does the Secretary of State have to remain in conversation with all parties, as well as the other guarantor for the Belfast agreement and the Stormont agreement—the Irish Government—to continue a dialogue ahead of the days following the election?

The people of Northern Ireland must not be subjected to six weeks of increasingly acrimonious campaigning that leads nowhere. We have no hesitation in supporting the Government's call for the political parties to remain open to dialogue and to conduct the election with respect, with a view to the future and the challenges they must face together as an Assembly in order to represent the interests of all the people in Northern Ireland.

We realise that the tension of an election campaign will dominate people's focus and that the news agenda may be centred on other issues today, about which we have just heard in the previous Statement, but we must not lose sight of what is at stake here. This election and the weeks that follow are critical to the future of the devolved Assembly in Northern Ireland, on which peace and prosperity have been based. A political vacuum and empty Assembly Chambers achieve nothing. We and those on all sides of the political debate wish to see continuing peace and prosperity, a growing economy and an improved quality of life for all in Northern Ireland.

We know that the RHI situation was only one part of what has led us here, and that it shed light on many deeper underlying tensions. Communities in Northern Ireland have still not seen enough progress on how we are to deal with the legacy of its unique and painful past and the experiences of victims and their families in Northern Ireland. While we still look for leadership on this sensitive and ongoing issue, each year brings new challenges of its own. Northern Ireland right now is facing the future of our exit from the EU and the specific impact and changes this will bring to this part of the UK, which is uniquely placed in sharing a land border with an EU member state.

Last week the Secretary of State gave assurances that there will be scope for the voice of Northern Ireland to be heard in the continuing run-up to our UK exit negotiations through the joint ministerial council.

We seek further assurances that the election will not disrupt this intention, and that all parties are willing to continue to take part in UK exit negotiations.

We need a stable, working, power-sharing Government to move forward with these issues. This will require responsibility, trust and mutual respect on both sides. We have seen over the past decades what the courage and compassion of the Northern Irish people can achieve and, despite setbacks, we continue to have great faith in what can be done.

The UK Government have a responsibility as a co-guarantor of the Good Friday agreement, and we warmly welcome the explicit reference to those commitments in today's Statement. The Labour Party is ready to do anything it can to assist the Government in the very serious situation they now face. When people go to the polls in a few weeks' time, they will be voting for representation, for action and for their future. The priority for all Northern Irish parties and for all in Westminster in the weeks ahead must be to live up to the expectations of the Northern Irish people and return to a stable, functioning devolved Assembly.

We firmly agree with the closing sentiment of the Secretary of State's Statement, and we hope that all parties will rise to that challenge in the weeks ahead.

Baroness Suttie (LD): My Lords, I too thank the Minister for repeating the Statement, and I too very much regret that it has not been possible to find a way through the current crisis.

Northern Ireland has come such a very long way since the dark days of the Troubles. A great many people, including many Members of your Lordships' House, have worked tirelessly, made sacrifices and accepted compromises to ensure that there is now a generation of young people in Northern Ireland who have grown up without the daily threat from terrorism. Like the Secretary of State for Northern Ireland I very much hope that, after the inevitable cut and thrust of the forthcoming election campaign, we can return full-heartedly to this process.

However, the incident in Poleglass at the weekend, where a viable explosive device was discovered, serves as an all-too-clear reminder that this process cannot be taken for granted. I take a moment to pay tribute to the PSNI officers and the Army bomb disposal team who worked in the area to ensure the safety of the local community.

I share the concern expressed by many in recent days that the forthcoming election campaign risks further entrenching division and increasing mistrust between the political parties in the Assembly. Northern Ireland now faces extremely important and difficult negotiations over Brexit—perhaps more so because of the Statement earlier today.

Now, more than ever, the people of Northern Ireland need a strong, functioning Government to ensure that their voice is heard. To that end, can the Minister guarantee that the Secretary of State will continue to consult all political parties in Northern Ireland on Brexit during the election period? Will he consider convening discussion with all political parties, as well as the wider community, in a format that will allow the proper space for informed thinking and debate to ensure the best outcome for all the people of Northern Ireland in the Brexit negotiations?

Finally, will the Minister ensure that there is no delay in establishing an independent inquiry into the RHI scheme? Such an inquiry is desperately needed to help to restore confidence and trust in politics in Northern Ireland.

Lord Dunlop: My Lords, I say first how grateful I am for the comments of the noble Lord and the noble Baroness. I understand the disappointment that will be felt on all sides of the House and all sides of the community in Northern Ireland at the situation that we find ourselves in. I give an absolute assurance to the House that the Secretary of State is aware of his responsibility to continue to take matters forward and seek a resolution. I echo the tribute that the noble Baroness paid to the security services and the PSNI, which do so much to keep all the community in Northern Ireland safe.

I also welcome the support of the parties opposite for the need to work together to re-establish strong devolved government in Northern Ireland. The Government are in absolutely no doubt that strong devolved government is in the interests of everyone in Northern Ireland. It is incumbent on all of us to use the time between now and election day to maintain an open dialogue and consider how best to bring people back together once the election is over. In that regard the issue of engagement with the Irish Government was raised and, yes, of course the Government will maintain very close contact with the Irish Government so that we all use our good offices to seek resolution of these very challenging issues.

In the 10 years that Northern Ireland has enjoyed devolved government we have all seen the great strides made, and we owe a duty to the people of Northern Ireland to build on that progress. The UK Government are committed to doing that constructively and positively. As is made clear in the Statement, of course the election will be hotly contested, but we urge all the parties to conduct that election responsibly and with respect. Throughout the period, the Secretary of State and the Government as a whole will certainly keep open lines of communication to create the conditions that give us the best possible chance of establishing a fully functioning Executive after the election.

For the issues of dealing with the legacy of the past and dealing with preparing properly for the Brexit negotiations, it is in everybody's interest to have a fully functioning Northern Ireland Executive. With regard to preparing for the Brexit negotiations, of course Northern Ireland Executive Ministers will remain in post throughout the period up to the election and invitations to take part in all the various meetings, including the joint ministerial committee, will be issued to the Executive. The Government are very keen to ensure that the Executive are represented as we continue discussions in the JMC.

Of course the Secretary of State and the Northern Ireland Office as a whole will continue to seek views regarding the Brexit negotiations, and we have been very proactive in engaging stakeholders across Northern Ireland to pin down the key issues that we need to bear

[Lord Dunlop]
in mind. The Prime Minister's speech today makes clear the priority we attach to Northern Ireland and to ensuring that its voice is heard loud and clear as we prepare for these negotiations.

4.22 pm

Lord Rogan (UUP): My Lords, I wish to ask two questions. As the noble Baroness, Lady Suttie, has indicated, the electors of Northern Ireland wish to have clarity, not least after the statement of the former Minister Mr Jonathan Bell in Stormont yesterday on what role First Minister Arlene Foster, others in the DUP and their spads played in the RHI debacle. Now that the Northern Ireland Executive have collapsed, and following the forthcoming election, if Sinn Fein/IRA maintains that it will not nominate for office in a new Executive, a strongly likely if not certain consequence is that we will not be able to form a new Administration. Will the Secretary of State establish a public inquiry under Section 205 of the Act into the RHI scandal?

Further, given that the Government have indicated that we are now leaving the single market and will not be full members of a customs union, how will the Government particularly ensure that trade can flow unhindered between Northern Ireland and the Republic of Ireland?

Lord Dunlop: Of course the Government agree that it is absolutely essential that we establish the facts and where accountability should lie around the renewable heat initiative scheme. As the Secretary of State made clear earlier in another place, clearly this is a devolved matter and we are firmly of the view that the best approach is that an independent inquiry should be established by the devolved institutions. It is absolutely vital that any inquiry needs to command the acceptance of all the political parties in Northern Ireland and provide widespread confidence across the community. Of course, the Secretary of State will continue to explore options during the election.

With regard to the issue about the border, the Government are absolutely clear that they do not want a return to the borders of the past. As we heard in the previous Statement, we are looking at all the practical options and solutions that will deliver the outcome that the Government want—the maintenance of the common travel area and frictionless trade across the border in the island of Ireland.

Lord Hain (Lab): As my friends in all the parties in Northern Ireland will confirm, I hold no brief for any of them or I would not have been able to negotiate the settlement that we achieved in 2007, especially between the DUP and Sinn Fein. But just as unionists found in the Good Friday architecture comfort from the fact that a referendum protected their ambition to stay within the union, would the Minister accept that republicans and nationalists also found in that architecture that their legitimate political—not terrorist—ambition to reunite both halves of the island of Ireland was also protected? I believe that the current situation is very serious for the future. If republicans above all believe that, either through Brexit and the uncertainty over the border, whatever the Government say, or through the failure to show good will over issues important to them, such as the Irish language and equality issues, there is no progress on those questions, I fear that you could see an unravelling of the consensus that has been so painfully established over decades of negotiation. That is the danger that we face. Do the Government understand that?

Lord Dunlop: First, I acknowledge the role that the noble Lord has played in the past in helping to set up the situation in which we have had the longest unbroken period of devolved government. Yes, of course, the Government are very alive to the seriousness of the situation, and it is absolutely clear that there has been a breakdown in the relationship between the two main governing parties. That is why we must use all the period between now and the election to maintain the lines of communication so that, in that three-week period that emerges following the election, we can create the conditions in which we stand the best chance of putting together a fully functioning Executive.

Lord Murphy of Torfaen (Lab): Will the Minister take very seriously the points that my noble friend Lord Hain made on the issues that need to be confronted in Northern Ireland? In the forthcoming month there will not be much time to talk to the political leadership in Northern Ireland, of all the parties, but the Northern Ireland Office knows what those issues are, and it must work overtime so that on 3 March the issues to which my noble friend and others have referred will be looked at and examined by the Northern Ireland Office and the Secretary of State, so that that solutions might be found and put on the table. It is not just about listening, although of course that is hugely important; it is about giving some ideas as well.

Secondly, as I said last week, there is a very important role for the Prime Minister and the Taoiseach in all this, so that when the elections are over they too play a very full part in trying to come to a solution.

Lord Dunlop: I thank the noble Lord, who has also played a very honourable and noble role in the peace process and in establishing and laying the ground for the period of devolved rule that we have had. On his second point, clearly the Prime Minister is actively involved. In the last 24 hours, she has spoken to the Taoiseach, Arlene Foster and Martin McGuinness. But as I think the noble Lord implicitly acknowledges, it is right in the first instance for the Secretary of State for Northern Ireland to take the lead, which he has been doing—and, of course, the Prime Minister stands ready to do all that she can to assist the process and discharge our primary responsibility for safeguarding the political stability of Northern Ireland. So we will use the period ahead to best effect to ensure that we are in the best position once the election is over.

Lord Lexden (Con): In the course of the discussions that have taken place in the last week, has Sinn Fein indicated any willingness to return to the Executive after the elections? In particular, is there any suggestion that preconditions would have to be met before it did so?

Lord Dunlop: I understand that my noble friend tempts me to disclose the subject matter of discussions which must necessarily be confidential. Those who have been involved in Northern Ireland for a long time know that the best chance of building trust and confidence is when discussions between the UK Government and the parties are kept confidential.

Baroness O'Loan (CB): My Lords, it is with great sadness that I ask the Government two questions today. First, to what extent are the House and the Government aware of the deep distrust and dysfunction which have marked our politics for the last years? Since the last election, the Assembly has not been functioning. It has managed to pass one Act: the Finance Act is the only piece of legislation passed in the Northern Ireland Assembly. On 23 December it was announced that all our school budgets had been rejected by the education authority; our schools are in a parlous state. Yesterday, I heard that 97% of our GPs have signed resignation letters because of the parlous state of the health service. They are undated but the chairman of the General Practitioners Committee said that the situation is catastrophic. Although the Minister had to respond as he did to the noble Lord, Lord Lexden, the reality is that we all know the conditions that Sinn Fein is putting on going back into government. Therefore, we all know that there will not be a Government. We will have an election, but we will not have an Assembly. The Government must have known this; they must have been informed of this by Northern Ireland Office officials over the past year or two. What do they mean to do now to exert positive pressure to enable the people of Northern Ireland to have an Assembly which can do that which has not been done for a long time?

Lord Dunlop: I thank the noble Baroness. As I said in answer to a previous question, we obviously recognise the tensions that have existed and have led to a breakdown in the relationship between the main governing parties in the Executive. There are noble Lords in this House who are more experienced than I in the workings of Northern Ireland, and there have been many occasions when the parties there have faced what seemed to be insuperable challenges yet they overcame those challenges and found a way forward despite them. That is what the people of Northern Ireland now expect. It is for their political leaders to show leadership and work through the many difficult issues that need to be worked through so that we can achieve what everybody in the community in Northern Ireland wants: the continuation of strong and stable devolved institutions.

Lord Cormack (Con): My Lords, it is impossible to exaggerate the gravity of the situation. The Secretary of State clearly cannot become involved in an election campaign, but can my noble friend assure me that he will be available throughout, in Northern Ireland, to consult with the individual parties contesting the election? I hope that my noble friend will agree that everything possible must be done before election day, to try to ensure that that very short period of three weeks results in another power-sharing Executive and not in another dissolution, another election and the imposition of direct rule.

Lord Dunlop: I absolutely give my noble friend that assurance. The lines of communication will remain open. We need an open dialogue during this period. It is in everybody's interest to make a success of devolved government. As the Secretary of State made clear earlier, he is not contemplating alternatives to the re-establishment of a fully functioning Executive.

Lord West of Spithead (Lab): My Lords, given the context of the current confusion, will the Minister consider the issue of natural justice for those of our servicemen who are accused of acts allegedly committed more than 40 years ago? Will something be done to stop that happening given that nothing has happened with regard to members of the IRA, for example, who have allegedly committed atrocities? I hope that this will not now go on the back burner because of all the confusion.

Lord Dunlop: I thank the noble Lord. Certainly, the Government absolutely recognise the unsatisfactory nature of the current state of affairs. As I said earlier, we pay tribute to the work that the PSNI and the Armed Forces have done over the years in creating the conditions in which the peace process could develop, and of course the work will continue. It is very important to build a consensus. It is a high priority for the Secretary of State to bring about reform that brings about a fairer and more balanced and proportionate system for examining and dealing with the issues of the past. We will continue to do that. However, that is why—I come back to this point—we need to work so hard to get stable devolved institutions back functioning. The Stormont House agreement provided a framework. We believe that the legacy institutions set out in that agreement provide the basis for that fair, balanced and proportionate way forward on legacy issues.

Lord Hay of Ballyore (DUP): My Lords, I too welcome the Statement. I have to say that it is a sad day for Northern Ireland. Many of us in this Chamber worked hard over a number of years to get where we are in Northern Ireland. No one in this Chamber should underestimate the huge challenge faced by our politicians in Northern Ireland after these Assembly elections in trying to put a power-sharing Government together in Northern Ireland. I want to tease out an issue from the Minister. In the Statement, the Secretary of State said:

> "Once the campaign is over, we need to be in a position to re-establish strong and stable devolved government in Northern Ireland".

Those are fine words. However, I think that that will be much harder to achieve because I believe that the election results will reflect a similar position to the one we have today. The demands of Sinn Fein may be very difficult for any of our politicians in Northern Ireland to meet. On this occasion, the Northern Ireland Office Secretary of State went to elections. I can understand why he did so but the next time round I hope that it will not be a case of having elections. It is all right talking to and meeting the parties, but what plans are the Government bringing forward to try to resolve this issue? Up until now, I have seen nothing. It was probably an easy option for the Secretary of State to go to elections. On the next occasion, it will not be an

[Lord Hay of Ballyore]
easy option. I ask the Minister, with great respect, what plans will the Government bring forward to the parties with their own ideas on solving this problem?

Lord Dunlop: I thank the noble Lord. I say in reply to his question that the Government can have ideas but fundamentally this is about the relationship between the two main governing parties in the Executive. Primarily, they need to sit down round the table, work through the issues and put together a viable proposition for governing in a devolved situation in Northern Ireland. The UK Government will play their part to facilitate that.

Lord Empey (UUP): My Lords, the Minister will be aware that the Assembly has not agreed a budget for next year, and organisations that rely on government aid are sending out redundancy notices. Can he also clarify one point? I accept that he does not wish to contemplate failure or direct rule. However, there are only 14 days from the time the Assembly meets to the time there is another election call. In those circumstances, will he now take the opportunity clearly and unequivocally to rule out any prospect of any form of joint authority as a long-term solution should a failure occur after this election?

Lord Dunlop: I thank my noble friend. As I said when I repeated the Statement last week, the constitutional position of Northern Ireland is clearly set out in the Belfast agreement and the Northern Ireland Act 1998. The UK Government will absolutely meet their commitment and respect fully the constitutional position that is set out in the agreement and in that Act.

Lord Elystan-Morgan (CB): The Good Friday agreement was a shining jewel in the turbulent history of Anglo-Irish relations. The idea that anything should happen that would jeopardise its success is no less than awesome. In the circumstances, would Her Majesty's Government consider the possibility of using the good offices of some person, male or female, of international renown and independence to try to broker a peaceful solution in this context, something which has happened in the past with great success?

Lord Dunlop: I thank the noble Lord. Clearly, we will look at all ideas and suggestions for finding a way through that, and I will certainly reflect on what he said.

Lord Alton of Liverpool (CB): My Lords, the Minister was right to remind us in the Statement that the situation in Northern Ireland now is unrecognisable compared with the past and that we have come a long way. I was reflecting on the fact that in 1979, the day after I was elected to another place, Airey Neave was murdered in the precincts of Parliament, and in the years that followed thousands of people died, thousands were injured and a huge amount of damage was done up and down the country. Yet, by contrast, speaking at Stormont just a few weeks ago, I was very impressed—notwithstanding some of the paralysis in the Assembly itself, to which my noble friend Lady O'Loan referred—by the high integrity of many Members of the Assembly as individuals. Surely, if all these gains that have been made are not to be squandered, it is right to do as the Minister said, and for all to show a great sense of statesmanship and to ensure that they can bring power-sharing back as a reality in Northern Ireland as soon as this election has been held.

Lord Dunlop: I can only agree very much with what the noble Lord said. I hope that all the parties in Northern Ireland will heed what he said and move forward in that spirit.

Neighbourhood Planning Bill

Second Reading

4.42 pm

Moved by ***Lord Bourne of Aberystwyth***

That the Bill be now read a second time.

The Parliamentary Under-Secretary of State, Department for Communities and Local Government and Wales Office (Lord Bourne of Aberystwyth) (Con): My Lords, I am delighted to be opening this important debate on the Second Reading of the Neighbourhood Planning Bill. Few of us here would disagree that our country is suffering from a serious shortage of housing. It is not a new problem, nor an unexpected one. We have not built enough homes in this country for a very long time. Between 1969 and 1989, more than 4.5 million homes were built in England; between 1992 and 2012 it was fewer than 3 million.

Every year that we build fewer homes than we need, the challenge becomes greater and the burden that we place on our children and grandchildren grows larger. Some 50% of today's 45 year-olds were home owners by the time they were 30, but for those born 10 years later the figure is just 35%. Only 26% of those who are 25 today are projected to be home owners in five years' time. Millions of young people are living with their parents until well into their 30s or struggling to save for a deposit while they rent. Too many cannot afford a roof over their head at all.

This is not just an economic headache but a profound social failure: a country divided between the haves and have-nots, where younger generations are denied the aspirations and standard of living that many of us took for granted. There is no single or simple solution to this complex and long-standing problem. However, one thing is clear: we must build more homes in the right places. This will require a planning system that is efficient and effective, and that helps communities plan for the homes they need. This Bill is a small but important step to help achieve this.

The good news is that we are not starting from scratch. Over the past six and a half years we have laid some foundations for a better planning system: local people have been given a much greater say over new development in their area; planning policy has been radically streamlined; and the planning system is faster and more efficient. The results are obvious. The planning system granted planning permission for 277,000 new homes in the period from 1 October 2015 to 30 September 2016—9% more than in the previous year—and 900,000 new homes have been delivered in England since 2010, with housing starts now at their highest level since 2008.

The Government are prioritising huge investment for housing, with a further £5.3 billion set aside in the Autumn Statement, bringing our total planned spend to more than £25 billion during this Parliament, and we will shortly publish a housing White Paper, which will set out radical plans to boost housing supply in the coming years. I will certainly ensure that there is a briefing for Peers as soon as the White Paper is published. Both the Secretary of State and the Minister of State have indicated an intention to come along to that briefing to help explain some of the intentions.

Perhaps I may give an overview of the Bill. It is part of the plan to deliver more housing and it has two key aims. First, it aims to help identify and free up more land to build homes on, and to give communities as much certainty as possible about where and when development will take place. Secondly, it aims to speed up the delivery of new homes—in particular by reducing the time it takes from planning permission being granted to building work happening on site and, most importantly, new homes being delivered. The Bill also provides a focused set of measures relating to planning and compulsory purchase. These measures will support the Government's ambitions to boost housing supply while protecting those areas that we value most, including the green belt.

The Bill has two main parts. Part 1 relates to planning and includes measures on neighbourhood planning, local development documents, planning conditions and the planning register. The second part relates to compulsory purchase. The provisions have been subject to rigorous and constructive debate in the other place, and I would like to take a moment to thank my right honourable friend Sajid Javid, the Secretary of State for Communities and Local Government, my honourable friend the Housing and Planning Minister, Gavin Barwell, and Members in the other place, who fulfilled significant roles in shaping and scrutinising the Bill during its consideration there.

The Minister for Housing and Planning in the other place committed to look in more detail at various issues raised on Report in the Commons, such as matters relating to neighbourhood planning and planning for the housing needs of the elderly and people with disabilities. I will keep the House updated on progress on those matters, but the intention is to bring forward a handful of targeted government amendments at the earliest opportunity during the Bill's passage in the Lords.

I will speak briefly on the two parts of the Bill that I have outlined. I turn first to Part 1: neighbourhood planning. The first five clauses further strengthen neighbourhood planning and will ensure that communities have a stronger say in the planning of their area. The Localism Act 2011 laid the ground for neighbourhood planning—one of the Government's great success stories. It has been instrumental in giving real power to local people to shape their area and play their part in delivering the housing and other development that they need. I know that many in the Chamber today can legitimately share in the successes of neighbourhood planning, having spent many tireless hours helping to improve that legislation when it passed through this place. This Bill will build further on that.

Since its inception, more than 2,000 communities have started the process of neighbourhood planning, in areas that include nearly 10 million people. Indeed, recently updated analysis suggests that neighbourhood plans in force that provide a housing number have on average planned for approximately 10% more homes than the number for that area set out by the relevant local planning authority. For example, the award-winning Newport Pagnell neighbourhood plan illustrates the vital contribution that neighbourhood plans make to housing supply. The judges at the 2016 planning and place-making awards highlighted,

"how proactive planning can secure community support for the significant increases in housebuilding that will be required across the country if housing need is ever to be met".

That plan allocates 1,400 new homes to the area between 2010 and 2026—three times the number that were required by Milton Keynes Council's *Core Strategy*, which was adopted in 2013. Furthermore, it was backed by 83% of local voters in a referendum held on 5 May 2016. That is good news indeed.

The Bill will ensure that planning decision-makers take account of well-advanced neighbourhood plans. In practice, this means that where a neighbourhood plan has been drafted by a parish council or neighbourhood forum, independently examined and found to have met the relevant conditions, local planning authorities and other decision-makers must have regard to policies in the plan where this is material to a development proposal. The Bill will also bring forward the stage at which a neighbourhood plan has full legal effect. Following a successful referendum, the plan will become part of the statutory development plan for the area immediately, along with any adopted local plan. The measures on neighbourhood planning will also introduce a streamlined procedure for modifying neighbourhood plans as local circumstances change, and facilitate the modification of neighbourhood areas where a plan is already in force for that area.

The proposals will also encourage more communities to consider neighbourhood planning by requiring local planning authorities to make their duty to support neighbourhood planning groups more transparent. This will be achieved through the inclusion of local planning authorities' policies on giving advice and assistance to neighbourhood planning groups in their statements of community involvement. These provisions, alongside policy changes, will make the neighbourhood planning process fit for the future. Moreover, they will make it even more accessible to everybody.

Also in the first part of the Bill are provisions on local development documents, to which I now turn. Every community deserves to have an up-to-date plan in place. These are the instruments through which local planning authorities can set out a vision and framework for the future development of an area and engage with communities in the process. They are important documents as, once adopted, they become part of the statutory development plan for an area. The development plan is the starting point for determining planning applications in an area. Indeed, producing local plans should be a shared endeavour, led by the local planning authority but in collaboration with local communities, developers, landowners and other interested parties.

[Lord Bourne of Aberystwyth]

Currently, 89% of local planning authorities have published a local plan and 74% have an adopted local plan. But this is not enough. More than a decade since the existing system was introduced, over a quarter of local planning authorities still do not have an adopted local plan. The measures in the Bill relating to local development documents seek to strengthen the plan-led system by ensuring that all local planning authorities in England identify the strategic priorities for the development and use of land in their area and have policies to address these in an up-to-date plan. The Bill also supplements the powers already available to the Secretary of State to intervene in a plan, for use as a last resort where local planning authorities have failed to prepare a plan that they have committed to prepare or revise.

Also in Part 1 are provisions relating to planning conditions. If we are going to expedite the delivery of new homes, it is crucial that work starts on site as soon as possible once permission has been granted for a development. As many of us well know, I am sure, a cause of delay during the interim period between the granting of planning permission and the start of work is the use, or rather the misuse, of pre-commencement planning conditions. Such conditions prevent any development taking place until detailed aspects of the development have been approved and the condition has been fully discharged by the applicant. Issues such as the full details of utility boxes, lighting and roof tiles, for example, are all important matters, but ones which can be discharged at a later stage of a development. The Bill will therefore ensure that pre-commencement planning conditions are used by local planning authorities only where they have the written agreement of the applicant.

The Government's recent response to consultation on the Bill's provisions regarding conditions, published just a month ago in December of last year, supports our proposals. By building on existing good practice, the Bill will ensure that mutual agreement to certain conditions before a planning decision is made should become a routine part of discussions between the applicant and the local planning authority. I make clear that, of course, conditions fulfil a significant role in planning and the clause relating to this will not restrict the ability of local planning authorities to impose necessary conditions to achieve sustainable development.

The second element of Clause 12 is a power to allow the Secretary of State to prescribe the circumstances under which certain conditions may be imposed, and the descriptions of such conditions, to ensure that they are in accordance with the National Planning Policy Framework. Oral evidence given during the Commons Committee stage, and a multitude of case studies submitted as part of a recent Home Builders Federation report, provide evidence of conditions being imposed which either fail to meet the policy tests in the National Planning Policy Framework or are unnecessarily restrictive. I intend to write to noble Lords participating in this debate with evidence of that so that they will be well appraised of how that has been operating.

Also in Part 1 of the Bill are provisions relating to the planning register. Clause 13 is a small change relating to the use of the planning register and, more specifically, the monitoring of the use of permitted development rights. Permitted development rights are a national grant of planning permission which allow certain types of development to proceed without first making a full planning application, helping to speed up the planning system and release more land for residential use. In some cases—for example, for change of use from office to residential—prior approval of the local planning authority is required by the applicant before the proposed development can commence. This would allow local consideration of certain specific matters, such as the impact of the development on transport and flooding risks or the external appearance of the proposed development.

The permitted development right allowing change of use to residential is playing an important part in supporting the delivery of additional homes. At present, data provided by local authorities indicate that almost 12,400 applications for change to residential use have received prior approval since 2014. However, we do not currently have data on how many new homes these applications may deliver. The Bill, therefore, will provide the Secretary of State with powers to enable information relating to permitted development rights applications for prior approval, such as proposed housing numbers, to be placed on the planning register to provide us with that additional information.

This measure will not require local authorities to undertake additional or burdensome tasks. It is intended simply to increase transparency by making information about prior approval applications and notifications available to the public. This information has already been given but is not on the register. Doing so will create parity between these types of applications and those for planning conditions, enforcement notices and so on, all of which already appear on the public register.

Part 2 of the Bill deals with compulsory purchase. The effective regeneration of areas, and therefore the delivery of large amounts of housing and accompanying infrastructure, can often require the compulsory purchase of land in the public interest. Compulsory purchase is, however, used as a last resort where land cannot be obtained by agreement. Reforms to the compulsory purchase system are being undertaken in two stages: the stage 1 reforms are mostly in Part 7 of the Housing and Planning Act 2016 and the stage 2 reforms will be delivered through this Bill. In particular, the measures on temporary possession of land will clarify the options and rights of owners and occupiers when faced with temporary possession. These provisions will protect them from extended periods of uncertainty as to the occupation of their land by defining the scope and operation of temporary possession powers. This means that acquiring authorities will need to set out for how long and for what purpose the land is needed and, in addition, they will have to provide a robust justification for their need for temporary possession, as is currently the case for compulsory purchase in general.

In addition, the compensation measures in the Bill will achieve a clearer way to identify market value of land by establishing the principle of the "no-scheme world"

fairly and effectively in the valuation process. This has been widely welcomed. It introduces a clear definition of a scheme that should be disregarded in assessing compensation and a clear basis for assessing whether the scheme forms part of a larger underlying scheme that should also be disregarded. These reforms are needed in order to make the process clearer, fairer and faster for all—and, in turn, speed up the delivery of more homes.

I know that many noble Lords will speak on the Bill and have exhibited great interest in meeting the challenges we face as a country. I thank them for engaging in the process hitherto and I look forward to a debate among people who know and care a great deal about planning and related issues.

It is very clear that we have a nationwide shortage of housing that people can afford. Any delays in tackling this problem will simply make it worse. The Bill will build on the improvements we have made since 2010 to build more homes and give greater responsibility to local communities to decide what gets built and where. It will remove red tape that delays construction, provide better information about the planning system and ensure that we have a compulsory purchase system that is fit for the 21st century. The Government are determined to make progress and the Bill is a vital part of our strategy. I commend it to the House.

5 pm

Lord Kennedy of Southwark (Lab): My Lords, I refer Members to my declaration of interests and state that I am an elected councillor in the London Borough of Lewisham and a vice-president of the Local Government Association.

In many respects, the Neighbourhood Planning Bill is to be welcomed. It contains a number of measures that we support, although there are areas that can be improved. We will seek to do that in Committee and on Report.

In my opening remarks I will refer to things not included in the Bill, one which I welcome and one which is of some concern. First, I am pleased that there is no mention of the privatisation of the Land Registry. That is to be welcomed. The proposal was not popular and it is good to see that it has been dropped. Will the noble Lord confirm that it is gone for good, or has it just been postponed? The second omission is that of putting the National Infrastructure Commission on a statutory footing. This is most regrettable. Will the noble Lord say why it is not in the Bill, despite being announced in the Queen's Speech in May?

Another concern is that, as the noble Lord said, this is the sixth piece of planning legislation in six years. That is not a good way to deliver policy objectives. We need comprehensive, thought-through legislation, based on sound evidence, to address policy concerns with clear policy outcomes. We need matters brought to Parliament to address failures and to bring procedures up to date. That surely is the way the Government should be working, but instead we get piecemeal tinkering and chopping and changing every year. That is no way to develop public policy and put on the statute book legislation that will stand the test of time. It will be helpful if the noble Lord can explain why his department seeks to operate in such a manner.

Members on these Benches will support measures that seek to streamline delivery of much-needed new homes and further engage local people in the shaping of their communities. That is all to be welcomed. We are in the midst of a housing crisis and I welcome the signals from the Housing Minister Gavin Barwell that homes of all tenures are needed to deal with the crisis. But we are still waiting for the housing White Paper. To deal with the housing crisis we will have to build more council homes and housing association homes, and bring the co-operative sector much more into the equation to deal with the enormous challenge we face. The Government will fail if they think that hiding behind the unaffordable "affordable rent" policy banner will be the solution to this national housing crisis.

We want to free up more land for new housing and expedite the beginning of building once planning permission has been granted, but I have from the Dispatch Box repeatedly referred to the number of planning permissions that have been granted for new housing where nothing further has happened. I am not convinced that the Bill deals with all the issues that need to be addressed to get land where permission for housing has been granted.

As the noble Lord referred to, the Bill introduces measures in four key areas: neighbourhood planning; planning conditions; the planning register; and compulsory purchase orders. The neighbourhood planning proposals will allow neighbourhood plans to influence the planning process at an earlier stage and will help to streamline the making and revision of neighbourhood plans. These are positive measures in the neighbourhood planning process, further promoting the ability of local residents to participate. There are questions that need to be raised on this part of the Bill. We will certainly want to come back to neighbourhood right of appeal at the next stage. For example, we will need to be crystal clear on the value, the substance and the weight attributed to neighbourhood plans at every stage of their preparation. What weight will be given to a local neighbourhood plan in the determination of a planning application?

During consideration of the Housing and Planning Act 2016, concern was expressed about overstretched planning departments. The proposals here will create further work for them. What advice can the Minister give to local government on meeting these ever increasing demands with ever reducing budgets? Does he accept that there is a huge challenge here for local government? Local authorities have a statutory duty to support neighbourhood planning groups and provide a local plan. That could present problems for smaller district councils which have limited resources and capacity to respond to multiple pressures.

We will want to explore further the costs involved in the development of neighbourhood plans. At present, a council receives £5,000 where a neighbourhood plan area is designated and £20,000 for each neighbourhood plan referendum. The figures take no account of factors such as the number of electors, the size of the neighbourhood plan and general complexity. It is clear that in some cases the costs can exceed the money that a council receives and leave little scope for the authority to support communities in the development of their local plan. It cannot be right that poorer areas will

[Lord Kennedy of Southwark]
have less scope to develop plans due to lack of support or knowledge gaps. I am aware that Planning Aid and the Royal Town Planning Institute do some pro bono work to help communities, but we cannot have a major government initiative that is dependent on handouts and pro bono work. This area of policy needs to be properly resourced. I hope that the Minister will set out how the Government will adequately resource local authorities to carry out these new functions.

We should also explore minimum turnout thresholds for referendums to approve neighbourhood plans. We certainly would not want a situation where a plan was approved but on a derisory turnout that called into question the validity of what had been approved by the referendum. Can the Minister comment also on the need for local neighbourhood plans to be consistent with and conform to the National Planning Policy Framework?

On pre-commencement planning conditions, there is concern about the Government's proposals in this area of the Bill. It also highlights that the Government seem obsessed with issues that are not the reasons for more homes not being built. As I have said before, many thousands of planning applications are approved with little or no action taken. The issue that needs to be addressed is why some developers choose not to build houses on land they own and on which they have secured planning permission to build, but rather seem content just to sit on the land and watch the value rise while doing absolutely nothing. Can the Minister set out in much greater detail the evidence to suggest that development is delayed by pre-commencement planning conditions? London Councils has made the point that there is little robust evidence to suggest that the current planning conditions system has led to an undersupply of housing. It is not very sensible for the Government to seek to address issues which are generally accepted as not being a problem while failing to address issues that are. It does not lead to positive outcomes or the delivery of stated government policy.

I am a member of the planning committee at Lewisham Council and have never had a developer come and make a fuss or complaint about pre-commencement planning conditions. They actually speed things up by enabling planning permission to be secured without finalising the full details. London Councils has expressed concern that the measure will put considerable strain on the resources of local planning authorities. It proposes that a better solution would be to promote best practice in pre-application discussions between developers and local planning authorities. Again, these are questions on the process that we will need to come back to at further stages.

What would happen if, when an application was being considered by a planning committee—I accept that most applications are dealt with under delegated powers—a councillor, having heard representations, wished to propose a pre-commencement condition on the night of the committee? Will a councillor be able to do that, or will it have to be withdrawn? These matters are never as simple as they first seem.

Pre-commencement planning conditions are not a bad thing in themselves. They have an important role in securing sustainable development that is careful and considerate of local communities. Of course, conditions should be opposed only where consent would not be acceptable without them. What we cannot do is inadvertently encourage inappropriate development by lowering our standards of acceptable development or, when disagreements arise between applicants and the planning authority, discourage builders from developing. Perhaps the Minister can give us specific examples which illustrate why the measure is necessary, notwithstanding his very kind offer to write to noble Lords at a later date.

We have an existing framework for applicants to appeal specific conditions that they consider do not meet the national policy tests. How will the Minister ensure that the Bill does not have unintended negative consequences? Greater clarity is needed on appeal routes when agreements cannot be reached and on pre-completion and pre-occupation conditions.

One issue with the proposals is that they do nothing to build one extra house. It is not pre-commencement planning conditions that slow planning consent. As I said, we need to address land banking and look at issues such as skills shortages which hold up the housebuilding programme, and the lack of a comprehensive strategy from the Government. A survey by the British Property Federation identified underresourcing as the primary cause of delay to development. Perhaps the Minister will comment on that, along with the remarks of the House Builders Association, which represents small and medium-sized builders, which said that the Bill was,

"unlikely to meaningfully increase the supply of homes".

The Bill also makes provision for permitted development to be recorded on the planning register. As I said, the resource for these extra commitments is a concern for local government. I hope the Minister will provide answers that will help financially stretched authorities deliver on these extra commitments.

The Bill also seeks to streamline compulsory purchase powers and includes temporary possession of land so that equipment and machinery can be stored in order for schemes to be delivered. But the Bill lacks detail in key areas and we are looking for these matters to be tightened up, including details on leasehold interests and changes to the provisions on compensation so that the Bill reflects current practice. As drafted, the Bill would create some ambiguity for schemes currently being implemented in relation to temporary possession powers and these ambiguities need to be resolved. The proposed changes to compulsory purchase orders would enable councils to capture the value from increased land prices to invest in the local infrastructure needed to complement and facilitate new housing schemes. In relation to compensation, there need to be amendments in order to achieve the stated intent of enabling the public sector to benefit to a greater extent from value uplift created by public projects.

The Bill includes welcome proposals for a more holistic approach to the use of compulsory purchase powers which facilitate regeneration, housing and transport enhancements. There are some gaps that need to be closed; for example, it currently excludes mayoral development corporations and does not cover

all relevant Transport for London compulsory purchase powers, so these issues need to be addressed in your Lordships' House.

I also give notice to the Minister that we shall be proposing an amendment in Committee to remove the permitted development rights for pubs in England and to place pubs in a class of their own. Permitted development rights allow the change of use of pubs to retail and temporary office use without planning permission, with communities denied a say over the loss of valuable community assets. We are presently seeing 21 pubs close a week. That is most regrettable, and we need to act to save our pubs. We also intend to move amendments in Committee in respect of the number of payday loan shops on the high street.

In conclusion, we welcome some of the proposals in the Bill, but there is much more that can be done. The Bill will not deliver social housing and the genuinely affordable homes that are desperately needed. It will not provide facilities on new housing developments that are required to build communities. It is unlikely to facilitate opportunities for struggling SME builders or tackle the growing skills crisis in the construction sector. But we will at all times engage constructively with the Minister and his team and seek to persuade them of the merits of our arguments. We will be looking for a constructive response, which is the way that the Minister always approaches these matters, and we are very grateful for that. Where we cannot reach agreement with the Government and we believe we have demonstrated the strength of our arguments but to no avail, we will divide the House as many times as necessary on Report.

5.14 pm

Baroness Pinnock (LD): I thank the Minister for his detailed exposition of the contents of the Bill. I draw attention to my interests as a councillor on Kirklees Council, as one of the vice-presidents of the Local Government Association and as a member of the board of Yorkshire Water. I applaud the purpose of the Bill, which is to enable more homes to be built. It sets out to remove some of the perceived barriers to housebuilding. However, I doubt whether the Bill will achieve that purpose, for the following reasons.

First, housing construction is dependent on land values and market conditions, which vary significantly across the country. In yesterday's London *Evening Standard* the headline was, "Death of £300,000 London Home". Yet in my own part of West Yorkshire, it is possible to buy four homes for that amount. The problem is that successive Governments have failed to develop long-term effective regional policies, which are exactly what is needed to aid the housing market.

My second reason is that the Bill proposes to tinker with the strategic planning processes of developing a local plan. Government must resist the temptation to undermine indirectly that very local, consultative process.

My third concern about the Bill is that while its proposals to strengthen the status of neighbourhood plans are welcome, many urban areas do not have parish councils, which are a helpful pre-requisite to developing a neighbourhood plan. As the Minister said, only 10 million of our population are currently covered by a neighbourhood plan, which is equivalent to about 15%. The other, larger proportion of our population is not covered by a neighbourhood plan. The problem is that it is much more complex to define a neighbourhood in urban areas. Where there is no parish or town council, defining the boundaries of a neighbourhood within a very built-up area is complicated. That is probably one of the barriers to doing the plans. Can the Minister confirm that areas without neighbourhood plans, and with no possibility of developing them, will not be put at a significant disadvantage by the proposed changes?

Fourthly, and sadly, some significant barriers to housebuilding do not appear to be addressed by the Bill. In former heavy industrial areas, sites are still not being developed because of the contaminated ground. An upfront government grant is needed to enable developers to afford the remediation, which can be a large initial investment. A policy such as this would have the added benefit of protecting our precious green belt, which is, of course, far more attractive to developers.

Fifthly, the underresourcing of local government planning services has had the inevitable consequence of creating delays in planning decisions. Can the Minister comment on a suggestion from the Local Government Association that local planning authorities should be able to set their own fees? This would enable fees to be set to cover applications that generate abnormal workloads, such as those involving heritage sites or archaeological issues, and perhaps where there is problematic drainage. Fees could then also be set at a lower level to encourage development in regeneration areas.

The Government are rightly concerned about developing so-called affordable housing—which is less affordable in some areas than others. However, currently policy ambitions in a local authority for, say, 15% of a development can be thwarted by developer claims about financial viability. This has occurred on several occasions in planning decisions in my council. The obvious consequence is even fewer so-called affordable homes.

Finally, proposals in the Bill about greater flexibility of pre-commencement conditions must surely be challenged. Local residents can already feel that the planning regime is stacked against them, that developers lead the formation of a local plan—it starts with a call for sites—and that their voice is of little influence given the pressure from government to build more homes. The removal of these conditions, for example to improve the road infrastructure with road safety measures, will be viewed with increasing cynicism. Likewise, the proposal in the Bill for spatial planning to be carried out on a combined authority basis in urban areas should not delay local plans already submitted or agreed, otherwise even more delay will be built into the process. Part 2 relates to compulsory purchase orders. The proposal to enable temporary compulsory purchase orders appears to have much to recommend it.

In conclusion, elements of the Bill can be supported and welcomed, but it fails in its aim to increase the delivery of homes. If that is the purpose, the most effective way to speed up delivery and provide value for money is to permit local authorities to borrow to

[Baroness Pinnock]
build on a significant scale. I look forward to working with the Minister to improve the Bill in order to meet the needs of local people in protecting their area, and to working on the detail, such as the pre-commencement issues that were raised earlier.

5.22 pm

Lord Cameron of Dillington (CB): My Lords, first, I must declare an interest as a farmer and landowner. Everyone is agreed on the fact that we need more houses: the Government, opposition parties, local authorities, virtually every NGO in the country and, of course, anyone looking to get married or start a family. For decades we have not built enough homes in this country, and this has had devastating consequences for the new generation of homemakers, both renters and potential owners. The Secretary of State has a target of 220,000 new homes per year—that is, new homes built and not just given planning permission—but other forecasters have said the figure needs to be as high as 330,000 to cater for the number of households likely to be created between now and 2039. Last year, the figure for new houses built was only some 164,000. That was the highest for four years, so we have a good way to go. In the mid-1950s, we managed to build 350,000 homes per annum, but there were 32 new towns as part of that programme, which is why what I hope is our growing garden village programme will be so important.

However, I have noticed that, in spite of the general consensus about the urgent need for new homes, there is always a tendency within every group, in every locality and among even MPs in their debates to say, yes, but we must make an exception for this valley, this village, this reason et cetera. I hope we do not have an outbreak of "yes buts" among your Lordships, and I hope every amendment will be looked at in terms of whether it will reduce or increase the number of homes available to the young of today. That will be the all-important test.

We need to plan for more homes and ensure that they get built. Do we need an amendment which bars a housebuilder with permission for, say, 50 or more housing units in a planning authority area applying for more until he has the first site well under way? There is no doubt that something needs to be done to get the country actually building, but it does not all depend on the planning system. We also need to build to a high specification, particularly as regards heat retention, and with a whole variety of tenures, from freehold through shared equity to affordable lets.

A long time ago, when I was chair of the Countryside Agency travelling the country to promote more affordable housing, the biggest opposition always came from the town or village itself. So I came to the Bill with an inherent suspicion of neighbourhood plans, but it seems that such is the new recognition of the need for more homes—the Minister referred to this—that my suspicions are unjustified. The secret is the neighbourhood getting the right advice, and the plan conforming with the strategy of the local plan—if there is a local plan, that is, and I welcome the efforts of the Government to ensure we get 100% coverage by local plans. Then it seems that we get more homes delivered more quickly.

It is vital that a neighbourhood can get the right advice paid for from the start, and that that advice includes not only all the legal and planning advice but, importantly, a facilitator for the vision and place-making advice. At the Countryside Agency, we had a scheme whereby we tried to encourage market towns to become hubs for their surrounding countryside and to have a vision for what they could become if they worked to create an attractive community. It was marvellous watching the scales fall from the eyes of potential movers and shakers as they suddenly realised what could be done to turn impoverished backwaters into really attractive communities with a real sense of purpose—and when I say attractive communities, I mean communities that attracted people who wanted to live there, businesses that wanted to move there or start there, and money that wanted to spend there. I have seen towns transformed by the efforts of a few visionaries, and it is that sort of visionary facilitator that every village and every community needs. A neighbourhood needs to be inspired into thinking about its future and saying, "Maybe if we get some more houses we can get a shop, a pub and a health centre, create more jobs, hold an arts festival or a summer food festival or the like", et cetera. That sort of advice and inspiration is just as important as the legal planning advice, if not more so.

However, neighbourhood plans and local plans all cost money, sometimes considerable amounts of money, and society needs to pay for them. We need well-funded planning departments but, as we know, local authority spending on planning has almost halved in recent years. Although some of the big housebuilders are happy to pay higher planning fees to get a faster service, this does not necessarily apply to the smaller landowners and developers, who already find it difficult to pay the tens and sometimes hundreds of thousands of pounds for all the reports and hoops they have to go through to get their planning permission. Meanwhile, developing local and neighbourhood plans does not bring in any fees, and if you live in a county of low development—such as Cumbria or Cornwall, to name but two—then you do not have many development fees to contribute towards your plan-making. We should bear in mind that the planning system is largely there for the benefit of society at large, to both protect it and to plan for its future, so it is only right that the taxpayer should largely pay for local and neighbourhood plans.

We need a government statement on the financing of local planning departments, so that they can afford to ensure that a potential developer knows he will have a constant expert to deal with who does not get moved on, who is not attracted into the private sector, who has actually read the many expensive reports the developer has had to produce and who can give the right advice to enable more houses to be built in the right place, and as soon as possible.

Moving on to another issue connected to well-resourced planning departments, I am convinced that Clause 12 on pre-commencement planning conditions is necessary only because the lack of resources prevents the department from sorting out all the terms of agreement prior to the permission being granted within the necessary timeframe. I have already mentioned the sometimes

hundreds of thousands of pounds necessary to get planning permission on a complicated site, and I agree with the Government that to have new conditions applied after the decision has been made is not in the interests of either social or economic development. Nor does it pass the Cameron test—mine—of enabling more houses to be built sooner. So, provided that we also have well-resourced planning departments to make pre-commencement conditions largely unnecessary, I support Clause 12.

Part 2 is a good first attempt at tidying up the very complicated compulsory purchase regime, which has yet to catch up with our nation's need for large and small project development that does not take an age to deliver. I firmly believe that the length of time involved in compulsory purchases, along with a whole host of unnecessary objections to schemes by anyone remotely affected, costs the Treasury and the nation far more money in delays than if it was to offer a premium for speedy acquiescence to the project involved. This area needs a really good examination, with examples taken from other countries: the USA, for instance, where 81% of land value compensation assessments are agreed immediately, or France, where an enhanced compensation scheme enables transport projects to be brought to fruition swiftly. We need a scheme where, if possible, the purchasing body is empowered to do a normal sale and contract deal with the owner before resorting to compulsory powers, with all the complications and delays that that involves. This deal would inevitably involve an overage clause or a premium for hope value if there was any prospect of development on the site over the subsequent 20 years or so. That would be quite normal in the private sector, and it must only be fair to have it where there is compulsion involved. As I say, Part 2 is a good start towards simplification and reform, but I am certain that we need a more in-depth review and a complete overhaul of our compulsory purchase regime if we are to achieve the speed of progress and development that we need in a post-Brexit UK.

I look forward to assisting with the progress of the Bill over the coming months.

5.31 pm

Lord Porter of Spalding (Con): My Lords, I declare my interests, particularly that I am chairman of the Local Government Association and leader of South Holland District Council; I do some small-scale private development; and, as I am going to talk about pubs, I use those as well at some point in the evenings, so I have a personal prejudicial interest there.

I largely welcome the Bill for two reasons: first, there are some good parts in it—compulsory purchase needs to be speeded up and neighbourhood planning needs to be strengthened—although there are issues around the inspectorate, which I will get around to later; and, secondly, it is not as dangerous as it could have been. It has been suitably amended before it got to us so that it is in much better condition than it was, and I hope that by the time it leaves us it will be in even better condition.

However, Members of this House ought to be under no illusion that we will speed up development with this Bill. It will not add to the totality of the numbers of properties built, nor will it speed up the total numbers of properties built. If we as a country really are serious about tackling the housing crisis—it has been 40 years in the making so all the main political parties have their fingerprints on it and no particular Government can take responsibility for it—it needs to be a Treasury Bill that fixes it, because most of the roots of all evil in planning stem from the Treasury's policies. We need to free up local councils to be able to deliver the units that we need. Post-war, we have exceeded the 300,000-plus numbers only twice, and that was done only by the state getting involved. I am not suggesting that we go back to building big monolithic council estates, because we have seen the problems that that creates in terms of social cohesion, but there needs to be a greater role for councils and RSLs to free up the money that we already have. It would not involve the Treasury dipping its hands into anyone's pocket; it would merely allow us to borrow against the asset that we already have. There are over 3 million social units being run by councils or RSLs that are not sweated up to their full value. Any business model would sweat those up to their full value, so if we are serious about building more homes then we need to let local government get into the space where it should be.

There are issues around planning fees, which noble Lords have already mentioned. At the moment the taxpayer is subsidising the planning system to the tune of about £150 million a year. We need to get councils to be able to increase the staff that they have by fully recovering the costs of planning permissions. At the moment that is not done. That is a relatively simple thing for the Treasury to enable us to do and, again, it would not cost us any money, or at least would not cost the taxpayer money.

On permitted development rights, yes, fine, okay, they speed up some planning permissions, but in some areas they have gone too far. There needs to be a clause somewhere in the Bill that allows us to revisit those areas that have lost the most office space through permitted development rights to see if the balance has gone too far.

While I will probably not actually go through the Division Lobby with noble Lords on the Benches opposite to support the need to make pubs more sustainable in terms of where they sit in their local communities, we need to find a way of protecting those pubs that are most valued when they are not necessarily as financially sustainable for the breweries as they could be if they were turned into residential units. There needs to be a way to resist that in the case of the larger breweries. I am not suggesting that an individual owner of a pub that has no customers should be compelled to keep it as a pub; clearly, if it was that useful to the community, people would have gone in it. There needs to be some sort of recognition of the scale of the owner of the pub if you are going to restrict the ability of the owners to do what they want.

As I say, I think the Bill is going to be really good because it will be less bad than it would have been, but it does not and will not address the needs that we have. There are 477,000 extant planning permissions in this country, and 277,000 were permitted last year. I am more generous than the Opposition and give the Government credit for 190,000 completions in the last year, but that

[Lord Porter of Spalding]
is still nowhere near the total that is needed to be built. If we are really serious, this should be fed into the White Paper that is due soon—are we at "imminently" now? That is where we will have the biggest chance to have input into that. I am pleased that on this occasion the Government have done it as a White Paper so that there will be a chance for everyone to feed into it and perhaps move this political football beyond party politics. We can all have a strong input into the paper to make it the vehicle to fix the problem, but we should not be under any illusion that this Bill is the vehicle to do so.

5.36 pm

Baroness Maddock (LD): My Lords, like other noble Lords, I declare my interests in the register. I draw particular attention to the fact that I am also a vice-president of the Local Government Association, which will become apparent in my remarks today.

I realise that in November I will have been in this House for 20 years. In that time there have been many planning Bills, and all have been claimed by various Governments to herald a brave new world of a simpler, faster planning process. Clearly, though, they have not completely succeeded, which is why we are here today yet again with a planning Bill that makes similar claims. The Royal Town Planning Institute has commented on the number of Bills that we have, saying that,

"constant change—even if desirable—creates its own costs and uncertainty. In particular it makes it difficult for non-experts to engage with planning".

Neighbourhood plans have already been mentioned today. They are a particularly concerning aspect because it is very challenging for small communities to produce neighbourhood plans and to understand the planning system.

What research has been done before bringing forward yet more changes to the planning system? The Minister alluded to some of this in his opening comments. How much work has been done on how it will affect the very different types of council and community throughout England? I wonder whether civil servants drawing up Bills such as this have the opportunity to visit a cross-section of planning departments throughout the country. I have served on a large city council, a district council and a county council, so I am very aware of the differing resources available and the differing nature of the planning applications that are put to different types of council.

I turn to some of the specifics in the Bill. I think we can all agree that we need to create the conditions where we have responsive planning services. We can all agree that such services are crucial to our economic growth and to the building of the homes we need. However, both the Royal Town Planning Institute and the Local Government Association highlight that for this to be the case, as already touched on in today's debate, local authorities need sufficient resources, both money and manpower, if they are to carry out this important work.

Various areas of the Bill will increase pressure on local councils. One already talked about is the duty to compile a new register and the issue of permitted development. Secondly, there is compiling statistics for local plans, which the Local Government Association has described as burdensome. However, it is rather difficult to understand the full implications of the Bill, as draft regulations are yet to be published. They need to be published because they need to be scrutinised. This is not the first time that primary legislation is before us without details that need to be scrutinised.

Thirdly, there is an issue that has been touched on by other speakers, which is financial support for neighbourhood plans. Many question whether the financial support provided to communities for neighbourhood plans is sufficient. Have the Government conducted a full review? If not, I hope that they will commit to do so. I reflect on the local plan that my home town council of Berwick-upon-Tweed is consulting on at the moment. I got through the door a folded A4 piece of paper with very close script on it. I suspect that some people did not realise what it was. Small councils do not have the manpower or resources to consult effectively. An added problem in my home town is that our council has been beset by infighting and unpleasantness between councillors both in the council chamber and on social media, and a report this week has told them that they really need to pull their socks up.

The Local Government Association would like planning fees set locally, as the noble Lord, Lord Porter, said. The Royal Town Planning Institute supports that, and supports local authorities charging higher fees for planning applications, as the noble Lord said. He also pointed out that taxpayers are subsidising what goes on in local authorities. It is interesting to note that the British Property Federation found that two-thirds of people in the private sector who responded to a survey would be willing to pay increased fees for an effective and efficient service. I understand that it is estimated that 30% of the cost of providing planning applications in England is subsidised by the taxpayer. Fees are set nationally and do not cover the full cost. The Government must be aware of this. Why can they not respond to perfectly reasonable requests to do something about the situation? The evidence is there.

As always, I am grateful to the House of Lords Library for a briefing on the Bill. As has already been stated, one of the Government's two main aims in the Bill is:

"To help identify and free up more land to build homes on to give communities as much certainty as possible about where and when development will take place".

I read recently that five years-worth of land is already identified for houses that we would like to build. The second aim is:

"To speed up the delivery of new homes, in particular by reducing the time it takes to get from planning permission being granted to building work happening on site and new homes being delivered".

Many planning Bills I have heard debated in this House for many years have aimed at that.

I suggest that the Bill will not be a magic bullet to produce a large number of new homes. I hope that it helps, but other factors need addressing. Some have already been suggested this afternoon. Others have suggested that one problem is that the large-volume housebuilders are rather happy with the current situation;

they do quite well. However, there are problems with finding a skilled workforce. That factor hit Bovis rather publicly last week.

One way to speed up housebuilding and deal with the lack of traditional building skills is for the Government to get behind high-grade off-site construction. I was very pleased to read in *Inside Housing* this week that the Government have recognised that, and I hope that they will address it. I first saw this 50 years ago, when I spent three years living in Sweden. Beautifully designed and highly energy-efficient homes were manufactured off site and quickly put up on site. I understand that evidence was given on this to the CLG Select Committee yesterday. Skills shortages since the recession have forced many people out of the industry and many have not returned. They certainly have not been replaced by the younger generation. Three times more people are retiring from the housebuilding sector than joining it. I read in the *Times* yesterday that Mark Farmer has written a report on this. He concluded that the building sector must "modernise or die". I think he was giving evidence yesterday to the Select Committee. He stated:

> "Modular or pre-manufactured housing is a critical enabler to how we can modernise the construction industry. We need to be able to produce more with less human resources in the future and moving construction processes closer to manufacturing is the game changer".

I have been saying that for years. I hope that at last it may become reality.

Another point that has been raised by at least two speakers this afternoon is direct commissioning of building by local and national government. As the noble Lord, Lord Porter, said, after all, that was how it was done when we built more houses in a year than we have ever managed since, shortly after the Second World War.

I hope that the Bill achieves its aims but, as I have said, other factors need to be considered if we are really to achieve the new homes that we need. I end by saying that I hope I will not be here talking to a similar Bill in a few years' time.

5.47 pm

Baroness Finn (Con): My Lords, I welcome the Neighbourhood Planning Bill as an important next step in tackling the problem of housing shortages. I am not sure that it is a huge exaggeration to claim that a failure to tackle this problem may lead to a social explosion further down the line. Home ownership is simply moving beyond the reach of millions of families, and that risks undermining one of the key foundations of a stable society.

I will not go into the 2016 figures, but in 2015 just 142,890 new houses were built in England. Home ownership rates have fallen back to 1980s levels. Millions of young people are still living with their parents while saving for a deposit to buy a home of their own. The only ways to resolve the issue are to ensure that the current rules are reformed, to allocate more land to housing and to double homebuilding as soon as possible.

The Bill is important because it allows local communities to embrace new developments, rather than having them imposed and being forced to live with them. The measures to strengthen neighbourhood plans introduced in the Bill will ensure that more tiers of government come together and that more plans are put in place. These plans will reduce uncertainty for communities, which are often left with no idea of what will be built where, and the subsequent resentment when developments are imposed.

In decades to come, neighbourhood planning will go down as one of the most radical and successful reforms of the coalition Government. Previously, people had always believed that if you gave residents in communities facing development pressure greater power over planning, they would use it to refuse all proposals and stop anyone building anything anywhere. But the former Prime Minister David Cameron, Eric Pickles, Greg Clark and Nick Boles all disagreed. They believed that if you trusted concerned residents with the power to shape the way in which their community discharged its responsibility to build more houses and cater for investment and economic activity, they would rise to the occasion and take the responsibility seriously. This is exactly what has happened.

An impressive 280 communities have held local referendums on neighbourhood plans since 2012 and, on average, and even more astonishing 89% of eligible voters have supported the proposed plans. This is one of the greatest experiments in direct democracy that this country has ever seen.

The Bill's proposals to build on the reforms of the Housing and Planning Act to strengthen neighbourhood planning ensure that communities will continue to have a stronger say in the planning of their area. They will further entrench the legal weight given to neighbourhood plans in planning decisions and encourage even more communities to develop a plan of their own. The Bill will also establish a clear and straightforward process for updating neighbourhood plans without having to go back to square one.

On compulsory purchase, I welcome the measures to streamline compulsory purchase orders. I would also urge the Minister to consider an important point not covered in the Bill. It relates to vacant public sector land. The right honourable Member for Chipping Barnet, Theresa Villiers, raised this issue during the Bill's Second Reading in the other place. She highlighted a derelict site owned by the NHS that had not been used for many years. During my years in the Cabinet Office, we ensured that government departments and agencies collocated and used office property much more intensively. This enabled us to release surplus property to the private sector.

It became increasingly clear that the public sector was hoarding vast acreages of surplus property and that many departments, due to an appalling lack of management information, were not even aware of the land that they actually owned. I would suggest that there could be rich pickings if we applied some rigour to putting records straight and then requiring public sector entities to disgorge property to meet the ever-growing housing need. We always assume that compulsory purchase is for the state to use to purchase property from recalcitrant private sector entities. I suggest that the Government should consider taking powers for

[Baroness Finn]
central government to compulsorily purchase property from other public sector entities with a view to releasing it to the private sector.

I also commend the measures to address pre-commencement planning conditions. Pre-commencement conditions imposed by local authorities are unnecessarily restrictive and a major cause of delay, so I am delighted that Clause 12 introduces robust regulations to deal with these problems.

As many noble Lords have said, the Bill on its own is not a solution to building all the homes this country desperately needs. In particular, we must get a much better linkage between the provision of infrastructure in return for more housing. The Government must ensure that new homes are built in sustainable communities where the roads do not become hopelessly congested, where existing residents are not met with increased waiting lists to see their GP, and where there are no battles for limited school places.

However, there is simply not enough housing in this country. There needs to be more housing and more infrastructure. We have not built, and are not currently building, enough homes, and we eagerly await the White Paper due later this month. However, this Bill marks an important step in building a housing market that works for the country, and for that reason I fully commend the measures to the House.

5.52 pm

Baroness Young of Old Scone (Lab): My Lords, I declare an interest as president or vice-president of a range of wildlife organisations, and chairman of the Woodland Trust. I should also declare that I am not a vice-president of the Local Government Association. I was also privileged to be a member of the Select Committee on National Policy for the Built Environment, which is due to have its report debated next week, so I understand very well why there is a government commitment to ensure that the planning process is as efficient as possible, particularly in respect of helping to get houses built to meet the current and future pressing need for quality, sustainable and affordable homes. I urge all Members here tonight to take part in the debate next week, because the report is fairly comprehensive and covers many of the issues that will also need to be dealt with if we are to see faster and better provision of homes—things that are not currently in the Bill, which is fairly modest in scope.

Some things in the Bill have already been raised that I would have preferred to see as provisions brought forward by the Government—a local authority's ability to borrow to build homes is absolutely fundamental, as raised by previous speakers, and also, the pace of building out of extant planning permissions. We still have a huge range of planning permissions out there where progress on building has either been modest or non-existent. I do not think it is simply the fault of the planning system or local authority management of the planning system. The Government need to address provisions towards developers who are sitting on planning permissions in order to keep prices up.

I will raise three things, some of which are in the Bill and some of which are not. First, there is the resourcing of planning authorities, which has been touched on already. Local authorities have faced a 46% cut in funding over the past five years. That really has affected their ability to do an effective job fast. This under-resourcing is felt particularly in specialist areas such as conservation and ecological expertise. The Association of Local Government Ecologists has reported that only one-third of local authorities now have an in-house ecologist. This can lead to planning decisions that are flawed and to a loss of some of our most precious wildlife sites.

The reverse of that can mean that local authorities and developers do not see the opportunities for enhancement of the ecological and biodiversity richness that development can help foster. Will the Minister consider whether the Government will speedily review the planning fee system to go beyond the pilots currently in operation on local determination of fees, and allow local planning authorities generally to set their own fees and retain these to invest in planning work, including specialist expertise?

The second point is the issue of pre-commencement conditions. I am afraid that I cannot agree with the noble Baroness, Lady Finn, in her belief that pre-commencement conditions are the work of the devil. I welcome the fact that the Minister will write round with his evidence base for pre-commencement conditions being a cause of delay. I am not sure whether there really is solid and independent evidence—not just evidence given by developers—that pre-commencement conditions slow down their delivery of housing development. It is not clear from the Bill how the pre-commencement conditions process is envisaged to operate. That point was made by the noble Lord, Lord Kennedy.

I would be grateful if the Minister could give us more clarity on this. I thank him for the assurances already given both by him and his colleague in another place that if pre-commencement conditions are deemed necessary and local planning authorities cannot get written agreement from the applicant, the local planning authority would be quite right to refuse the application. I also thank the Minister for verbal assurances that all development must still comply with the National Planning Policy Framework and that environmental safeguards will remain in place. It would be useful to have formal confirmation of these verbal assurances from the Minister.

I am also concerned that the revised process for pre-commencement conditions will mean more refusals, will slow down the process, or encourage planners to avoid applying important conditions. Could the Minister consider amending the Bill to ensure that these unintended consequences are not built into the process?

The third and most important issue I want to raise is something that is not in the Bill—but I give notice of an intention to table an amendment. It is the issue of ancient woodland. This Bill offers an important opportunity to amend the way in which the planning system protects ancient woodland and reduce the controversy created by planning proposals involving ancient woodland—often much-loved woods in their locality—thereby reducing the delays that such controversy can cause. This would be of benefit to developers, planning authorities, local communities and, of course, ancient woodlands.

I probably owe the House an explanation of why ancient woodlands are so important. They are woods which have remained under continuous woodland cover for at least 400 years and, in some cases, for centuries or even tens of centuries longer. They are a kind of complex network of species, soils, history and culture, and each of them is unique, distinctive and irreplaceable. However, noble Lords may be surprised to hear that ancient woodland has a lot less protection under planning policy than ancient buildings.

Ancient woodland is increasingly threatened by planning decisions, particularly on housing development, where planners and developers see that the lesser level of protection given to ancient woodland compared with that given to ancient buildings by the planning guidance is a reason not to give ancient woodland any protection at all. There are currently 600 ancient woodlands under threat from planning proposals. A recent survey of planners has shown that, although 96% of planners are aware of the term "ancient woodland", 70% of them ignore the current advice, which does not have much strength due to the weakness of the NPPF in this respect. Some 85% of planners say that it is legitimate to build on ancient woodland sites—so clearly the protection level is not working.

Many of the planners interviewed cited the weakness of the National Planning Policy Framework and gave reasons such as housing pressures and infrastructure provision for their belief that ancient woodland was expendable. It would be a great disservice to this country if, in a dash for housing given the very clear need to create good-quality housing fast, we cut corners on environmental measures and damaged our ancient woodland further. We are already at a point where so much ancient woodland has been destroyed that it covers just over 2% of the Great Britain land surface.

I am grateful to the Minister for having met me on my proposed amendments, which aim to give the same level of protection to this irreplaceable ancient woodland as is currently given to ancient buildings. Ancient woodlands are the cathedrals of the natural world; each one is distinctive, and grubbing up even part of one is the equivalent of demolishing the chancel of York Minster for development or building houses in the cathedral close at Salisbury. Yet, as I said, 600 of these are threatened in just such a way.

We have opportunities to do a better job. In the garden towns initiative, which I greatly applaud, of the 14 proposals currently put forward, four have ancient woodland within their curtilage. That could be buffered and cherished and be a very important part of the garden city environment—or we could build on it. There is an alternative way in which to make sure that we protect our ancient woodland. I know that the Minister is very unkeen on having a provision in the Bill to give better protection, and there are other ways of doing it—we could do it by an amendment to the National Policy Planning Framework. The Government have been reluctant in the recent past to amend the NPPF, so I propose to table amendments to the Bill. But if the Government were to come forward and offer an amendment to the NPPF, I would be delighted. The one thing that I do not want is to back off on an amendment to the Bill then not get an amendment to the NPPF, either.

Ensuring an effective planning system and getting the right houses built in the right place is vital, but none of this must be at the expense of ancient woodlands' irreplaceable treasures—and pace and efficiency will not be helped if there are local fist fights when a developer plans to destroy or damage ancient woodland in the locality. So it would be in the interests of farmers and developers if the Government were clearer about stressing the importance of avoiding damage to ancient woodland—it would help to prevent further delay. So I hope that the Minister can be positive and say that he will give me one or the other.

6.03 pm

Baroness Cumberlege (Con): My Lords, I start by declaring an interest. I have a legal case pending at the moment, concerning a planning application. I have taken advice from the Clerk of the Parliaments and have been told that the sub judice rule does not apply here. I am taking part in consideration of this Bill because I believe that it affects every community in England. The public, parishes and local community groups have been inspired by the Localism Act to produce their neighbourhood plans. As the Act suggests, planning is to be turned upside-down—no longer top down but bottom up.

I digress for just a moment. Many noble Lords might think that my contribution to your Lordships' House is mostly to do with health and the NHS. On this occasion, I am taking part in a planning Bill—not family planning but neighbourhood planning—and briefly I would like to explain why. For 15 years, I served on my parish, district and county council simultaneously. Local government was the start of my career; I loved it—I was addicted; it took over my life. I chaired the district planning committee and, later, was leader of the council. The point I really want to make is that, when elected, I inherited the village plan, which doubled the village in size and was comprehensive and coherent. It incorporated a mix of different houses: bungalows, private, public, terraced, semi-detached and detached. It was very carefully worked out and provided sites for new shops, a health centre—and, eventually, we rebuilt the local school.

I so agree with the noble Lord, Lord Cameron, that you have to have a vision when you are designing a new community or building on to a community. But the thing with our plan was that the development boundaries were very clear and well understood, and were frequently challenged by developers, but they withstood all onslaughts. They were set by local planners; they remained sacrosanct and stood for 40 years. The quality of housing was good for its day, and the social mix was laudable. It was an undoubted success.

Now, things are different—we have moved on—and again there is a push for more housing, and a good determination to achieve an adequate supply, with an emphasis on affordable homes. This is necessary, of course, and it is the remit of the Secretary of State and the Government. Through the Localism Act we have encouraged local people with local knowledge to decide where, how and when housing can best be provided in their communities. This is the remit of local planning authorities and neighbourhood plans. But the weakness I see in the Bill is that it creates a gulf between the admirable sentiments of localism and the reality.

[Baroness Cumberlege]

I make no excuse for using the experience of the village where I have lived for 70 years. It illustrates the weaknesses in the present system and suggests what should be done. I stress that I welcome change. I am not a nimby—I want homes to be built. I am not here to moan and, with the help of other noble Lords, I want to find solutions. As I understand the system, usually a parish, a town council or a neighbourhood forum decides to make a neighbourhood plan. It is to be comprehensive, and it takes time; in our situation, it took two and a half years to produce the plan. The DCLG subsidises district council planners to help local people draw up a plan for the number of extra homes required for that community, including adequate provision for utilities, environmental constraints, schools and playing fields, landscaping, the conservation area, and so on—and, after consultation, in most cases, where best to develop. When completed, the plan is examined by the examiner chosen from a list by the district council. In our case, this was a paper exercise. Our examiner saw no one and spoke to no one. He devastated the plan, and the district council advised us that, if his changes were not accepted, the plan would be rejected.

We should probably have appealed, but on advice it was decided to put the neighbourhood plan to a referendum, and it was passed with a really good turnout. In common with many neighbourhood plans, the examiner struck out the number of houses to be built—in our case, 100 houses plus windfalls. He decided that it should be read as a minimum of 100 houses. This was read by a developer, and subsequently at appeal, as there being no top limit. The appeal was called in by the Secretary of State, who concurred with this interpretation and has allowed a 50% increase in our allocation—another 50 houses. So we have no top limit and we now have a potential, and a precedent, for building significantly more houses on random sites not identified or chosen in the neighbourhood plan. The villagers were incredulous; they were furious when they heard the news.

What lessons have we learnt from this scenario? What do we need to bear in mind during the passage of the Bill? I will suggest four things. First, it is a great idea to get local residents to draw up a neighbourhood plan, giving their time—in our case thousands of hours—and local knowledge. It is a great idea for the Government to subsidise professional planners to advise, but no one can make a comprehensive and detailed plan unless they know what they are planning for: the number of homes, the location and the timescale. Secondly, the plan was drawn up by local people, guided by local subsidised planners. Too late we realised, as other communities will, that it is far from true that neighbourhood plans are a wonderful idea which the Government and local community will respect and accept. In reality, there is no place for volunteers and amateurs. Our plan should have been drawn up by a team of lawyers and professional planners to make it as near unassailable as possible.

Thirdly, at the referendum—and we had a good turnout —there was no clear warning that the Secretary of State can override the best laid plans at any time, on any whim. In future there must be, unless we make the Bill watertight and strengthen neighbourhood plans. Fourthly, we have learnt that there is no division between national policy and local implementation. The Secretary of State cannot resist meddling in the minutiae. I say the Secretary of State because he signed the agreement at the end. I have been in government; I know how departments work. He may not even have seen the document, but he is responsible because he signed it. In our case, the disillusionment was so great that over half our parish council resigned. It must be incorporated in the Bill that if the Secretary of State or the local planners determine, force majeure, that extra housing is needed within a neighbourhood plan, local people should be informed of the number of houses required. The requirement should specify any particular housing need—affordable, sheltered, bankers' mansions or whatever—and then the neighbourhood planners should decide, in consultation with their community, where best to build and fulfil that need. In our case, we watched in horror as an extremely skilled barrister ran rings around the local planning authority at an appeal. This site was the least favoured and rejected in the neighbourhood plan. It has no synergy with the village, is entirely unplanned for, disregards the modest conditions agreed by the village, and is outside the plan's boundary. After the referendum by parishioners, the local planning authority has, by law, to own the plan, implement it, and, hopefully, defend it. That should be strengthened in the Bill.

In the drafting of the Bill I can see a lawyer's dream. What is a modification; what is a more comprehensive rewrite? If a community has 50% more houses than anticipated, a comprehensive rewrite may be necessary but, once again, this puts all power back to the examiner. This is dictatorial, unacceptable, arrogant and unnecessary. It is reasonable for the examiner to ask, to explain and to listen—not for a long period but perhaps for a day or so—so that the thinking behind the words in the plan, and why they have been incorporated, is understood. The Bill still stipulates that written submissions will be the norm. When amateurs write things about their community, for their community, each understands the nuances. The examiner may not. We wanted employment in the village but this was struck out by the examiner because we had no "designated industrial area". At Poundbury, in Dorset, businesses, factories, offices, leisure and housing intermingle: it is a truly successful community. Ours was too, but now we are doomed to be a dormitory, maximising pollution, decimating community life, overloading roads and experiencing the misery of over-packed trains.

By talking to no one, the examiner just did not "get it". Our neighbourhood plan specified that our community does not want street lighting, nor any more five-bedroom houses, as there are too many at the moment, and wants to keep a green space between our village and the next. The Secretary of State gave planning permission on the fields that separate the villages, allowed the five-bedroom houses and insisted on street lighting. He has destroyed our neighbourhood plan at a stroke, but worse, he has destroyed people's trust in fair government.

This top-down action should not happen, so we must frame the right amendments to the Bill to prevent this abuse of power. It would be unkind to say that

neighbourhood planning is a delusion, but it would also be disingenuous not to point out that the power is not vested in the people. They are in with a squeak. The legislation we now have has led to an acceptable level of litigation and lawyers' fees. Too much public money is being spent. We need careful scrutiny of the Bill if it is not to be a lawyers' love-in.

The policy of this Government has been to devolve power: to let sick people with long-term conditions have personal budgets; to let academy schools do it their way; to let foundation trusts control their budgets. They are judged on outcomes, not process. I fear that the Bill pretends to devolve power while actually imposing more central control. We simply must not let that happen.

6.19 pm

Lord Greaves (LD): My Lords, it is always a pleasure to listen to the noble Baroness, Lady Cumberlege. How good it is to have her wisdom and experience on a planning Bill. Another new year, another planning Bill. I am reminded that it is only about a year since we discussed the then Housing and Planning Bill, which is now the Housing and Planning Act. I thank the Minister—the noble Lord, Lord Bourne—for his recent letter which set out in detail the timetable for the regulations under that Act and the way in which they are being implemented. That is extremely helpful and will help our consideration of this Bill too.

I need to declare an interest as deputy leader of Pendle Borough Council. I worked out that I think I have spent exactly half the years of my life as a member of a planning committee of some kind on some kind of local authority. It gets worse than that: I have actually enjoyed doing it. I should also declare that I am a member—not a very active one—of the steering group for the Trawden Forest neighbourhood plan, which is an interesting experience.

I say not for the first time in your Lordships' House that in my view the planning system in this country is bust in many respects. However, it is not bust in the way that housebuilders and the Government think. I too refer to the two main reasons the Government have put forward for the Bill—namely, to help identify and free up more land on which to build homes and to speed up the delivery of new homes.

If we are talking about neighbourhood planning, building new homes is an important part of that but it does not define neighbourhood planning in any way whatever. The noble Baroness said that it is all about vision and that the vision is about far more than simply building homes; rather, it is about the whole future of communities. We should not allow a single-minded objective of building houses in the Bill to make us lose sight of that. It is not what neighbourhood planning was intended to achieve; it is part of it. My noble friend Lord Stunell will no doubt point out that neighbourhood planning is one of the most successful parts of the Localism Act, the passage of which he played a very important part in in the then Government.

The planning system is broken because it often gets the blame for low housing numbers. Government after Government seek quick fixes by tinkering with the planning system whereas what we really need to look at is the supply of new houses and why people are not building them. There are clearly some instances where people would like to build but say they cannot do so because of bureaucratic obstruction by the planning authority. However, that is not the main reason why the number of new houses being built in this country is not high enough. No doubt we will discuss that as the Bill goes through. As the noble Lord, Lord Porter of Spalding, said, one of the major reasons for that situation is the refusal of successive Governments—I would say the stubborn refusal—to allow local authorities to borrow money against their assets in order to build new houses. It is just extraordinary that we cannot do this.

If the planning system is to blame for this or that or is not working properly, the real problem, as I have said before, lies not with development control—or development management, as we now have to call it—but with the plan-making system. I believe that system is overbureaucratic, overexpensive and sclerotic in many ways. If we go back over the history of this we will see that there have always been local plans of some sort since planning was first invented. Some of us remember the old town maps. However, modern plan-making started with the local government reorganisation of 1974, when, in a two-tier area such as mine, we had county structure plans and district local plans all set out under a development plan scheme. Originally, these were fairly simple affairs. However, they have become more and more complicated as time has gone on, and more and more subject to central government interference and the attempt to micromanage what happens locally. I suppose that peaked under the Labour Government when they invented regional spatial strategies, which were no bad thing in themselves but involved setting out centralised housing targets for a whole region. They were divvied out among sub-regions and counties and were then divvied out to districts. It was all very top-down and prescriptive and resulted in some ridiculous situations.

In my own part of the world in east Lancashire, the district councils were told—10 or 15 years ago, I think—that they were not allowed to give planning permission for any new housing. We wanted to give planning permission for housing but were not allowed to do it unless it was a case of replacing housing that had been demolished, or in one or two very specialised cases such as converting old pubs into apartments. It was called the moratorium. There was a ridiculous moment in your Lordships' House when I tabled an Oral Question to question the Government on this as part of our campaign to try to get the moratorium lifted. The junior Minister stood up and replied that there was no moratorium, it did not exist. All the planning officers in east Lancashire fell off their chairs when they heard that. Six months later we managed to get the measure through—I suppose that somebody in the department had made a decision on it—and start giving planning permission again. However, we had previously been banned from giving planning permission for new housing. Now the opposite applies. We are being given targets that are impossible to achieve within the housing market in east Lancashire. It is a case of the same problem producing different situations. The problem is that Governments operate a one-size-fits-all type of

[Lord Greaves]
policy-making which they apply to everybody. If they just left the people in the districts to get on with it, we would do much better.

Then we were told that we had too many houses, so we could not give any more planning permissions. Now we are told that we do not have enough, so our half of Lancashire is being forced to give planning permissions for houses that we know will never get built, at least not within the period of the plan under which they are being given planning permission. Therefore, when the coalition came in in 2010, it said—it sounded great—"No more top-down targets for housing". But what it actually did was to set detailed rules and regulations on how you had to work out your housing targets locally, which were then subject to inspection. All that actually happened was that an extremely expensive process took place under which each district's planning authority has to work out its own targets and then impose them. I suspect that they are pretty well the same targets that would be set if they had simply been imposed centrally.

Under the evidential base—as it is called—for collecting information, you have something called a SHMA, a strategic housing market assessment. We also have a SHLAA, a strategic housing land availability assessment. Every district has to produce these. Because they are small planning authorities and do not have sufficient internal staff, they have to employ consultants. The whole thing is an absolute bonanza for consultants who are doing very well. The whole process does not involve common sense or all that much democratic input. It is complex, opaque, impenetrable, costs a bomb and is a field day for consultants, as I said. Neighbourhood planning is working on the ground and is coming up from the grass roots, as it were. However, it is having to be welded or melded—or whatever the word is—into this top-down, bureaucratic, sclerotic system. It is not surprising that there are problems and difficulties in that. As I say, neighbourhood planning has been successful. Volunteers, particularly parish councils, can get involved in it. That is a model for the future. I was going to say that the Government should "let a thousand flowers flourish", but that may be the wrong analogy and, like other people, I could be accused of being a Marxist. If we were to allow that to happen, the Government would get more of what they wanted, with more success.

My final point is on parish councils. I do not think it is any surprise that the great majority of neighbourhood plans that have been produced, and are being produced, are in areas where they have parish councils—they are parished areas—and the parish council has been either the initial impetus for getting the neighbourhood plan going or the focus of it right the way through. Parish councils have an existing structure and are an existing group of people who have been able to take it on and are used to negotiating with the district council. One of the great challenges of neighbourhood planning now, which we might discuss in Committee, is how to get a lot more neighbourhood planning going in unparished areas. In many cases they are urban areas, but they are not always big urban areas. There are lots of quite small towns that do not have a town or parish council and where a neighbourhood plan is needed.

The Bill will not sort out the fairly shambolic state of the plan-making system in this country. However, it has some things in it that can make improvements, and perhaps we can try to stop it doing much harm.

6.31 pm

Lord Thurlow (CB): My Lords, I will address Part 1 of the Bill. Before doing so, I declare my landholdings in the register of interests. The objectives appear to be to build more houses and to streamline the process, and no one could disagree with that—I certainly do not, and I support it in principle—but there are two points that I want to address.

The first concerns resourcing for planning officers—I mean the professional teams of officers, not the councillors involved with planning. I worked on the fringe of planning for many years myself, usually on the side of the big developers, which were well-resourced, and not on the side of the planners. I saw the impact of the work they did, and among many local planning authorities I saw teams that by nature were on the defensive. They were bruised by years of experience of attempted resistance to opportunistic planning applicants and well-funded developers—who frequently, of course, were not housebuilders, but in their environment that does not matter. Those developers were developing large industrial estates, logistics parks and shopping centres. Perhaps developments involving blight, such as very tall or visually intrusive buildings, become a problem for them, sometimes against a local atmosphere of media outcry, with petitions and public objection. These hard workers have no fan club. Their environment is a negative one. It is difficult to be motivated unless you are very well led or very well paid.

The local planning officer's job is to ensure fairness: that applications fall legitimately within the guidelines and the laws that define their options. The problems for some of the smaller teams are simply that they are underfunded and, critically, short-staffed. They are perhaps particularly short of experienced staff. Churn in that department—the turnover of the staff—is a real problem. The young planner arriving in a new job is given a thick file which records the history of several years of a fight between a developer and the planning office, and is expected to become familiar with it and to prepare to negotiate with them. They are working with their hands tied behind their back. They are trying to do the right thing against the odds, potentially against the background of appeals, and even judicial review. A cash-strapped council would not wish to entertain that lightly.

Developers, particular housebuilders in our case today, are likely to be the opposite. Driven by the profit motive and economies of scale, and dealing in geographies that probably span many different planning areas, they are probably well funded. They are certainly advised—we have heard about some of this today—by experienced professional staff, articulate advocates who are knowledgeable about the loopholes and weaknesses in the planning system and the legislation. This a pretty unequal struggle. Local planning officers need all the help they can get, and that is extremely relevant in the context of the Bill.

Pre-commencement planning conditions are referred to in the Bill, and have already been referred to this afternoon. They are to be effectively removed apart from the appropriate protections, which I heartily support. However, this removes an important layer of protection for our society and the communities they serve. Some of these preconditions are spurious but many are very important, and it is one of the few tools the planner may have.

Why is there no obligation, when we are trying to build all these houses, to first consider building on brownfield land? Why not relax the planning requirements for building houses there? As we drive into lovely green farmland for our new developments, into the green belt, there seems to be no requirement to do this. What a waste, when frequently brownfield land lies on the edge of urban areas, close to hospitals, schools, shopping and the public transport network. The main reason is the cost of development, such as cleaning up the sites, and of course for developers building in urban areas is more expensive than building on green fields. I am not sure that that is a good enough reason. The Government have allocated funds to various housebuilding initiatives, which are growing all the time. Why not start with brownfield land? I liked the suggestion we heard this afternoon that vacant public sector land in other areas could be included in this.

I conclude by asking the Government to consider the impact the Bill will have on the planning departments and local authority planning teams. In many instances they are a demotivated group of people, fighting a losing a battle, and there is a risk that both their hands will be tied behind their backs as a product of the relaxation of planning requirements in the Bill. I ask the Government to explore the resourcing issues I mentioned; give them the staff they need at a time when councils are being forced to cut costs—they need all the support they can get. Further work is required on Part 1 of the Bill.

6.38 pm

Lord Lansley (Con): My Lords, I am grateful for the opportunity to contribute to the debate. As the noble Lord, Lord Greaves, said, it seems like we were discussing the Housing and Planning Act only a minute ago. I hope that during the consideration of the Bill we will see the housing White Paper. That probably presages more legislation in the course of this Parliament—it normally does—and we should not be too surprised by that. However, what is more important is that we can set it in the strategic context; that is one of the reasons why I hope that we will see the housing White Paper, preferably during the early stages of consideration. That is what it is all about. We need not always think that we cannot have more legislation—we often find reasons why it is necessary to legislate. But the point is to give the system the stability that comes from knowing that, even if new legislation comes forward, it is intended to strengthen the strategy rather than to change it. That is something that we should certainly be looking for in the rest of this Parliament. If we are to achieve what I think is the shared objective of building more of the houses that we need, then not only planning authorities but, even more so, those responsible for development will need that stability over the next few years. In that context, I should declare an interest as chair of the Cambridgeshire Development Forum.

Sometimes the contributions to this debate have seemed to suggest that development involves a constant adversarial relationship. I could take your Lordships out at night up on to Castle Mound in the middle of Cambridge and they would see nothing but cranes. They would see industrial and residential building all round Addenbrooke's Hospital—the Trumpington development, the Clay Farm development, the southern fringe and the north-west Cambridge development. Frankly, I do not go along with the idea that developers do not get on with development where they have the opportunity to do so. Cambridge, where admittedly the land values are high and the property prices equally so, is a place where they have an incentive to build and they are building. That does not mean that they do not have problems. As somebody who, on an unremunerated basis, chairs the local development forum, I know that we approach it from the standpoint of promoting delivery not through an adversarial relationship but through a collaborative relationship with local authorities. Indeed, that is precisely what we have fostered and are seeing. However, we need a system to develop and to enable that to happen.

The noble Lord, Lord Kennedy, talked about land banking. The principal site in Cambridge where outline planning approval was given a very long time ago but no development took place was Northstowe. It was even meant to be the first garden village. The first house has just been built but, according to the original outline planning application, 6,000 homes should have been built by this stage. That is down not to developers but to the Homes and Communities Agency. We have to acknowledge that sometimes, as in October 2008 and at other points, it is extremely difficult to assess and deliver viable sites. I emphasise that, particularly when looking at things such as pre-commencement planning conditions.

From the development point of view, assessing viability and delivering certainty in relation to a site are becoming increasingly difficult, and, frankly, we added to the difficulty with the Housing and Planning Act. The demands in relation to affordable housing and starter homes have made it more complicated to carry out viability assessments. Now, we need to make sure that, perhaps by returning to a standard list of conditions but certainly by endorsing what this Bill does and making it clear that pre-commencement planning conditions must be agreed between the local planning authority and developers, we enable them to be clear about the viability of their sites at the point at which they go into a planning committee.

I do not think we should take it for granted that by legislating in this way we solve the problem. Delays in the system are, in my experience, often likely to emerge through the inability of local authorities—due to the lack of resources, the lack of will or certainly the lack of incentive—to discharge planning conditions. There might have been agreement at the point at which the application was approved, but that does not mean that they get on with the process of discharging the planning conditions. Delays can make the whole process very difficult.

[Lord Lansley]

That is why I hope that the housing White Paper will, among other things, as I think has been mentioned, address resourcing for planning authorities. I hope that it will do so with a mechanism that gears additional resources to planning performance agreements so that the resources for planning authorities are geared directly to delivery—perhaps through a process akin to the BID process for business rates. I know that planners and developers are willing to subscribe to additional resources for planning departments if they feel that, as a consequence, they are able to get better certainty about the planning timetable and the delivery of housing. That is what we need to look at in the context of the pre-commencement planning conditions that are coming forward.

I want to mention two other things. First, recalling last year's Housing and Planning Act, I hope that when we look at pre-commencement planning conditions we look very carefully at how they interact with the permission-in-principle route to approval. If they are not incorporated effectively into the permission in principle, we increase the risk that the pre-commencement planning conditions will all be incorporated into the so-called technical application. However, they will not be technical at all; they will be instrumental to the question of whether planning approval is granted. As has rightly been said, if promoters are not able to agree to a condition, the local authority will be entirely justified in not granting approval. However, if that arises regularly and frequently at the point of the technical application, the whole permission-in-principle approach will be frustrated and undermined.

The other thing that I want to mention is neighbourhood plans—the parish plans that I experienced in my former constituency. There is serious concern about the extent to which parish plans, made in good faith with a considerable investment of time, energy and often money on the part of parishes and their residents, are undermined by the simple fact that the local plan is not adopted sufficiently quickly, which makes it out of date. Therefore, what was said in a ministerial Statement just before the recess was extremely welcome. It gives a degree of protection to parishes—at the moment for the next two years—in the face of the risk that their allocation of sites for housing in relation to a local plan is undermined by the local plan not giving a five-year supply or, as the noble Lord said, not meeting the strategic housing market assessment.

In the context of the South Cambridgeshire and Cambridge City councils, it was argued in the strategic housing market assessment that the local authority was 10,000 houses adrift from the necessary five-year supply—that is, that 43,000 rather than 33,000 homes were required. We currently have a lot of appeals going through and being granted on the basis of a lack of a five-year supply. This is immensely frustrating to local people. I was the Member of Parliament and I remember the South Cambridgeshire local plan being submitted to the Secretary of State on 28 March 2014. We are now in 2017 and the inspectorate is still issuing further dates for hearings through to April. The dates will go beyond that—beyond even three years after the local plan was submitted. We are already starting to find that some of the assumptions that underlay the original public consultation that led to the local plan are being overtaken by events and certainly being overtaken in time.

It should not be like that. If we are about delivery and minimising delays, the Government must look at the beam in their own eye as well as the beam in the eye of others. Looking at the delays in approving local plans is an instrumental part of the examination of where delays can be minimised. The system is designed around the integrity, speed and authority given under local plans and, by extension—I hope increasingly in future—neighbourhood planning. If we do not deliver that, I am afraid that the system will be seriously undermined.

6.49 pm

Baroness Parminter (LD): My Lords, like other noble Lords, I welcome the aspirations in the Bill to build more homes and the potential of neighbourhood planning to help in a discrete but important way. I certainly concur with the comments of the noble Baroness, Lady Finn, that this was one of the proud moments of the coalition Government. It was one area where both parties saw the value of giving local people a stronger say in planning communities for the future. Therefore, it is right that we are returning today to this issue, to ensure that we create the best conditions for those plans to be drawn up. In my contribution, I wish to return to the issues that I raised during the passage of the then Housing and Planning Bill; namely, how we create the conditions to encourage more communities to prepare more neighbourhood plans and to ensure that the buildings that result from that contribute to a sustainable future for those communities.

The first issue is that of encouraging the creation of neighbourhood plans and giving them due weight. As the Minister rightly said, we know that neighbourhood planning delivers 10% more homes. It also ensures that communities have a say in the shape of their area, which means that the new buildings are more welcome. I am sure I have no need to remind the Government or the Minister how strongly the House felt about this issue and about the need for due weight to be given to neighbourhood plans, which resulted in the Government being defeated twice in this House during the passage of the Bill. On the basis of that, the Government promised to return to this issue in due course, as long as the House did not push the matter at that time. So return again we now do.

The Government's policy fact sheet contends that Clause 1 of the Bill and Section 156 of the Housing and Planning Act 2016 are sufficient to address the concerns that we raised. I say emphatically that they are not. I welcome Clause 1, but it does not go far enough in giving neighbourhood councils the reassurance that the time and effort is worth while. I echo very much the comments of the noble Baroness, Lady Cumberlege, who outlined the work by local people that goes into putting together these neighbourhood plans and how, at the moment, the Bill does not give reassurance to individual communities that they have the protection to ensure their plans will be delivered. Nor does it give potential areas the incentive to take the time and effort to bring forward future plans, which we know deliver more homes.

Clause 1 says that local authorities must "have regard" to neighbourhood plans, but there are no sanctions in the Bill if they do not act on them, and this applies only to post-examined plans, when case law says that draft plans should be taken into account. The Bill is the vehicle to strengthen the weight of communities' views expressed in neighbourhood plans, such that they should not be ignored by local planning authorities or the Planning Inspectorate. Some volunteers work 20 or 30 hours a week and have extremely limited financial resources, particularly if they are not a parish council. My contention is that the Government are insufficiently supporting them in those endeavours to build stronger communities and deliver more homes. It is welcome news that the Government intend to bring forward amendments on this issue. Will the Minister tell us at what stage we will have sight of those? At the moment, I serve notice that we will be bringing forward amendments on this matter in Committee.

The second issue is making sure that those homes are more sustainable. Although we were not able to persuade the Government during the passage of the then Housing and Planning Bill of the need for primary legislation on the issues of carbon-compliant homes and protecting residents and properties from increasing flood risk, we welcome the two reviews that the Government are undertaking on those issues. It is interesting to see that other Governments, notably in Wales, have realised the need to break the policy stalemate on sustainable urban drainage systems and are powering ahead with their own review. I look forward to the Government making progress on both these issues when their reports are completed in the spring. However, we intend to use the Committee stage of this Bill to flesh out some of the hopes we have in the area of carbon-compliant housing. I am sure that my noble friend Lord Stunell will refer to this later. We will also identify concerns we have about measures in the Bill that impact on future success in this area.

Pre-commencement has been raised by a number of noble Lords. It is one of the tools that authorities use to improve sustainable urban drainage system provisions where developers put forward a weak plan. SUDS are an important tool in reducing surface water flood risk, as well as improving water quality and amenity and providing habitats for wildlife. Curtailing local authorities' ability in this area is potentially a step back for sustainable urban drainage, at the same time that the Government are notionally looking at a way forward. I agree that planning conditions imposed by local planning authorities should be reasonable and necessary. However, pre-commencement conditions should be seen as a positive tool to ensure that permission can be granted.

Although I agree with the comments of the noble Baroness, Lady Finn, on the coalition's commitment to neighbourhood planning, I strongly disagree with her assertion that pre-commencement conditions are a major cause of delay. I ask that the Minister, when he writes to us, talks further on this issue and gives concrete evidence of where pre-commencement conditions are a major obstacle to bringing forth new development. There is a real and substantive risk to our natural environment, heritage and culture as a result of what seems to me to be no more than protests from those in the development industry.

The Minister talks about protecting valuable pre-commencement conditions. However, the only way to do so is to turn down the entire application. Will a local authority do that when the development is supported by a neighbourhood plan and members in the chamber but has drainage provisions that are not quite ideal? If they are prepared to do that—it is a very big if—frankly, that slows down the whole planning process for a broadly supported development. It strikes me that that is not the right way forward. It seems clear to me that the ability of local planning authorities to apply pre-commencement conditions should be retained to ensure that development is environmentally and socially sustainable, particularly to protect residents and property from increased flood risk. We will certainly bring up this matter in Committee.

Finally, another issue I wish to return to, which I raised during the course of the then Housing and Planning Bill, is that of any changes to legislation around inalienable land. I am aware that the National Trust is concerned that the Government's proposals in this Bill on temporary possession would reduce protections for its inalienable land. This is a subject that the noble Baroness, Lady Andrews, raised during the Housing and Planning Bill debates, and we both intend to cover it in more detail in Committee.

6.57 pm

Viscount Ridley (Con): My Lords, I declare my interest as a landowner in Northumberland with experience of converting farm buildings into houses and offices, who has benefited from the development of land for housing. I probably benefit from the present system because it drives up development premiums, but I think that it needs further reform. The Bill, with its welcome emphasis on plans that come up from communities rather than down from bureaucrats, will not in itself solve our housing problem. However, we should see it alongside the forthcoming White Paper designed to speed up land-use planning decisions—it will be interesting to see what it says. We badly need to address the effective rationing of housing, which has hampered our economy, worsened inequality and benefited people like me. Notwithstanding some of the improvements in the planning system mentioned by my noble friend the Minister at the start of the debate, there is still quite a long way to go. I urge the Government to be as bold as possible in the White Paper and the amendments that they bring forward.

Land-use planning in Britain is not a joke; it is a disgrace, in many ways. The present system is biased, not so much in favour of opponents or proponents of development but in favour of delay and cost. Most of those involved actually benefit from the delay: the statutory consultees maximising their budgets, the councils pleading overwork, the archaeologists getting paid by the developer, the bat surveyors, the great-crested newt industry, the objectors with nothing better to do and, above all, the armies of consultants and lawyers working for both sides.

People think that the planning system is a system of environmental regulation. It is worth remembering that it is not. It is a system of economic planning, left over from the days of the 1940s, when people thought Stalin had the answers. Any environmental protections

[Viscount Ridley]
it produces are, in a way, accidental, capricious, clumsy and actually rather precarious. The existence of the planning system has sterilised and stymied the development of environmental regulations about zoning, similar to those they have in other countries. No common law has been allowed to develop on this principle and so we have to rely, rather embarrassingly, on EU directives such as the habitat directive.

The worst aspect of the current system is that it is so slow. Things take years that could take months. How can it possibly take twice as long to decide, let alone build, a single runway as it took to wage the Second World War? Why do we assume that these delays are natural? We need to speed things up. I welcome the clauses restricting the abuse of pre-commencement planning conditions because I have had first-hand experience of how they slow things down.

I would like to make two more suggestions. First, we need to slim down the list of statutory consultees and incentivise them to take decisions more quickly. At the moment a gravy train is being ridden. The planning system is awash with ex-planners selling their services as heritage consultants, environmental consultants, archaeological consultants and so on. It is a revolving door. Setting time limits makes the problem worse. At the moment, if a conservation officer has to take a decision within, say, three months, then, lo and behold, you get your answer one day before the deadline. Let us set up a sliding scale of fees or fines so that the longer a consultee or a planner takes, the more it costs them.

Next, let us cut out the waste. If the Government want to build a new trunk road bridge over a river—this is a real case that is happening on my land at the moment and I welcome it—the following happens. Over about a year, they hire five separate teams of consultants to survey birds, bats, newts, otters and badgers. The teams get hefty fees and write hefty reports, which nobody reads, and the bridge gets built anyway. Here is a better idea. As soon as the bridge is decided on, the planner tells the developer—in this case the Government—that as birds, bats, newts, otters and badgers may all live in the vicinity, they must spend a bit of money creating suitable habitat for such species somewhere else. Buy a field, dig a pond and plant some trees in it. It would be simple, quick and much better for the wildlife.

As a final point, can we stop pretending that the development of housing is a bad thing for nature? It is not always. When an arable or a silage field gets developed for houses, the biodiversity almost certainly increases massively. Gardens are teeming with wildlife that farmland is not—bats, newts, birds and bees.

7.01 pm

Lord Judd (Lab): My Lords, people should be essential to our consideration of the Bill because if anything is about people, it is planning. I have shared this story before with Members of this House but it seems appropriate to remind them of it now. During the nine years when I was president of the YMCA, I saw the front line of this issue. My God, the need for housing could not have been more obvious. The sterling work done by so many staff and volunteers in an organisation such as that is fantastic. One of the things that always impressed me was that we had a youth training centre on the shores of Lake Windermere in which a great deal of exciting work was done. I was told by one of the workers there that a few days previously, a young girl had caught her attention because she was looking so animated and excited. The worker said to her, "What did you do today?", and the girl said, "Oh, I saw far". A couple of days later, because the girl was looking even more excited, she said to her, "And what did you do today?", and the girl said, "I saw very far". That was from someone whose home was in the centre of one of our own great cities.

The environment is every bit as important as the housing itself—of course it is. What kind of upbringing, development and fulfilling of the soul and spirit will be possible among our young unless they have a chance, a vision and imagination? That is why the concern with ecology, the green belt, areas of outstanding natural beauty, sites of special scientific interest and national parks is crucial. I have been for a long time involved in the voluntary organisations around national parks.

We want people to have a chance to live a good life and to expand. In the end, this is related to social behaviour and we would be foolish to overlook it. Everyone knows that we desperately need houses and we must get on with it. However, we have made big mistakes in our recent social history. We had to build houses and we built high rise. We then discovered that we had created hell in our midst because high rise was not the answer for people's good lives. If we look further back in our history, the Industrial Revolution raped the countryside through wilful ill-being and industrialisation, for which all kinds of rationales were presented and invented. Of course, given a great deal of hindsight, it could all have been done so much better.

It always strikes me that in the building of houses we have so often made another mistake. We keep talking about how we want to be one nation together and to break down social stigma and so on, but we built places that could be nothing but council estates. They were council estates and people came from the council estates. We also built industrial barracks. When I was MP for Portsmouth, some of the worst housing was the virtual barracks in the name of council housing in the centre of the city.

We must think about these matters as we tackle speeding up the numbers. I hope the Minister, who is a civilised man, will take the opportunity as we consider the Bill to reassure us on these points, and that the existing legislation for the protection and enhancement of the things I have been talking about will be strengthened and preserved.

I am glad that we have heard about the efforts and battles of those who are trying to devise neighbourhood plans. The discouragement they sometimes feel is because, in the end, they are not certain that anyone is listening or is going to respond. That is a crucial point. I ask all noble Lords who have great experience in local government to remember, as they bring their expertise to bear on

the Bill, that it is about people and how, with imagination, we can break down some of the social barriers. I have seen it done, for example, in places where council housing has been provided in an imaginative way that fits in with the local community extremely well.

I want people to have houses, and lives they can fulfil from those houses. That means we must keep this dimension constantly in perspective.

7.09 pm

The Earl of Lytton (CB): My Lords, my interest in the matters covered in the Bill as a property professional and landowner are probably well known, as is my vice-presidency of the National Association of Local Councils and of the LGA. I too welcome most of the Bill for reasons similar to those already given by other noble Lords, but it will be necessary to examine the detail. Most of the provisions are necessary and desirable. However, I regret that the housing White Paper is still not with us and will not be until the end of the month. It would have been better—certainly from my point of view—to have been informed of the philosophy the Government are following by having it before the debate.

By way of an overview, I repeat an economic truth I previously made in the deliberations on the then Housing and Planning Bill: from government and departments of state at one end to the happy occupants of their first home on the other, there are few if any advocates for lower house prices either in relative or absolute terms, fuelled as they are by scarcity, revenue, capital growth and personal tax advantage. This is the driver behind all this planning policy. But here is the rub: whereas the costs and hard graft leading to a successful housing development are today, the gains are distinctly jam tomorrow. The discounts from future gains to reflect the interim speculative costs, uncertainty, complexity and delay are, if anything, greater than they have ever been in history and any time I can remember. In short, the complete evaporation of a project's value is easy: just add an unmeasured dose of risk. Various noble Lords have referred to the cost structures involved. I can relate to all of them.

On responsibilities and resources, the pool needed today is already drained seemingly dry and tomorrow is too uncertain to bridge that gap. I see limited signs that the Government understand this and are willing to address this systemic problem. This goes beyond what the Bill sets out to do.

As we have heard, planning and development is clearly not for novices or amateurs. It is a highly specialised skill, very complex and legalistic, and an activity conducted for high stakes, monetary and community. Even so, we have heard that 2,000 communities have made or are far advanced with their neighbourhood plans. But there are at least 10,000 existing local councils, according to the figures given to me by NALC, and many more still in unparished areas. There is a long way to go. The noble Baroness, Lady Pinnock, referred to just 10% of the population being susceptible to neighbourhood plans. I agree with that statistic. What of the rest? Will they be put off by the entry standards required or the caprice of the outturns referred to so eloquently by the noble Baroness, Lady Cumberlege?

I advocate a more aspirational and opportunity-led approach for communities. Some already do it extremely well, but many others do not and see the neighbourhood planning process as a largely defensive measure to keep away unwanted development. I do not see proactivity as a general characteristic of neighbourhood plans. That is not to demean those who have been proactive. It is still far too adversarial generally. With due deference to the noble Lord, Lord Lansley, his experience is not quite as I see it in the neighbourhood plan forum dealing with the areas I know best, which are all between London and the coast.

We have principal authorities with inadequate resources to formulate local plans as coherently as they need to and communities with virtually no resources at all to formulate neighbourhood plans. This is coupled with a certain amount of manoeuvring, with each hoping that the other will be the bulwark against unwanted or excessive development. I encountered recently a situation where a local plan made provision for a certain number of houses—it may have been 1,500 or so—of its planned total, ostensibly to be split between a dozen or so larger outlying rural communities but seemingly without suggestion as to how this might be allocated. It is not difficult to imagine the scramble that may result from such an arrangement or the difficulties of making sure that a neighbourhood plan is indeed in compliance with the local plan in circumstances of such a roulette approach to site allocation.

With the benefit of the briefing I received from NALC, I can summarise by pointing to the fact that local councils are the neighbourhood plan driver. The neighbourhood plan process must be operable at community scale. The powers must be given and the responsibilities that go with them must be accepted. Both require financial and other resource. Done correctly, the neighbourhood plan must be given the status and protection promised or credibility simply fails. It must have tangible prospects for delivery of some sort—cash or kind or whatever—to justify the expenditure and risk to the community of taking it on and assimilating the development that arises afterwards, because it is a question not just of building houses but of how you integrate that over time, especially with large developments in relatively small communities. If the resources are not there, the only other variable is the parish precept. We know how that will be looked at.

The larger proportion of the new homes bonus at the very least should go to communities that meet the required standards. The whole neighbourhood planning process needs to be rolled out to another 10,000 or 15,000 communities with proper resources for them to do so.

I will skip the issue of pre-commencement conditions, so ably covered by a number of other noble Lords, but I will address what I believe to be a general criticism of local government performance in getting new housing permissions under way, because I believe that there is a reason for this to do with the larger management of the process nationally. No amount of finger-pointing will resolve that.

Local authorities are responsible to their electorates, who frequently do not want housing above their local needs. In particular, local government is not responsible

[The Earl of Lytton]
for the imposition of the sustainability standards that result in all the investigation into the newts, toads, bats and everything else we have heard from my noble kinsman, the noble Viscount, Lord Ridley. These have enormous up-front costs. Local authorities do not control the activists, who sometimes use the bats, newts and toads as a weapon of resistance, nor the activities of some of the utility and infrastructure providers. Neither the activists nor the infrastructure providers are generally democratically accountable.

Local authorities are not responsible in particular for a planning framework that is still coloured by largely preventive and negative terms, as opposed to positive or proactive ones. When councils do become proactive the private sector often cannot tell, and indeed complains that it does not know whether it is dealing with the objective administrator of the planning code or a potential commercial rival.

My experience of proactive engagement is not as fruitful as the Minister would have us believe, but I ask him this: given that proactivity is not a hallmark everywhere—I am very pleased to know it is working well in the Cambridge area—what is stopping better and more opportunity-led long-term land-use planning and financial dialogue between landowners, developers, communities and principal authorities? Is it some concept of bias or predetermination that is in the way? Will the Minister explain why this seems to be a problem?

I live on the edge of an identified development zone colloquially known as the Gatwick diamond. Gatwick Airport's owners have recently said that for their own expansion plans alone and not dependent on an additional runway, an additional 13,000 direct jobs will be created by 2025. Add this to the persistent housing underperformance of some local authorities and the fact that some development quota must be accepted from other authorities constrained by the national park status of the South Downs, and it is not hard to see that the developmental pressures are overwhelming.

The Government want more housing. I agree with that. The obvious place to put it is in an identified growth area where there is economic activity. The Bill is insufficient given that the Government's target is now to produce at least 250,000 or 300,000 homes a year in very short order and will run into the same or greater problems of procedural churn, administrative drag, infrastructure issues, workforce and back-office skills and materials shortages, never mind the sustainable rate of buildout of much housing development. In short, it is a bigger picture. The noble Lord, Lord Porter, referred to the number of unimplemented planning consents. That reinforces my point exactly: we are not proceeding with development.

The risk is of development by brute force or fiat by default and I fear that the results may be, as they have been in previous such circumstances, poor—a solution in local planning terms with little concern for place-making or necessarily for where it is most convenient for people to live, work and have their leisure time, even less for buildings they want to cherish because they work well. We risk squandering the investment, building inappropriate homes in the wrong places and creating the failed schemes of tomorrow. We will not succeed if we do not get right communications and connections between towns and villages and their regional hubs. This matter needs careful consideration.

On the compulsory purchase provisions in Part 2, I am concerned that measures seem to be split between the Housing and Planning Act, this Bill and the Digital Economy Bill. This seems to me designed to confuse rather than simplify matters. I suggest that it will not be long before some astute legal advocate argues that, because various provisions appear in different Acts passed at different times, Parliament must have intended some different mode of application in each instance—I wait to see further. The Law Commission recommended consolidation and greater coherence of the patchwork of compulsory purchase laws going back to the Lands Clauses Consolidation Act 1845. The Government's approach appears to do the opposite. I will reserve judgment at this juncture on the Bill's scheme-versus-no scheme criteria—more of that anon.

I broadly support the temporary occupation provisions, but I have had the benefit of discussions with the Compulsory Purchase Association and am aware of and agree with its concerns about the treatment of subordinate interests.

I regret the proposed repeal of Part 4 of the Land Compensation Act 1961. This was intended to prevent profiteering by an acquiring authority. That it is seldom invoked is, I suspect, less a mark of redundancy than it is of its efficacy. If anything, with all the bodies that now possess compulsory powers, many of which are privatised and conducted for profit, this safeguard should be retained even if not in precisely the same form. I therefore agree with the Country Land and Business Association—I am a member of it—which states in a briefing that the safeguards for property owners faced with the use of compulsory powers remain as important as ever and that past examples of appropriation without proper compensation have invariably ended in disinvestment, disengagement and systemic failure.

However, if the Government are as open to discussion as they say, I see this Bill as an opportunity. I suggest that we need smarter ways of working—in taxation and planning strategy at all levels—upskilling of the people necessary to deliver objectives, new ways of constructing homes and of financing, and modernisation of large parts of our infrastructure. Even if all these things are not in the Bill, the opportunity is there. We had better get our act together in this respect if we are to make a success of Brexit.

7.24 pm

Lord Renfrew of Kaimsthorn (Con): My Lords, this is a welcome and necessary Bill. The need for new housing is generally recognised, freeing up more land is desirable and reducing the time taken to get planning permission is an admirable aim.

At the same time, there are natural resources—my noble friend Lord Ridley referred to bats, newts and toads—and cultural and historic resources which are always under threat and which the present planning system serves to safeguard effectively. I am concerned that the Bill's provisions, particularly in Clause 12, may endanger that situation.

This country has a good record of safeguarding our historic and archaeological monuments, both by taking key monuments into care and by safeguarding many thousands more through the listing process for historic buildings and the scheduling process for ancient monuments, including archaeological monuments.

Furthermore, there is the clear understanding that when a significant archaeological site has to be sacrificed, whether by the construction of a motorway or by building new homes, where appropriate, rescue excavation will be undertaken before the building works start, and the situation can be alleviated. The system of county archaeological officers, usually working in planning departments, provides the necessary expertise. Local planning authorities regularly impose planning conditions on applications to meet those needs. However, there is widespread concern that in placing restrictions on the power of local planning authorities to impose planning conditions, the Bill risks disrupting that system.

The Government have given some rather vague assurances that the existing exemptions for archaeological recording and recording of the historic environment will not be unduly affected by the Bill. The Minister in another place made constructive references to that effect when resisting an amendment to delete Clause 12. However, the outcome of the Department for Communities and Local Government's review of the National Planning Policy Framework has not yet been published. Perhaps my noble friend the Minister can say when it will be. It is also a matter for concern that the number of local planning authority archaeology officers and conservation specialists has fallen. Archaeology officers are fewer by 33% than they were in 2006.

There is real concern that local planning authorities will not feel able to press for archaeological pre-commencement conditions under the system proposed in Clause 12. Historic England has put down a cautious marker:

"Historic England does not feel it necessary to have explicit support for archaeological conditions on the face of the Bill, but would like instead to see a clear Government commitment that any subsequent guidance will be positive about the importance of heritage and of necessary conditions, and that local planning authorities should certainly refuse applications where appropriate conditions are resisted, and harm would otherwise ensue".

Will the Minister give a clear commitment on future guidance being positive about the importance of heritage and of the necessary conditions to protect it? If he cannot give that explicit assurance, it will be necessary in Committee to set down amendments to Clause 12 to enable and facilitate such conditions.

I certainly support the Government in their aim of streamlining and facilitating the planning process, but we do not want that streamlining to operate at the expense of giving due respect to the historical and archaeological heritage.

7.29 pm

Lord Stunell (LD): My Lords, it is a pleasure to follow the noble Lord, Lord Renfrew, and I associate myself with his remarks. He and I are both members of the All-Party Parliamentary Archaeology Group and it has been of great interest to follow this aspect of the planning system in that forum.

I served as a Minister in the Department for Communities and Local Government. Indeed, I was one of the two Ministers who stood at the Dispatch Box to steer the Localism Act 2011 on to the statute book. It has been very good to hear the praise handed out for the neighbourhood planning concept, which is included in that Act. I have very recently become a member of the Marple Neighbourhood Forum, which had its inaugural AGM on Saturday. It aims to publish a plan for the community of Marple in my former constituency, with a view to a decision being taken in 2019. I say to my noble friend Lord Greaves, who is in his place, that it is not a parish council area; this is not exclusively a parish domain.

The Localism Act introduced neighbourhood plans as a concept and set out the mechanism for delivering them. The concept had critics at the time—I thought, perhaps a little unfairly, that most of the critics wished they had thought of it first. It had some welcome moves forward in the Housing and Planning Act 2016 and there are some further proposals in this Bill that, broadly speaking, I welcome. One of the big fears of Ministers in introducing neighbourhood plans was that they would be open to sabotage by local planning authorities, councils and councillors hostile to the idea of losing control of the planning function.

Equally, there were fears that there would be lethargy and torpor in carrying through the processes that were necessary to institute a neighbourhood plan. Some of those concerns were addressed in the Housing and Planning Act and in some of the related statutory instruments. In this Bill there are some further safeguards against interference in neighbourhood plans by other people. That is good—but of course we now see that the sabotage is coming not from local planning authorities but from inspectors appointed by the Secretary of State and, indeed, the Secretary of State himself. Seven years on from 2010, when we were discussing these matters in the department, the wheel has turned and it seems that Whitehall is slowly, silently and insidiously trying to make neighbourhood plans subsidiary to, or trivial in relation to, the factors to be taken into account in approving planning policy and in meeting ministerial targets.

The public perception that I inherited as a Minister in 2010 was that there were basically three steps in the planning process: the developer proposes, the community opposes and the planner imposes. The neighbourhood planning system is intended to break that combative and confrontational way of deciding how communities should be shaped. I do not see much wrong with the new proposals in the Bill relating to neighbourhood plans but there is something missing: a much stronger presumption that neighbourhood plans, duly adopted, trump rogue planning inspectors and strongly inhibit the Secretary of State from being tempted to back rogue planning inspectors, so that we see no more cases of a Secretary of State deciding to override a neighbourhood plan.

I hope that we will have the opportunity to debate this issue and to correct the weaknesses in the system that have now been exposed. Failure to do so would leave many local communities disillusioned and cynical about the value of pressing ahead with a neighbourhood plan.

[Lord Stunell]

If they are seen as simply being diversionary activities to keep communities out of the way—toys for children to play with while the high-ups and grown-ups in Whitehall make the real decisions—the whole neighbourhood planning process will fall into complete disrepute. I hope to hear a very robust denial of any such intention from the Minister and a commitment to give due consideration to a well-framed amendment at a later stage that will safeguard the integrity of the neighbourhood planning process from the depredations of Whitehall.

The second matter I want to draw to your Lordships' attention is the Bill's proposals on pre-commencement planning conditions. I associate myself with the remarks of my noble friend Lady Parminter in relation to neighbourhood plans and, in particular, what she said about sustainable homes and the need to have carbon-compliant housing. I simply flag up that whenever Ministers seek to justify clipping the wings of local planning authorities, they always cite improved efficiency and speed, and they always say in mitigation to the critics that it will be quite all right because it will still be lawful to have conditions designed to deliver sustainability in accordance with the National Planning Policy Framework—the NPPF. Indeed, I heard the Minister say exactly that when he introduced the Bill today.

I have a cautionary tale about the NPPF. Back in the department, the first version of the NPPF was produced, but it could not be sent out to the public without the Whitehall write-round—which means that a document has to be signed off by every other department in government. It came back with big red marks all over it from the Treasury. There was a big row inside government—I have not written my memoirs but one day I will—about the NPPF being rewritten by the Treasury. It went through a couple of rewrites and bounces before it came out—and the first version that the public saw was heavily doctored by the Treasury.

Your Lordships may have forgotten that that led to a furious row. For instance, millions of people who belonged to the National Trust wrote to their MPs—and, no doubt, your Lordships—and there was a great deal of backtracking by the Government. Eventually, the current NPPF was published and it is now widely acclaimed as being a very good document that encapsulates exactly what everybody thought in the first place. It bears a remarkable resemblance to the draft document that DCLG officials and Ministers first produced. For what it is worth, I have the relevant copies in a file. A pointless row over the NPPF was triggered by the Treasury's lack of simple understanding of basic planning principles, lack of common sense and lack of knowledge or application of human psychology. I strongly suspect that the changes to the pre-commencement planning conditions have come from the same stable.

One way Ministers could alleviate my suspicions would be to welcome the amendments that my noble friend Lady Parminter referred to, which we hope to bring forward at a later stage, to require local planning authorities to put conditions on the energy performance of new buildings, which would allow a meaningful step towards zero-carbon homes and making the Paris agreement a realistic target and option for the United Kingdom—in other words, to fight off the Treasury and have pre-commencement planning conditions imposed for good, sound sustainability reasons by local planning authorities, which is exactly what the huge majority of them currently do and should be allowed to go on doing.

7.39 pm

Lord Borwick (Con): My Lords, I first declare my interests as a property developer and builder, as recorded in the register. In particular, I have shareholdings and unpaid directorships in developments, mainly residential, in Bicester, Sussex and Scotland, and I am often looking for future developments.

The two primary aims of the Bill are worthy. Identifying and freeing up more land on which to build homes, and speeding up the delivery of new homes, are both crucial in tackling what is, at best, a chronic shortage of housing in the UK. The trouble is that I am not so sure that the clauses in the Bill will actually achieve those aims. However, improving the neighbourhood planning system is a good idea and so is improving compulsory purchase.

In 2015, nearly 143,000 new homes were built, but the Government have set a necessarily ambitious target of building 1 million new homes by the end of this Parliament. That means 200,000 new homes a year are needed—although your Lordships' Economic Affairs Committee said that 300,000 homes a year should be built to deal with demand. Either way, we are currently not building enough homes, so I welcome the Bill's intention to free up land and speed up delivery. But how can this shortage of homes, agreed on by almost everyone in all parties, have arisen? It must be the failure of the planning system. The trick is that we all agree that new homes must be built, but we all think that they should be built somewhere else. We have had a land planning system for about 60 years, yet this system does not deliver the houses we need.

A long time ago, when I was first learning about the planning system from my wise and patient planning adviser, Mr Lee Newlyn, he taught me about "objectively assessed need". I said that was easy; I would sell forward some houses for delivery when they were built. He wisely said, "Jamie, you've just proved housing demand, not housing need". Indeed, the people say, "We want houses", but local government says, "Yes, but you don't need houses". Ever since a dictator's wife declared, "Let them eat cake", the people have quite rightly complained that the authorities should not tell them what they need. We do not have an objectively assessed need for cars and bread; we let the market decide, because central planning always fails. When the planning system for houses fails, what do we do? We snap into action, add a second planning system on top of it and call it a neighbourhood planning system. I welcome this attempt to get the second layer right, but I would rather improve the first.

The fundamental problem is that, if we are to have a planning system then that system should be as close to the people as possible, but the people who want the houses are not yet living there and so cannot be consulted or contribute. We all know and respect the people who put hours of underpaid time into planning committees—I do not have the patience to be one of

them—but almost all of them are established figures in the community, not people who want to move into that community yet cannot do so. The difference between market price of land with planning permission for houses and land with planning permission as agricultural proves that the system is failing.

It is not just those who cannot buy a new home because of a lack of supply who are affected. Current home owners who are against the idea of more housebuilding in their own area are affected, too, as they do not receive compensation when permission to build is granted. If you are lucky or wise enough to have bought a house with a great view of a green field opposite your front door, that house will reduce in value when some clown builds houses all over your view. The fact that you do not own that view does not make you feel any happier about that change. At present, the system is binary: yes, we build or, no, we do not—in favour or not in favour. The reality is that people might be in favour if only they got something out of it.

The truth is that when a developer wants to build houses on some land, both sides impose costs on the other. One side wants to build houses and the other to keep the land as it is. A proper system of compensation could ensure a mechanism is in place that speeds up the process and satisfies all parties. I do not mean compensation paid to the local council but paid to the individuals. A good idea as to how to do this was first published by Professor Mark Pennington of the Institute of Economic Affairs some years ago. I am not sure whether that change would wholly meet the objections that I outlined earlier, but at least it would be a start.

The housing industry is unusual, partly because of its cautious nature. Housebuilders do not make their houses with state-of-the-art electronics because they feel that the purchaser of a new house is taking sufficient financial risk. Houses are certainly built to modern standards of insulation and heating systems, but the controls and robotics that are available now are not included. New smartphone-related apps for efficiently controlling heating and lighting are sold as after-market additions, rather than original equipment in a brand-new house. Similarly, people have been trying for some time to propose new ways of building houses quicker or cheaper, or for them to be better insulated but keep within the standards. These ideas include factory-manufactured houses, which are widespread in Germany but not widespread here. In my opinion, this is because our building industry is not friendly to bright ideas, partly because it is exhausted by dealing with planning requirements. Perhaps the best ideas which will go ahead are those proposed as parts of the garden cities being discussed for the future. These seem to be genuinely interesting and pioneering. I am proud to declare my interest in one in Sussex.

The current system means that smaller housebuilding projects are unlikely to go ahead. A real problem is that smaller housebuilders are unable to compete. Why should that be? A good example is the requirement by councils for bonds on Section 106 agreements. Say, for instance, that a council and housebuilder agree that he will build a new road as part of a development. The council often then asks the housebuilder for a bond for that road, to hold the business to its end of the bargain. Smaller firms often cannot afford bonds and so are cut out of the process; big housebuilders welcome this, of course. But while one might say that councils are simply protecting themselves by requiring a bond, the truth is that it is a solution to a theoretical problem. The market would surely solve it. If a developer did not deliver the road or the other obligations in accordance with the Section 106 agreement, the entire development would lose value. They may not even sell the houses at all without a road, so the risk is on the developer and the house buyer. What we end up with is a costly solution to a problem that does not really exist, with the consequence being the choking off of competition and stopping new entrants to the market.

What we should be discussing are ways to introduce proper market mechanisms to provide adequate compensation. We should consider those who wish to buy houses, as well as those who wish to build them in an area and those who already own there. We must ensure that we do not pass laws which may have the unintended consequence of choking off competition in the sector.

7.48 pm

Lord Taylor of Goss Moor (LD): My Lords, I should first draw attention to the register of interests. I am a director of some development companies. I also run my own consultancy around this area and work in advising government, and have done so for successive Governments. I work with students who are doing planning courses for both the University of Cambridge and the University of Plymouth. For the first part of what I want to say on neighbourhood planning, however, I should perhaps most importantly draw attention to the fact that I am also president of the National Association of Local Councils.

The overwhelming majority of neighbourhood plans that have been brought through the system—some 90%—have been led by parish councils, though they actually represent quite a small proportion of the population because they do not represent the urban communities. This is a fault which past Governments said that they wanted to address and it should be addressed, because that very local form of direct democracy is important. I would like to see many more parished, and I know that the national association believes it would be important to have that. If the Government want to see neighbourhood plans developed in many more areas, they would see it happen by parishing many more communities. They will see it conducted effectively and democratically, and then have bodies that can be guardians of those neighbourhood plans, as well as receiving the benefit in a proportion of CIL payments and having a democratic process for delivering community improvements that can be funded in that way.

I very much welcome the introduction of neighbourhood planning. It reflects ideas I had about empowering communities to deliver affordable housing to meet local needs back at the time of the *Living Working Countryside* review, which I conducted for the then Government in 2008. It has been immensely valuable and hugely important. Perhaps the thing that is most satisfying from my point of view is that I argued then that, if you empower communities to

[Lord Taylor of Goss Moor]
meet local needs, they will step up to the mark and deliver more, not less, and that has been the experience. It was really brave of the coalition Government to introduce that, and I am very pleased to see the present Government continuing on that path and making the system more effective.

I chair my neighbourhood plan steering group. I am delighted to say that we have now got it through the examination process, so the examiner has given the thumbs up. We are now in the process of the examiner putting through some tweaks in collaboration with the council. I hope that soon we will have a referendum, and I live in a certain degree of fear at night that we might be one of the few—I think there is only one so far—areas that does not get through the referendum. Given the amount of community engagement we have had, I hope we will do it.

The neighbourhood plan in our very small, poor community—it is quite unusual in that respect, as it is not the middle-class community that many are but a very poor, working-class community—will be transformative for the community. It will mean more development, and it will take traffic out of the village if we see all the things enabled by that development. It will be genuinely transformative, and it will enable big increases in local employment as well.

Some people with expertise—officers from the Environment Agency and a former council housing officer, who had done some development in his own right—happened to live locally and were involved. Other members of the community might not have had those kinds of backgrounds but were enormously knowledgeable about the community itself and its needs and were brilliant at the local engagement. Perhaps most importantly, the vicar of the parish was a wonderful deputy to me.

With all that expertise and my input, the process was much longer than I thought I could make it be, even with my experience and background. That is because the stages and processes are, frankly, just very lengthy. I am really sceptical about whether they are all necessary. I am glad to see some speeding up happening through what the Government are doing. To be honest, at the final stages the will to live was slightly lost on the committee as it got into the bureaucracy and the months of waiting for responses. There was a certain degree of lost interest. Admittedly, we got the plan through, so the committee is not having to fight any big battles, but it is a really long process.

The thing that really worried the steering group all the way through, and which certainly would have destroyed its confidence, had it happened, was the risk of developments being brought forward quickly to get them through during the long process when the neighbourhood plan had some, but not much, weight. The proposal in the Bill to give much clearer weight at an earlier stage, particularly once the plan has been examined, is important, but I would like to be clearer about how that weight is gathering. I think that attempts to get larger, poor-quality schemes through the line should be very robustly fended off by councils on the grounds that neighbourhood plans are being developed, particularly where the plan is demonstrably pro-development and going, even in draft form, beyond what is required by the local plan. It is really important that plans are defended and that Ministers are very clear that that should take place. I hope these debates will allow Ministers to put on record some very strong comments in that regard. Of course, neighbourhood plans can also be used as a delaying tactic and as a way of trying to avoid development, but this is for those plans that are robustly being carried forward, that can demonstrate consultation and that are, as they usually are, going beyond what is required by the local plan.

The second problem we had was resources. We are not a rich community. There was not a series of local QCs available to operate for us, although I was able to get one to give some advice to me because of my contacts. They were not living there in the community. We were entirely reliant, in that very poor, small parish, on the locality funding that the Government made available. When we first launched, the money had run out, so for the first few months we had to operate without any such support. At later stages, we needed a strategic environmental appraisal as well as a sustainability appraisal. Those are vastly expensive things to do. We attempted the sustainability appraisal ourselves at first because we were told it could be done without expertise, if you followed the right tick-boxes. Frankly, even following the right tick-boxes was not going to do the job, and it would have been a very poor job anyway. We were able to access funding, but it was incredibly important that that funding was there, as we also relied on that funding for the very extensive community engagement with door-to-door delivery of leaflets. We could deliver the leaflets, but design and publication, particularly publication, is a costly process and needed resource.

This is a brilliant scheme, but there are 10,000 parishes and only 2,000 neighbourhood plans. There are many more communities beyond the parishes that could be bringing them forward. Neighbourhood plans are a bit like care in the community. They are a great proposal, but they are not a saving. Localising things needs resource at the local level, and there is only so much that can be done. Really clear funding support on a long-term basis is critical. I note that neighbourhoods can gain from the CIL, but if there is no CIL, they cannot gain financially from the housing they deliver. It is important that, one way or another, mechanisms are in place to make sure that parishes get that support. I also think that the Government should be looking at the gains they are making in the development process in delivering housing with neighbourhood planning and should be thinking about some of that resource going to funding those neighbourhood plans. A virtuous cycle should be in place, as it would make sense.

I now turn to the other key part of the Bill, which is on the CPO. I am very pleased to see the Government making reforms to the CPO system. It is outdated and complex. The most important thing is that the Bill makes it clear that people cannot expect to gain enormously financially from changes that are made possible through the CPO process. If land is not carrying huge value and development becomes possible, landowners should be able to get proper compensation and in practice—

because the CPO is almost always not required and is actually a process of negotiation—they will get more than that.

I did some work for the Government on new towns and villages, and the Government adopted a policy last March. I am delighted with the progress with that policy and to see 14 new garden villages coming forward which, with the new garden towns, will enable some 200,000 homes to be delivered with a degree of real community engagement and support. That will roll forward for more. The key thing about them is that they deliver really high quality.

The core reasons for the process for garden villages and towns is that, first, it enables them to be located in a way that is more sensitive to existing communities—which means that you are not just ringing every town and village with endless bland estates—and, secondly, you are able to use land that does not already carry huge value and you therefore capture much of the uplift of land value, which comes through permission for development, to deliver services, shops, pubs and place-making quality and better, cheaper homes than would otherwise be possible. You therefore reduce a lot of the opposition to development. That opposition is precisely because development is too often so poor. This is about quality, but to deliver that we either rely on landowners and the planning system to deliver high quality or, in some cases, local authorities coming in to acquire land and to take a leadership role—in partnership with the private sector in the modern world, not distanced from it—and hopefully in partnership with the landowners. But that opportunity is needed on occasion, and the CPO powers here make that clear.

Changes in the last Bill enabled local authorities more easily to bring forward new town and village proposals by that route, but I hope that this Bill will be an opportunity to look at whether we might also give them the powers, which are currently very much in the hands of the Secretary of State, to take the decision to set up and appoint the board and then have complete control of every penny of expenditure. If local authorities want to create new, small-scale communities to meet their local needs, and want to set up a development body to manage them, they ought to be able to do that at a local level and take local responsibility. The Secretary of State has a role in the process of setting it up in any event, but I do not think the Secretary of State needs, or would actually wish to have, that kind of day-to-day control. That is the story of the New Towns Act as it was in the 1950s and 1960s; I do not think it is the story of the world of neighbourhood planning and local democracy and engagement, which the Government are, I know, extremely committed to. I may probe that a bit later during the progress of the Bill, and I hope others may as well.

The bottom line is that we have seen enormous progress. The NPPF is not perfect but it is an absolutely huge step in the right direction. I look forward to the Government's response to the CIL review, the local plan review and the NPPF review, which I hope we will see before too long, along with the White Paper. I hope we will have the opportunity for a bigger, broader debate in due course on the back of that about how we deliver the homes that we need at the scale that we need and with the quality the British people deserve. Frankly, too often at the moment, they are still not getting that.

8.02 pm

Baroness Greengross (CB): My Lords, I declare my interests as in the register, including my positions as chief executive of the International Longevity Centre-UK and yet another vice-president of the LGA. I am also patron of the Associated Retirement Community Operators.

I am sure no one would argue that an effective and democratically based planning system is critical. As in so many policy areas, however, we are not starting from a level playing field. Equally, I am sure that the vast majority of people are convinced that we must do all we can to promote suitable, accessible housing, both for older people and for those with disabilities. Both groups need to be at the heart of the Bill.

I welcome the main aims of the Bill—to further strengthen neighbourhood planning, to boost the housing supply by identifying and freeing up more land to build homes on, to give communities more say and more certainty about where and when developments will take place, and to ensure that plans and policies address the strategic priorities for development of the area—but I have some reservations about some aspects of the Bill, and today I will concentrate my remarks on older people and their needs.

The huge savings in health and social care expenditure and the release of underused property, to say nothing about the huge environmental benefits for the people themselves through the provision of retirement housing, especially that which provides extra care, have been demonstrated time after time. For example, there is a real undersupply of housing with care, or retirement villages. Only 0.5% of people over the age of 65 live in such a community, compared with 5% in countries such as New Zealand or the United States. If we are to get to only half the levels seen in those countries by 2030, we would have to build around 250,000 new units. The Bill gives us the opportunity to get somewhere towards this goal.

I warmly commend the work already carried out on the Bill by the Member for South Cambridgeshire in another place, Heidi Allen, who pressed the issue. I believe the Government, to their credit, have accepted the basic principles in her arguments, and we may hear more from them in Committee. But it is difficult to determine the full implications of some of the Bill's clauses since much is apparently to be determined in regulations. For this, as in so many other matters, can the Government publish those regulations very quickly, so that we can properly scrutinise what is proposed?

I fully understand that the National Planning Policy Framework requires local planning authorities to plan for a suitable mix of housing types and tenures, including those for older people. At present, it is for those authorities to determine the level of provision, based on identifiable need. Land values obviously have a big part to play in the viability of such provision, and the Housing Commission of the LGA has called on the

[Baroness Greengross]
Government to establish clear, robust and transparent procedures to help manage this situation and ensure the delivery of affordable housing and the infrastructure needed to make such developments viable.

We need to do something and we need to do it now. Putting action off will not make the solution easier. Current estimates show that in the housing-with-care sector there could be a shortfall of some three-quarters of a million units by 2025. To fill that would mean that around a half of all new homes built in the next decade would need to be housing with care or other types of retirement housing. This would help everyone by releasing a huge number of conventional units back into the mainstream housing market, making affordable housing available, particularly to the young.

It is absolutely essential that if any of this is to work appropriately, local plans must take into account, properly and fully, the change in housing needs caused by rapid demographic change. Housing with care is a very important element of housing for older people, and a sector that is massively underserved relative to need. At present, there is a huge gap between need and provision. These developments are fundamentally different from other provision. Unlike general housing, they have considerable communal and non-residential space: lounges, restaurants, libraries, fitness facilities and so on. The residents are no longer on their own and can access all the benefits when and if they require them. This means, however, that fewer units can be provided in the same area of development, which can make it very difficult for housing-with-care providers to compete on an equal footing when it comes to bidding for sites.

In general, unfortunately, the planning landscape for such developers can also be hostile. Added to this is the fact that many local authorities, apparently, still seem to fail to grasp the hugely important social benefits of housing with care to older people and to young people seeking somewhere to live. It is for this reason that I would like to go further and explore in Committee the possibility of placing a duty on local authorities to plan and quantify the need for and provision of this type of specialist housing when they prepare their local plans, and for them to have an obligation to ensure that every housing planning approval has a record of the fact that this has been taken into account when considering and granting permission. This could possibly best be secured in an appropriate form through the forthcoming White Paper, which, as we know, is due shortly.

Many older people are empty-nesters or alone, and thus their current property is too big for them, making simple maintenance and gardening tasks seem very daunting or expensive. So for them downsizing makes a lot of sense, but to date most people are reluctant to consider it as emotional ties, familiarity and fear of the unknown very often rule it out. As a result, the demand for downsizing remains poor, but the promised White Paper on housing presents an opportunity to help resolve the housing shortage by getting into the market, for occupation by families, houses lived in by just one or two older people. Analysts say this could free up 2.5 million homes in the UK. The White Paper could contain incentives to downsize, including things such as stamp-duty relief, relocation assistance or help-to-move loans, which I understand might even be a welcome possibility.

Some mention has been made of the difficulty of defining what is meant by an older person. I do not think this is really beyond the capability of specialist lawyers or of something along the lines of the independent Cridland review into amending the state pension age as life expectancies change, but in any case, there is already a minimum age for occupying retirement housing. Perhaps this is an issue to look at in Committee, because I feel that merely strengthening planning policy and guidance in the way that is currently suggested is insufficient to bring about the changes that we need and desire.

No one would deny that planning has an essential role if we are to provide more housing of any sort, but the more that I listen to the debate, not just this evening but over the years, I am getting increasingly worried that we are moving more and more to a position where proper planning is seen as the key to proper housing provision. I would like to know how much research is being done into why there is a shortage of housing stock. Clearly the availability of sites to develop is critical, but is that the only thing standing in the way of adequate provision? Why are houses not built in adequate numbers? If all the permissions that have been granted already but not yet implemented were implemented, there would be an enormous spurt in the number of houses available. Do we know if there are other factors? Is it the tax system, a shortage of labour or even a shortage of material? We know that recently there was an acute shortage of scaffolders and scaffolding generally. We need to know the answers to this. Unless it is investigated, we may end up with a better planning regime but similar housing problems, so these things need to be looked at.

As I said earlier, there are huge benefits for all of us in an adequate supply, not merely for the users of retirement and extra care housing but for all of us, old and young. Anything that can reasonably make this more achievable should be one of our key priorities.

8.11 pm

Lord Framlingham (Con): My Lords, it is a great pleasure to follow the noble Baroness, Lady Greengross. We hear so much about young people not being able to buy their houses that it is nice to hear about the difficulties of older people from someone who clearly knows so much about it.

The purpose of the Bill is to streamline the planning process and to build more houses, which I am sure we all agree is a good idea. Like the noble Baroness, Lady Young, I think there is a bit more to it than that; when producing neighbourhood plans or development plans of any sort, the protection of ancient woodland should be automatically included in the terms of reference. The value of trees to society is becoming better understood and more obvious every day. Today's debate is not the occasion to list all over again how much they contribute to our lives, but not to set out how important trees are and how important their protection is in a planning context would be a serious omission. Ancient woodland is irreplaceable—that is self-explanatory. I am not going to rehearse all the good things about ancient woodland

because the noble Baroness, Lady Young, has already done so in considerable detail. However, I shall say that ancient woodland and all the flora and fauna that go with it, once lost, is gone for ever, together with all that it brings to our pleasure, our well-being and our heritage.

Because of all that it contributes to our lives, ancient woodland should be seen in planning terms as a valuable asset, not a liability or an obstacle to development. Every planning authority should recognise that and take the necessary steps. They should know precisely where their ancient woodland and other very important trees are, and keep a clear register of them. That would enable them to be identified to developers well in advance of any planning proposals so that they could be avoided or, perhaps, carefully incorporated in any planning scheme. It should be trees with buildings rather than, as so often happens now, trees versus buildings. This would reduce the delay and the problems caused when people end up at loggerheads over these issues.

In all this, the role of the professional arboriculturalist is key. I declare a non-pecuniary interest: for some years I was president of the Arboricultural Association, which does such an excellent job in this field. It maintains a register of consultants and contractors in arboriculture who are able to advise on all the complexities involved in the care of trees and woodland. It is my belief that in planning matters, where trees are concerned, an arboricultural consultant should be the equal in status to an architect or a landscape designer. Sadly, too many planning authorities lack the full-time services of arboricultural officers, which puts them and the trees that they seek to protect at a serious disadvantage.

None of us wants to live in houses without trees, or to be unable to walk in and enjoy our ancient woodland, so it is vital, when we are considering any development plan, that trees in all their forms are given the highest priority. I shall follow with interest the fortunes of the amendment of the noble Baroness, Lady Young.

8.15 pm

Baroness Hodgson of Abinger (Con): My Lords, I declare my interest as a director of a company that occasionally undertakes small-scale, high-quality local developments, as recorded in the register of your Lordships' House. It is a pleasure to follow my noble friend Lord Framlingham, and I absolutely agree about the importance of ancient woodland and the need for trees. By this stage of the debate many issues have already been raised, but I hope your Lordships will allow me to add some points.

This is a hugely important Bill. We all understand that there is a housing crisis in this country. Having a home is important to us all, as well as helping social cohesion, and we need to help everyone who aspires to own a home to achieve this.

However, while new homes are badly needed, as my noble friend told us at the beginning of the debate, it is important that they are built in the right places, and that quality and design are carefully considered—not just quantity. We need to provide the additional homes without adversely affecting the communities that already exist.

I hope that one thing that the imminent White Paper will do is examine the causes of this housing crisis, which I think are multiple and complex. Nowhere is the crisis more severe than here in London. It is now very difficult for young people to rent, let alone buy, property here. Enormous numbers of foreign buyers have purchased residential property in the UK, particularly in central London, which often lies empty. I appreciate that some overseas investment is healthy and necessary, but this sector has become overheated and the result is now crowding out the settled population. Surely we must ask what we are going to do about such issues.

The issue of planning permissions being given but houses not built and land banks held by developers until prices rise has already been raised. What is the accurate situation? These pipeline figures are important.

Last year, I spoke on the Housing and Planning Bill about the importance of designing buildings that will enhance the community, that are sensitive to existing architecture and local housing layout and that use local materials. To be sustainable, we must be building homes that people will still want to look at and live in years from now. Having worked as an interior designer, I am only too conscious of the effect that surroundings have on people. Unattractive, low-quality housing is not truly sustainable and will short-change those who buy it. Bad housing can also lead to wider social problems, and even impact on mental health. I hope that your Lordships will forgive me quoting Winston Churchill:

"We shape our buildings; thereafter they shape us".

Too often, developers are building houses that do not differ between communities. Although provisions are in place for local authorities to insist on local styles, it seems that frequently this is sacrificed in favour of lower costs per home.

I am very concerned that inhibiting pre-commencement conditions without the agreement of the applicant could lead to poorer-quality developments. As has been stated, they are a protection for communities.

We are a Government who won an election on an agenda of localism. Our manifesto pledged to ensure that local people would have more control over planning and to protect the green belt. But I worry that the Bill does not strengthen the agenda of localism and may indeed go some way to achieving the opposite.

Planning has become a complex issue. Although it is welcome that councils engage in consulting on neighbourhood and local plans, I have seen a consultative document that ran to several hundred pages and was incomprehensible to someone such as me who is not well versed in planning. Thus consultation is perhaps sometimes being honoured in the letter rather than the spirit. Consultations need to ask people in a way that the man and woman in the street are able to understand and answer, and should be reasonably succinct, otherwise people will not engage. Have any evaluations been carried out of these consultations and have local views been taken into account? Otherwise, this exercise can simply be box ticking.

Developers are allowed to appeal if they do not get their planning permission granted. Why are locals not allowed to appeal when planning permission is granted and they are fighting against it? That is hardly fair.

[Baroness Hodgson of Abinger]
We heard a moving contribution from my noble friend Lady Cumberlege. We need to ensure that local people are listened to.

I welcome the fact that building on brownfield sites is encouraged. However, I am concerned by reports that planning permissions have been given in areas of outstanding natural beauty. Maintaining protections for these areas also featured in our 2015 manifesto. The green belt was established to protect our countryside. Once we lose our precious countryside, it will be gone forever. I had understood that the Secretary of State, shortly after his appointment, said that the green belt was sacrosanct—yet I understand that he allowed about 6,000 homes to be built in Sutton Coldfield on green belt land, which was strongly opposed by local people. I know that the Minister will say that he cannot comment on specific cases, but will he please reassure us that this will not happen again? To add extra protection, surely it would be best to remove the new homes bonus from houses built on greenfield sites, as this would add incentive to utilise brownfield sites. Perhaps my noble friend will consider this.

It is disappointing that the Bill does not appear to encourage new housing to be carried out by small local builders, who should be more responsive to local need and intrinsic style. Frequently, big developers get the contracts, and too often their concern appears to be mainly financial gain, building in a stereotypical style and not in local materials. The fact that they are often building a large number of houses on a field means that the development appears bolted-on and does not blend in with the existing layout, and thus does not enhance the local community.

Clause 39 states that regulations are to be made by statutory instruments. Will the regulations be ready for us, at least in draft, by the time we reach Committee?

Before I close, I will quote from an article written by Matthew Parris in the *Spectator* about a week ago entitled, "An age of bright new lights on ugly new estates". He wrote:

> "Almost without exception, the most visually depressing neighbourhoods are housing estates, streets or even whole townships that were put up quickly and at the same time: system-built in order to realise economies of scale and simplify construction. Such house-building has had the wretched effect of turning many 'estates' into closed and ill-regarded neighbourhoods".

Although I understand that we need more homes, and welcome policy that seeks to simplify the planning process, we must always ensure that new housing is fit for purpose. This means developments that will serve as sustainable and valued homes for generations and as sensible, appropriate and welcome additions to the communities they are built in.

8.23 pm

The Archbishop of York: My Lords, I hope I will not abuse the great privilege your Lordships have given me by allowing me, as the 24th speaker, to speak in the gap.

I support the Bill because of the three areas it covers: neighbourhood planning, local development plans and compulsory purchase. Neighbourhood planning is dealt with in Clauses 1 to 5, which enable planning decision-makers to take account of well-advanced neighbourhood plans by giving such plans legal effect at an earlier stage, prior to full approval by a local referendum. That is critical. A neighbourhood plan attains the same legal status as a development plan once it has been agreed at a referendum and is brought into force by a local planning authority. At this point, it becomes part of the statutory development plan. Applications for planning permission must be determined in accordance with the development plan unless material considerations indicate otherwise. This will help communities that are well advanced in the neighbourhood planning process to have more protection from speculative development that would contravene the proposed neighbourhood plan.

Will local referenda become nimbyism charters—not in my back yard? I hope not. The noble Baroness, Lady Hodgson, is also concerned about the localism issue. I hope that referenda will not be a charter for those who want to protest and do not want anything to be done. In York, we have many grade 1 listed buildings. If we try to change them to make them usable for the local community, everybody comes out of the woodwork saying, "The building is in a mess but the pews are lovely. Don't remove them". I hope that localism does not prevent people doing anything.

Secondly, pre-commencement planning conditions, dealt with in Part 1, Clauses 12 and 13, are requirements that local planning authorities can place on planning applications which prevent development taking place until they are formally met by the applicant. As I understand it, the Bill would allow a local planning authority to use pre-commencement planning conditions only where it has the written agreement of the developer. However, if I have read it correctly, the Bill would not restrict the ability of local planning authorities to seek to impose conditions that are necessary to achieve sustainable development in line with the National Planning Policy Framework. Again, the Bill tries to do two things, and does them well.

Although it is important to prevent the imposition of unreasonable conditions on developers, it is essential to ensure that archaeological heritage, habitats and species, and the concerns of the community are fully taken into account in the planning process, even after permission to build has been granted. It seems unlikely, by the way—maybe I am wrong—that a developer will agree in writing to have pre-commencement conditions imposed on them, and implementing these clauses could further blunt the powers of local planning authorities to try to ensure sensitive development.

The DCLG maintains that appropriate protections for important matters such as heritage, the natural environment and green spaces will be retained, along with measures to mitigate the risk of flooding. Clause 12 —this is where I want the Minister's help—will grant the Secretary of State the power to make regulations setting out what conditions may or may not be imposed on the granting of planning permission. It would be helpful to have more detail on what these regulations might be—the noble Baroness, Lady Hodgson, said the same thing—as the Bill goes through Committee and Report. The Government have indicated that the regulations would be subject to public consultation.

As someone who voted to remain in the referendum, I want to say that part of the trouble with the EU—one of the things that bedevilled it—was what I call a forest of regulations. I hope that regulations will not be used as a way to create greater lack of clarity.

A very helpful clause on compulsory purchase has been included in the Bill. It clarifies the potential payment and prevents claims to increase the value of compensation payable if proposals then change. These changes seem proportionate and will help to bring brownfield sites into development. Work needs to be done on that.

There do not seem to be any provisions in the Bill that will have disproportionately positive or negative effects on different areas of the country, different land types or different communities. In other words, it is a balanced Bill for all areas and, coming from the north, I welcome that. There is much to support in the Bill, which will help to strengthen neighbourhood plans and bring more sites into development. There are some concerns about possible restrictions on the use of pre-commencement planning conditions, but that can be sorted out in Committee and on Report. For those reasons, I welcome the Bill. Its sponsors are to be encouraged and I want to say simply, thank you.

8.30 pm

Lord Shipley (LD): My Lords, I hope that all noble Lords, as I have done, have found this Second Reading debate extremely helpful. A number of issues have come to the fore in the course of our debate which I think that we will need to examine more closely in Committee. Before I go any further, I should add my name to the list of vice-presidents of the Local Government Association.

This Bill is part of a package of measures that includes financial support to boost housebuilding and the forthcoming housing White Paper. The Bill aims in particular to simplify and speed up the neighbourhood planning process and, in principle, that is a welcome intention. However, as the noble Baroness, Lady Cumberlege, and my noble friend Lord Greaves reminded us, neighbourhood planning is about a great deal more than building homes. It is about building communities. We will need to explore that in greater detail in Committee. Can the Minister confirm that there is nothing in the White Paper, which is due when Committee has been completed in your Lordships' House, which will impact on the Bill that we do not already know about? It would be helpful to know when it will be published—and I suppose that I seek the Minister's assurance that it will be published in very good time for consideration of the Bill at Report.

When we debated the Localism Bill in 2011, I and other colleagues were strongly supportive of the proposals to introduce neighbourhood planning. Since then, I have been very impressed, like so many in your Lordships' House, by the commitment of so many communities to get involved in the process. The evidence of its success is there, in that 10% more houses are being built because neighbourhood plans exist. As my noble friend Lord Stunell reminded us, neighbourhood planning is seven years on, and this still has the potential to be a centralising Bill rather than a decentralising Bill. I hope that we will take steps in Committee to examine that in some detail.

More recently than the Localism Act 2011, during the passage of the Housing and Planning Bill, we argued that that Bill did not go far enough in ensuring a fuller role for neighbourhood planning bodies in planning matters that might impact on their area. We also argued that we needed greater promotion of neighbourhood plans in urban areas, which are mostly unparished and have many fewer neighbourhood plans than parished areas. My noble friends Lady Pinnock and Lord Greaves spoke in some detail about that. This matters. If neighbourhood planning is to be the future—and we want to see it expand—there need to be structures in unparished areas that are stronger than the structures that we currently have. I hope that we will explore how we might encourage neighbourhood planning to be strengthened in those urban areas.

My noble friend Lord Taylor of Goss Moor reminded us that professional help matters and that the process is a long one. He said that he was sceptical that all stages were necessary. Again, I wonder whether we might look further at that issue in Committee.

The reputation of neighbourhood planning has been damaged a little—and in some places more than a little—by the requirement for a local planning authority to have a five-year land supply even when a neighbourhood plan has been adopted in the absence of an adopted local plan. In other words, if the local planning authority has failed to produce a local plan with a five-year supply, the neighbourhood plan can be deemed out of date even if it is only recently adopted. The noble Baroness, Lady Cumberlege, reminded us of this but there are other examples, right across the country, where neighbourhood plans adopted in good faith and after a referendum suddenly find they have problems because the five-year land supply has not been produced by the local planning authority. I hope we will look at this issue further in Committee. However, it might help if the Minister, in replying, explained the impact in practice of the Statement made by the Minister for Housing and Planning on 12 December, which suggested that only a three-year supply was needed in some cases. What exactly will the practical outcome of that Statement be?

We welcome the fact that the Bill gives greater weight to neighbourhood plans earlier in the planning process and it is good that principal planning authorities are required to provide stronger professional support for neighbourhood planning. The Bill makes it easier to modify existing and future neighbourhood plans and, in the main, these are helpful and seem to command broad support. However, the Bill could be strengthened through amendments giving neighbourhood plans even greater weight in the planning system than is currently proposed, through the right to be heard. We were reminded of that by my noble friend Lady Parminter, and we can come back to it in Committee too.

I have a number of concerns about the Bill. It has been said—and it could be true—that it may not build enough homes. My noble friends Lady Maddock and Lord Greaves talked of direct commissioning and how this might help build yet more new homes towards the

[LORD SHIPLEY]
target which the Government have set but which is unlikely to be delivered. I am concerned about numbers but I am also concerned that there are no measures in the Bill to ensure that new homes are sustainable, low-carbon and protected from flooding risks through sustainable drainage in all cases. My noble friend Lady Parminter reminded us that we need to investigate those issues further in Committee. We shall look at the protection of ancient woodland. I hope an amendment will be forthcoming on this and that it will command all-party support. If it does, the Government might want to look more closely at the value of such protection.

Clause 7 gives the Secretary of State powers of direction over local plans. I hope we might explore this issue further to understand the intention better. At this stage, we need to reserve judgment on it, and the noble Baroness, Lady Cumberlege, gave us good reason to do so. A new clause, Clause 8, has emerged concerning county council default powers. I have not fully understood why this clause is deemed necessary. County councils do not have the local planning expertise required to discharge the function. To get it, they would have to employ consultants or staff or, maybe, district council staff. If a district council is deemed to be failing in its duty and the Secretary of State decides the county council should take over, it is not clear who would be legally responsible in the event of a challenge to an adopted local plan if it is approved through that route. The Minister may be interested in receiving amendments in Committee which might point a way through that problem and we will, I hope, come forward with some suggestions.

My noble friend Lady Pinnock and the noble Lord, Lord Thurlow, talked about the remediation of land, its financing and how we build more homes on more brownfield sites. The Government have made laudable attempts to do this but we need to look more closely at what financial barriers are in place as regards developers building on brownfield sites as opposed to greenfield sites.

The noble Lord, Lord Kennedy of Southwark, mentioned pubs and the amendment voted on in the other place on the need for permitted development rights to be imposed where pubs are closed and sold and then undergo a change of use without planning permission. Strong feelings were expressed in the other place on this matter, with 161 votes cast in favour of requiring a planning application to be made when it is proposed to demolish a pub or change its use. I think that is the right course and I hope that we will examine this further in Committee. Designating pubs as assets of community value is important. The last Government had a good record in that respect in creating the register of assets of community value. However, in this case we need to go a bit further.

The evidence we have heard suggests that the jury is out on pre-commencement conditions. The Minister will write to us on this matter but I hope that the Government are clear what the problem is they are trying to solve. I am willing to be convinced that there is a problem that must be solved given the way in which the relevant clause is written. As my noble friend Lady Parminter said, the difficulty with the argument put forward is that sometimes conditions can be useful because they tell you exactly what the problem is that needs to be addressed. If an applicant is not prepared to sign an agreement, you could end up with the local planning authority refusing planning permission when quite a lot of the relevant development would be very worth while. However, as my noble friend Lady Parminter pointed out, the other danger is that you could end up with poorer development. We have heard a little tonight about poor-quality development. In the rush to build and hit targets, you could well end up with poorer-quality development as a consequence of imposing a requirement to agree to pre-commencement conditions. We need to investigate that issue too. I think the Minister agrees that pre-commencement planning conditions must not be used as a way to cut corners on key matters such as protection for special environmental or heritage sites. I think that is a given. However, we need to be reassured that the means by which that will be delivered are not in danger.

I have come to the conclusion that there may need to be a thorough review of compulsory purchase powers in time. However, there is clearly much support for reforming the compulsory purchase system, and the Government are right to proceed with that now. The principle is that the public sector should be able to benefit to a greater extent from value uplift created by public projects. My noble friend Lord Taylor of Goss Moor reminded us of this in his contribution a little while ago.

Perhaps we need to clarify in Committee one or two issues concerning the detail of temporary possession as regards leasehold charges and changes to the provisions around compensation. One of the benefits of the Committee stage is that it enables us to discuss such provisions in detail.

My noble friend Lady Maddock made a very cogent contribution on resources and planning fees. In the summer of 2016, around 250,000 applications were recorded as not having been processed on time. The noble Earl, Lord Lytton, reminded us that central government can bear a responsibility for delays. It is all too easy to paint local government as the body responsible for delays, whereas there are often several reasons why they occur. That could be one, but another is the lack of resource. I am now pretty convinced by what the noble Lord, Lord Porter, told us: that councils—the Local Government Association tells us—are subsidising planning applications by £150 million a year. This is significant money. Even if that figure is only £100 million—and it could be £200 million—we need to look at how planning fees can be raised. I understand that there is a strong chance that this matter will be addressed in the housing White Paper, which is one of the reasons why the timing of the issuing of that White Paper matters. Indeed, if you read Clause 5, you see that delivering the clause requires more professional planning staff; obviously they have to be paid for, and more planners will need to be employed to enable high-quality planning to take place.

I understand from yesterday's briefing that the Government will table amendments, which I expect will be before Committee—although the Minister also might wish to confirm that they will not come to us on Report. I understand that the Government are doing it on the primacy of neighbourhood plans, the right of

parish and town councils to be consulted in drawing up local plans, and the housing needs of disabled and older people. Any further information the Minister can give us on that will be appreciated.

I draw to a close. When permitted development, which was basically seen as being about the conversion of offices to homes, was introduced, it was not anticipated that problems might be caused by the excess closure of offices—that is, places for people to work—in the interests of making a profit from the change of use from office to home. The annual register is therefore warmly welcomed, as it means that we will have some evidence of whether there is a major problem.

The Government are keen to speed up the planning process, and there is no doubt that the Bill will help to achieve that. However, I hope that the Minister will understand that there is a worry—we had it before we came to Second Reading but it has become more acute—which is whether the Bill is more of a centralising Bill of the one-size-fits-all policy-making type, as my noble friend Lord Greaves identified, or a liberating Bill that will enable neighbourhoods to take much greater control of their destiny. As I said earlier, on this matter the jury remains out.

8.47 pm

Lord Beecham (Lab): My Lords, I refer to my interests as yet another vice-president of the Local Government Association and as a member of Newcastle City Council. When I was first elected to the council in 1967, it was building 3,000 council houses in that year. Very few councils can claim to have done anything like that for the last 20 years. I dissent very strongly from the critique made by the noble Lord, Lord Borwick, who blamed local authorities for the failure to build. As we have heard, hundreds of thousands of granted planning applications have not been implemented, and successive Governments, I regret to say, have failed to support the provision of social housing, particularly by local authorities.

In any event, we are 10 days short of the anniversary of the Second Reading of the Housing and Planning Act, the legislative masterpiece which, during the three and a half months it was before this House, prompted a Conservative Back-Bench Peer to congratulate me on retaining my sanity "notwithstanding this terrible, terrible, Bill". I do not propose to test the opinion of the House on that matter. However, it is clear that the Act has caused more problems than it has resolved. It is now eight months since Royal Assent and much of the secondary legislation still has to be tabled. Indeed, it was striking that, during the passage of the Bill, the matters that were to be subject to secondary legislation had not been consulted upon—and we have yet to see the results of consultation, let alone a good deal of the secondary legislation that will be required to implement what is now the Act.

Now, of course, we have this Bill, and a White Paper on housing is apparently imminent. It is not clear to me whether the White Paper is intended to lead to legislation. I assume that it will. Perhaps the noble Lord can inform us with a bit more precision—perhaps he cannot—when we are likely to receive the White Paper. Presumably if it leads to legislation, that will be something for the next Session.

This history discloses a system of policy-making and legislation on the hoof and in reverse order—reflecting, frankly, breath-taking levels of incompetence and an abysmal failure by the Government to tackle the housing crisis afflicting families and communities all over England. As the noble Lord, Lord Porter, pointed out, this Bill will not solve the housing problem, although maybe the next one will. I suppose that we should be grateful for one thing that is not in the Bill, to which my noble friend referred—the controversial plan to privatise the Land Registry. I am not entirely clear whether that has been laid to rest for good and all or whether it is in suspension. Perhaps the Minister could clarify that situation.

Those parts of the Bill which reflect its title seem, for the most part, to be relatively innocuous as far as they go, but I wonder whether the Minister could enlighten us on the turnout levels in local referendums that have been held and whether a minimum threshold is contemplated.

I have some concern, clearly shared by the noble Earl, Lord Lytton, that in some areas residents might be tempted to use a neighbourhood plan as a means of preventing development that might benefit people who, for example, are in need of housing but are not resident in the immediate area. I recall, painfully, an encounter with a lady in Newcastle in a house built not so long ago on a greenfield site near the edge of the city who was adamant that no social housing should be built on the green fields that she herself was now overlooking. I hope that that nimbyism will not feature as the Government's plans for new housing, if that is what they amount to, come forward. As the noble Lord, Lord Cameron, pointed out, local communities need support in addressing the process of local planning, with or without referendums. Again, I hope that the Minister can indicate whether the Government are prepared to back their aspirations with some resourcing.

The LGA rightly draws attention to the need to avoid undermining the ability of a planning authority to,

"meet the wider strategic objectives set out in an emerging or adopted Local Plan, by unintentionally giving greater weight to the status of neighbourhood plans than to Local Plans".

There is a balance to be struck here. The neighbourhood plan should be seen as part of the local plan and not as something in conflict with it. The association seeks an assurance that the new requirements in relation to the planning register will be funded. Will the Minister confirm that the new burdens doctrine will apply, given the extreme pressure on council planning staff levels which already exists and which has been referred to in this debate?

Although it welcomes the Bill's provisions in relation to compulsory purchase, the LGA calls for greater powers where permissions have expired without development commencing, the delegation of confirmation of a CPO to the relevant authority and a fundamental consolidation of compulsory purchase legislation. Perhaps the Minister could indicate the Government's stance in respect of those three calls by the LGA.

The LGA also asks for planning fees to meet the full costs of the service—a matter to which several noble Lords referred. It is a principle which the Government have been quick to apply in relation to

[LORD BEECHAM]
court and tribunal fees—as I have cause to comment on from time to time in one of my other capacities here—and which, perhaps surprisingly but as the noble Baroness, Lady Maddock, confirmed, has the backing of two-thirds of the members of the British Property Federation who responded to a survey on the issue. Staffing is certainly a highly relevant point. Again, the noble Lord, Lord Cameron, referred to this and pointed out that it was critically responsible for the delay in decision-making. It will not be solved without additional resources going into the planning service.

Incidentally, the LGA also stresses the need to have regard to the fact that any strengthening of the role of neighbourhood plans in determining applications should come hand in hand with the strengthening of assurances that neighbourhood plans will conform with both existing planning law and evidence regarding local circumstances, housing need and land supply. Again, it would be helpful if the Minister could confirm that tonight—or it may be that it will feature in the forthcoming White Paper. I must say that I reject the very negative portrayal by the noble Baroness, Lady Finn, of the role of local government of any colour in the planning process, and in particular of its desire to deal with the housing position.

As we have heard, the Bill is very light on the provision of social and affordable housing, on tenure and on the required infrastructure that makes for viable communities, with schools, open space, parks, shops and GPs' surgeries obviously proportionate to the scale of development—the kinds of issues that the noble Baronesses, Lady Cumberlege and Lady Greengross, addressed in their contributions.

The major concern that many of us have about the Bill is, as Members will recall from the debate, the provision for pre-commencement planning conditions. Under the Bill's provisions, these would apply only with the written agreement of the developer. In the absence of agreement, the authority would be left with the choice of refusing permission, which would presumably mean that the developer could appeal. I certainly share the reservations and criticisms of the provision made by the noble Baroness, Lady Parminter.

Worryingly, moreover, the Bill allows the Secretary of State to make regulations stating what conditions may or may not be imposed. Once again, we are being driven into the territory of secondary legislation if the Government have it in mind to take that power. I hope that the Minister will confirm that we will see draft regulations before the Bill reaches Third Reading.

The Government's consultation on this proposal ended in November. When might we expect to see the Government's response and, if they intend to proceed with this controversial intervention in local decision-making, can the Minister assure us that draft regulations will be published?

It is striking that the Local Government Association's housing spokesman, Councillor Martin Tett, the leader of Buckinghamshire County Council—and not, so far as I am aware, a paid-up member of the Labour Party—expressed surprise that there is,

"no mention of the National Infrastructure Commission",

which had been promised in the Queen's Speech. Meanwhile, the House Builders Association—again, a body not affiliated to the Labour Party—referred to the omission of infrastructure as leading to increasing uncertainty in local communities about the impact of development.

Incidentally, the House Builders Association also drew attention to the problems caused by the reduction in planning staff as a result of cuts since 2010 and the likelihood of a consequent slowing down of the process caused by new statutory duties. If the Government are not overly inclined to listen to an Opposition spokesman making these points, perhaps they should pay a measure of attention to a Conservative local government representative and the House Builders Association, which is obviously very involved with the whole process.

The Bill creates the opportunity to raise a number of issues of a controversial nature where planning law could make a difference. We have heard about some of those today, including the conversion of shops to housing and energy efficiency—which, as the noble Lord, Lord Cameron, pointed out, needs revisiting. We also heard about flood prevention, the protection of wildlife and the protection of pubs and local amenities. These matters were raised by my noble friend Lady Young, and the noble Lord, Lord Renfrew, spoke about protecting our heritage. We look forward to constructive discussions on these and other matters during the Bill's progress through the House. I hope that we can reach consensus on controversial matters and, in particular, see a connection between the Government's policy as it emerges in the White Paper and this Bill, in order that we can tackle what is a major national crisis.

8.59 pm

Lord Bourne of Aberystwyth: My Lords, I thank all noble Lords who have participated in this wide-ranging and useful debate for their spirit of positive engagement. I can reassure them that I am keen to engage on how we can move in the direction of ensuring that the Bill delivers. As noble Lords—including the noble Lords, Lord Shipley and Lord Taylor of Goss Moor—indicated, the Bill is not only about building extra housing, and as I said in opening, I totally accept that it is not a silver bullet to solve the housing crisis. That is certainly not the case, although it will go some way to helping. The Bill is also about empowerment. We believe in empowering communities and having decisions on neighbourhood plans taken at the most appropriate level and in ensuring that they are given appropriate strength.

I thank the most reverend Primate the Archbishop of York for his participation. He encapsulated some of the key issues about the neighbourhood plans, which are intended to have an effect at an earlier stage and to have legal status. The experience of local referenda so far is that they have not delivered nimbyism. As the noble Lord, Lord Taylor, agreed, they have tended to identify more housing at neighbourhood level than was the case at district level. The experience so far is reassuring, notwithstanding the pews example that we do need to guard against.

We are keen to engage on pre-commencement planning conditions to ensure that there is appropriate protection for the cathedrals of the natural world—the very

descriptive phrase used by the noble Baroness, Lady Young—in terms of how we provide protection for the natural world, for heritage and so on, and how we can move away from what are not appropriate pre-commencement conditions. It will be appropriate to look at them at a later stage but issues about what colour roof tiles should be or what sort of windows should go in are not appropriate as pre-commencement conditions. I am very happy to look at how we should tackle such issues going forward.

Noble Lords should have seen the link in the documents available in relation to delegated powers in the Bill but I will make sure they come round again as we have quite a lot to say on the subject. This has been such a wide-ranging discussion that I will ensure that a full letter goes to all Peers who have participated in this debate—I shall also place a copy in the Library—picking up on all the many issues in the Bill that have been touched on. Some of the points made were appropriate in relation to a general view of the waterfront on planning but were perhaps not appropriate to the Bill. For example, it was not intended to look at land tenure and so on, but I will pick up on those points and refer to them in the correspondence that will follow.

Most noble Lords who have participated have welcomed the neighbourhood aspects of the Bill, although some have reservations in certain areas, including my noble friends Lord Borwick and Lord Ridley. My noble friend Lady Cumberlege has spoken to me, to the Minister of State and, I suspect, to the Secretary of State about the neighbourhood plan and I understand the issues that she has raised. I will revert to that in a moment. However, noble Lords round the Chamber—including the noble Lords, Lord Cameron, Lord Thurlow and Lord Renfrew, and the noble Earl, Lord Lytton—welcome the principle, with qualifications. I understand that.

Others have extended the area to be covered. The noble Lord, Lord Judd, not only talked about the need for housing, which he accepted, but introduced the context of appropriate provision for the environment and so on. Again, I will pick that up in the correspondence. The noble Lord, Lord Thurlow, who is not in his place, referred to the importance of brownfield sites, and I will also cover that in correspondence. It will be dealt with in the housing White Paper. It is a manifesto commitment and we have already done a lot in ensuring that there is a brownfield register. We expect 90% of brownfield to be appropriate for building on, but I will cover that, as I say, in the correspondence.

As to the contributions in the areas I set out initially, let me deal first with the neighbourhood planning point and the importance of tying that back with localism. I recognise the role that our colleagues in the coalition Government played in this, including the noble Lord, Lord Stunell, and the noble Baroness, Lady Parminter. We strongly believe in neighbourhood planning. We very much look forward to engaging on this issue to see how we can ensure appropriate funding and strength is given to the neighbourhood plan. I acknowledge the importance of parish councils in that—a point made by the noble Lord, Lord Greaves.

There needs to be appropriate dialogue. The sort of situation outlined by my noble friend Lady Cumberlege should not be happening. I am very happy to continue engaging with my noble friend to see what we can do in that regard.

As has been acknowledged, neighbourhood plans have so far covered 10 million people in the country and 2,000 neighbourhood plans have been submitted. There is a long way to go, but I do not think we should beat ourselves up too much. It is progress. We believe in it; the Bill gives it added strength and we should be able to carry it forward. I welcome the general welcome in principle from the noble Lord, Lord Kennedy, my noble friends Lady Finn and Lord Porter, and others. Indeed the noble Baronesses, Lady Pinnock and Lady Parminter, recognised the important role this has to play in planning decisions.

The issue of permitted development rights was touched on more in the context of pubs than offices, which may say something about the nature of the people participating in that part of the debate, I do not know. To be fair, it was a given that I would touch on offices anyway and say that we have to be careful. I come back to the point made by the noble Lord, Lord Cameron, about his test on housing, which I will take up. The question should be whether the Bill will deliver more houses. It will. We can look at how we can provide some protections here as we move it forward, but I am keen that we do not throw out the baby with the bathwater in ensuring we keep our eye on the ball to ensure that housing is provided through this mechanism.

Pubs were touched on not just by my noble friend Lord Porter and the noble Lord, Lord Kennedy, but by the noble Lord, Lord Shipley. Indeed, he said that they can be nominated to be listed as assets of community value. Where that happens that means that planning permission is necessary for any change. That is a significant point that we need to get across to communities, because they can protect themselves in that way. There are some first-class pubs that form a massive part of community life up and down the country. As we know, the days when these were just somewhere to go for a drink are long passed. It is much more significant than that, but it is part of it. I am happy to engage on that.

To move on to pre-commencement conditions, points were made very tellingly by the noble Baroness, Lady Young, relating to woodlands. I appreciated the discussion we had on that and what we can do through the planning policy framework, which will be touched on in the White Paper. It is very significant. Ancient woodlands are rightly part of our national heritage. At the same time, there are some specious claims—I adopt the word used by the noble Lord, Lord Thurlow—relating to some preconditions that are not necessary. The point about woodlands was taken up by the noble Lord, Lord Shipley, my noble friends Lord Framlingham and Lady Hodgson, and by others. Indeed, we will want to look at that at some length.

On sustainable drainage and flooding, flood risk is an incredibly important issue and I fully understand why people are exercised about it, and about drains. Since the Government came in in April 2015, we have taken a number of steps of robust policy protection by: strengthening the policy expectation that sustainable

[LORD BOURNE OF ABERYSTWYTH]
drainage systems will be provided in major new developments, whether or not in a flood risk area; amending national planning guidance to set out the considerations and options for sustainable drainage systems; and making lead local flood authorities statutory consultees for planning applications for major developments. That is significant too. I appreciate that there was an issue there that noble Lords will want to look at.

On the third area touched on by the most reverend Primate the Archbishop of York, the compulsory purchase element of the legislation, we have taken a pragmatic approach—as the noble Lord, Lord Shipley, acknowledged—rather than an approach across the piece which tries to consolidate the whole area. That approach may be appropriate at some time, but this is targeted to ensure that we are doing what is fair in relation to the value of land and to people who have land acquired from them. I look forward to engagement on what I think was a broad welcome for that, although the devil may be in the detail.

My noble friend Lord Lansley talked about the strategic context of the housing White Paper. I quite agree with him that it is important for that reason and probably others. The intention is that it should be with us before Report stage. I will update noble Lords in the letter as to the precise position. As I speak, I think that we are confident of landing that. It will cover issues such as the fees situation, brownfield registers and many others. The noble Lord, Lord Beecham, asked whether it would result in legislation. I suspect that there will almost inevitably be things in it that we would need to legislate on. There is competition for that, as the noble Lord knows, but that is certainly so.

Many additional issues were raised. It was great to hear from the noble Baroness, Lady Maddock, who is coming up to her 21st year here.

Baroness Maddock: It is 20.

Lord Bourne of Aberystwyth: I am running ahead of myself. I thank her for her comments and questions on highly relevant issues such as pre-builds. We are very much wedded to those and doing things on them. Perhaps I may write to her on the resourcing that we are giving to them and on the importance that we attach to them. They are very popular, even when they are called pre-fabs—which surprised me. Opinion polling suggests that they are very appropriate. As the noble Baroness indicated, the design of some of them in Scandinavia and elsewhere in Europe can be extremely attractive. I am sure that they are part of the solution to the housing issues that we face as a country.

I will endeavour to pick up in the write-around other issues that I have not touched on. There was a general welcome for compulsory purchase—I know that the noble Earl, Lord Lytton, raised broader issues about that, which I will pick up in writing. Garden cities and villages were touched on and welcomed by the noble Lords, Lord Borwick and Lord Taylor. I know that we have been in touch with the noble Lords, Lord Taylor and Lord Best, and have tried to help with that—on setting up of corporations and so on. Again, these are part of the solution, but I appreciate that they need to be considered in the context of ancient woodlands, neighbourhood plans and so on. I will seek to do that in the write-around.

The noble Baroness, Lady Hodgson, quite rightly raised the important issue of design. I suspect that we will return to that in the debate next week. I know that she feels very strongly about it and understandably so. It is an issue that I touched on in a sense in relation to the pre-builds as well.

I thank noble Lords for their positive engagement ahead of Committee stage, which I think starts in the week commencing 30 January—I think that there will be two sessions that week and two sessions the week after. Ahead of that, I will write to noble Lords picking up all the points that have been dealt with, correcting myself if I have got anything wrong—which is always possible—and adding points that I have missed. I look forward to noble Lords' further positive engagement to ensure that we move this legislation forward with as much consensus as possible.

Bill read a second time and committed to a Grand Committee.

House adjourned at 9.14 pm.