PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

LEVELLING-UP AND REGENERATION BILL

Twenty Second Sitting

Thursday 13 October 2022

(Morning)

CONTENTS

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor's Room, House of Commons,

not later than

Monday 17 October 2022

© Parliamentary Copyright House of Commons 2022
This publication may be reproduced under the terms of the Open Parliament licence, which is published at www.parliament.uk/site-information/copyright/.

The Committee consisted of the following Members:

Chairs: Sir Mark Hendrick, Mr Philip Hollobone, † Mrs Sheryll Murray, Ian Paisley

Bradley, Ben *(Mansfield)* (Con)
† Cartlidge, James *(South Suffolk)* (Con)
† Davison, Dehenna *(Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities)*
† Farron, Tim *(Westmorland and Lonsdale)* (LD)
Fletcher, Colleen *(Coventry North East)* (Lab)
Gibson, Patricia *(North Ayrshire and Arran)* (SNP)
† Huddleston, Nigel *(Lord Commissioner of His Majesty's Treasury)*
† Jupp, Simon *(East Devon)* (Con)
Lewell-Buck, Mrs Emma *(South Shields)* (Lab)
† Maskell, Rachael *(York Central)* (Lab/Co-op)
Moore, Robbie *(Keighley)* (Con)
† Mortimer, Jill *(Hartlepool)* (Con)
† Norris, Alex *(Nottingham North)* (Lab/Co-op)
† Pennycook, Matthew *(Greenwich and Woolwich)* (Lab)
† Rowley, Lee *(Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities)*
† Smith, Greg *(Buckingham)* (Con)
Vickers, Matt *(Stockton South)* (Con)

Bethan Harding, Kevin Maddison, *Committee Clerks*

† attended the Committee

Public Bill Committee

Thursday 13 October 2022

(Morning)

[Mrs Sheryll Murray *in the Chair*]

Levelling-up and Regeneration Bill

11.30 am

The Chair: Before we begin, I have a few preliminary reminders for the Committee. Please switch all electronic devices to silent. No food or drink is permitted during sittings of the Committee, except for the water provided. *Hansard* colleagues would be grateful if Members could email their speaking notes to hansard@parliament.uk. We begin with the programme motion in the terms agreed yesterday by the Programming Sub-Committee.

Ordered,

That the Order of the Committee of 21 June 2022, as varied on 7 July 2022, be further varied as follows—

1. in paragraph (1), for sub-paragraphs (l) to (n) substitute—

"(l) at 11.30 am and 2.00 pm on Thursday 13 October;

(m) at 9.25 am and 2.00 pm on Tuesday 18 October;

(n) at 11.30 am and 2.00 pm on Thursday 20 October;";

2. in paragraph (4), for "Tuesday 20 September" substitute "Thursday 20 October".—(*Dehenna Davison.*)

Clause 131

Locally-led urban development corporations

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

The Chair: With this it will be convenient to discuss new clause 53—*Independent examination of locally-led urban development corporations—*

"(1) A proposing authority must submit a proposal for designation of a locally-led urban development area in England under section 134A of the Local Government, Planning and Land Act 1980 to the Secretary of State for independent examination.

(2) The examination must be carried out by a person appointed by the Secretary of State.

(3) The purpose of the examination is to determine whether the proposal is in general conformity with national planning policy, the local development plan, and any other material considerations.

(4) Any person who makes representations seeking to change a proposal for designation of a locally-led urban development area must, if they so request, be given the opportunity to appear before and be heard by the person carrying out the examination."

This new clause would ensure that proposals to designate land as an urban development area and to establish a locally-led urban development corporation to oversee it would be subject to independent examination at which the public would have a right to be heard.

Welcome, Minister.

The Parliamentary Under-Secretary of State for Levelling Up, Housing and Communities (Dehenna Davison): Thank you, Mrs Murray. It is a pleasure to serve under your chairmanship, particularly for my first outing as a Minister. I would appreciate your going slightly easy on me on procedural matters—I will do my best.

As we know, the Government are committed to empowering local areas to drive forward growth and renewal without the need to establish a body accountable to central Government. Development corporations are powerful tools that can deliver large-scale development, and they have been successfully used to deliver more than 20 post-war new towns across England, such as Telford and Milton Keynes. They have also been instrumental in regenerating brownfield sites, such as Canary Wharf and the London Olympic site. However, the enabling legislation was designed for a different time and in response to very different circumstances, so there are now multiple types of development corporation, which have varying powers and remits that inhibit their use. Given the scale of the challenge to level up the country, provide the necessary infrastructure and deliver the growth and housing that current and future generations need, we want to ensure that development corporations are accessible right across England.

In October 2019, we consulted on the legislative framework for development corporations to ensure that they have the powers they need to deliver. The results of that consultation showed that there is a gap in the existing models. Outside of mayoral areas, there is no model available for local authorities to regenerate their areas, which is what the clause is intended to address. The clause introduces a new locally led urban development corporation model, which will be overseen by a local authority covering the area, rather than by central Government. It will also allow local authorities, rather than central Government, to put forward proposals to the Secretary of State to designate and create a locally led urban development corporation.

Subsection (4) sets out what authorities will need to do before submitting a proposal to the Secretary of State for designation. That includes what a proposal must contain, who is able to put forward a proposal and who can become an oversight authority. Local authorities will not be able to unilaterally decide to ask the Secretary of State to designate a locally led urban development corporation. Instead, the clause includes a statutory requirement for the proposing authorities to consult local residents, businesses, MPs and other local authorities before making a proposal to the Secretary of State. When the proposal is received by the Secretary of State, they will look carefully at the robustness of the plans, including community involvement and the views expressed, before making a decision. That is why new clause 53 is an unnecessary addition to the consultation requirements and would slow down the designation of development corporation areas.

The purpose of designating an area is to determine the area in which the locally led development corporation will operate and deliver a programme of urban regeneration, and there will be other opportunities for the local community to have their say on the planning proposals for the area through the planning system. Respondents to the consultation noted the considerable amount of up-front resource required to make the case for a locally led development corporation, expressing apprehension about the level of evidence that may be required.

The clause introduces a different test for locally led urban development corporations. Before they are established, the Secretary of State must assess whether

it is expedient in the local interest, rather than in the national interest, to designate the development area, which means that local authorities will no longer need to prove that their proposal is in the national interest. A similar provision is introduced for locally led new town development corporations under clause 132. We will provide further guidance to ensure that the evidence required to meet the test is proportionate and provides the certainty that local authorities desire.

We also want to ensure that the proposals are implemented as planned. Subsection (7) requires the Secretary of State to give effect to the proposal, subject to its meeting the statutory test that it is expedient in the local interest. That will include the order providing for the name of the development corporation, the number of board members, who the oversight authority will be, and arrangements for the performance of functions by oversight authorities consisting of more than one local authority. The order must also provide for any other functions that the proposal sets out as planning powers.

Orders designating locally led development corporations will, as for mayoral development corporations, be subject to the negative procedure. That reflects the fact that local democratic scrutiny will have occurred prior to the proposal being permitted to be made. The clause will equalise mayoral and non-mayoral areas with locally led development corporations by standardising the parliamentary process, with democratic oversight at the local level.

We intend to use the powers in the clause as we did the locally led New Towns Act 1981 (Local Authority Oversight) Regulations 2018, which will be subject to the affirmative procedure. That includes setting out which functions will be transferred to the oversight authority. We will consult on regulations in due course to ensure that they are informed by both communities and stakeholders. In the light of that explanation, I ask the hon. Member for Greenwich and Woolwich not to press new clause 53.

Matthew Pennycook (Greenwich and Woolwich) (Lab): It is a pleasure to reconvene under your chairmanship, Mrs Murray. I welcome the two new Ministers to their places. I want to speak to new clause 53, not least because I am not entirely convinced by the reassurances just given by the Minister. As she said, and as the policy paper accompanying the Bill sets out, this part of the Bill makes provision for a new type of locally led urban development corporation accountable to local authorities rather than the Secretary of State. It amends the process for establishing locally led new town development corporations and updates the planning powers available to both centrally and locally led development corporations, bringing them into line with the mayoral development corporation model in terms of enabling them to become local planning authorities for the purposes of local plan making, neighbourhood planning and development management.

In the view of the Opposition, part 6 of the Bill is largely uncontroversial, and we are broadly supportive of the measures contained within it. The development corporation model established by the New Towns Act 1946 was a key part of the post-war planning settlement and, as the Minister referenced, it proved remarkably effective in addressing the housing emergency faced in those years. The 32 new towns built under the post-war UK new towns programme today house over 2.5 million people. Funded by 40-year Government loans, they ultimately not only paid the Treasury back, but returned a surplus. The legacy of urban development corporations is more mixed, but their potential for large-scale regeneration is undeniable and their capacity to successfully deliver major projects, such as the London Olympics, is testament to their utility.

In a real sense, development corporations remain an answer to one of the core weaknesses of the planning system, which is that local planning authorities have the power to develop and set a strategy in a local area, but few powers and little capacity to ensure the necessary development to realise it is delivered. On the other hand, development corporations combine strategic planning capability with powerful delivery mechanisms that help ensure that the development objectives they set are realised. They can, for example, commission private sector companies, or establish their own, to deliver homes and infrastructure, and they can compulsory purchase the land they need to deliver a plan and then control consent to bring forward development. For all those reasons and more, we therefore welcome the fact that the Bill includes provision to amend and enhance the development corporation model. However, we need to ensure that the new types of development corporation provided for by part 6 of the Bill realise their potential and have legitimacy in the eyes of the public—the latter being directly related to the former.

When it comes to their likely efficacy as a means of regenerating areas, the decision to provide for locally led development corporations risks proving a double-edged sword. The advantage is, of course, that a local authority, or authorities, seeking to designate an urban development area and create an urban development corporation, as provided for by clause 131, or to oversee the creation of a new town in an area within their administrative boundaries, as provided for by clause 132, can determine their own priorities rather than having them determined for them by the Department. In that sense, the measures provided for in this part are in keeping with the spirit of the original New Towns Act 1946. The disadvantage is that, in practice, there is likely to be little incentive for a local authority, or authorities, to take the financial and political risk of designating a given area and establishing the necessary development corporation to regenerate it. The recent experience of four north Essex authorities, which attempted unsuccessfully to designate and oversee the development of three garden communities, is a stark illustration of the need for central Government to be far more active in supporting locally led initiatives if they are to succeed.

The success of the post-war UK new towns programme lay, in part, in the fact that each development corporation operated within the context of strong national policy and enjoyed the active and direct support of the Government of the day and their Ministers. It is telling that this part of the Bill places no duty on the Secretary of State to support—financially or otherwise—the locally led development corporations it enables to be established. As things stand, we have no sense of what the Government ultimately wish to achieve by means of the provisions in this part, not least how they believe such locally led development corporations will assist in levelling up, given the likelihood that most will come forward in the south and, I would wager, the south-east of the country.

[Matthew Pennycook]

Our new clause 53 is not designed to address the potential challenges involved in ensuring that locally led corporations realise their full potential in that sense, as vehicles for regeneration and levelling up, but I hope the Government will carefully consider the points I have made in that respect.

When it comes to community consultation, I am afraid that I am not satisfied that the proposed measures are sufficient. In terms of the perceived legitimacy of these development corporations, it is essential that they provide for an element of public participation in any proposal to designate and establish such a corporation. At present, the process provided for by clause 131 entails no public inquiry before designation and no right for members of the public to be heard prior to a decision being made.

The same is the case for locally led new town development corporations, as provided for by clause 132. That means the Bill will allow land to be designated as an urban development area, and powerful new bodies to be established to oversee development on such land, without any rights for the local communities affected to have their say and at least test the evidence as part of that process. We believe that is an error, and new clause 53 simply seeks to ensure that proposals to designate land as an urban development area and to establish a locally led urban development corporation would be subject to independent examination, at which the public would have a right to be heard. As you will know, Mrs Murray, that is part of our ongoing efforts throughout the passage of the Bill to overhaul it to ensure that there is an ongoing role for the public in the planning process at these stages, with the obvious benefits that that entails for trust and confidence in the planning system. I look forward to any further thoughts the Minister might have having heard my argument.

Dehenna Davison: I thank the shadow Minister for not only expressing his concerns but indicating his broad support for part 6 of the Bill and the enhancements it will make overall to the development corporation model.

The point about trust and confidence in planning and the development corporation system is vital. On the point about consultation, I refer the hon. Member back to the comments I just made: there would be no unilateral ability for local authorities to go straight to the Secretary of State to request that a locally led urban development corporation be set up. There is a statutory requirement for authorities to consult local residents, businesses, MPs and other local authorities before making those representations to the Secretary of State.

On the resources for establishing a development corporation, we recognise that this can be a significant undertaking, but the Government have a range of programmes available to help support local authorities in their growth aspirations. We would encourage local authorities that are interested to approach the Department and see how we can work with them to provide that resource and confidence. On that basis, I once again ask the hon. Member not to press new clause 53, and I commend the clause to the Committee.

Question put and agreed to.

Clause 131 accordingly ordered to stand part of the Bill.

Clause 132

DEVELOPMENT CORPORATIONS FOR LOCALLY-LED NEW TOWNS

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

The Chair: With this it will be convenient to discuss new clause 54—*Independent examination of locally-led new town development corporations—*

"(1) A proposing authority must submit a proposal for designating an area of land as the site of a proposed new town under section 1ZA of the New Towns Act 1981 to the Secretary of State for independent examination.

(2) The examination must be carried out by a person appointed by the Secretary of State.

(3) The purpose of the examination is to determine whether the proposal is in general conformity with national planning policy, the local development plan, and any other material considerations.

(4) Any person who makes representations seeking to change a proposal for designating an area of land as the site of a proposed new town must, if they so request, be given the opportunity to appear before and be heard by the person carrying out the examination."

This new clause would ensure that proposals to designate land as the site of a proposed new town and to establish a locally-led new town development corporation to oversee it would be subject to independent examination at which the public would have a right to be heard.

Dehenna Davison: As I said when discussing clause 131, the Government are committed to ensuring that there is a fit-for-purpose development corporation model for all circumstances. The current designation of a development area and the establishment process for a locally led new town development corporation are overly burdensome. As I have outlined, our consultation on development corporations highlighted the authorities' concern about the up-front resource required to make the case for a locally led new town development corporation and about uncertainty regarding the process. It was suggested that streamlining the establishment process could go some way to mitigating those concerns.

11.45 am

With the introduction of new locally led urban development corporations, we also want to ensure that there is a consistent set of provisions for all locally led development corporations. The clause therefore amends the establishment and designation process for a locally led new town development corporation to address the concerns that were outlined and to be consistent with the locally led urban development corporation model that I previously outlined. That includes changing the legislative designation test so that, before establishing a locally led new town development corporation, the Secretary of State must assess whether it is expedient in the local interest, rather than the national interest, to designate the area of a new town.

The clause will also ensure that public consultation is undertaken before a proposal is submitted to the Secretary of State, so that local people can have their say and input into the proposal at an early stage. Previously, statutory consultation was required after the proposal was submitted to the Secretary of State, in addition to consultation that would already have been undertaken by a local authority. New clause 54 is therefore an

unnecessary addition to these consultation requirements and would slow down the designation of development corporation areas. As I explained, the purpose of designating the area is to determine the area in which the locally led development corporation will operate and deliver a new town. There will be other opportunities for the local community to have its say on the planning proposals for the area through the planning system.

As with a locally led urban development corporation, the clause also updates the procedure that the Secretary of State must follow in designating a locally led new town development corporation. This will ensure that all locally led development corporations align with the negative procedure already used for mayoral development corporations, reflecting the local democratic scrutiny that is a precondition for any such order. I therefore commend the clause to the Committee and, with the clarifications I have provided on the clause's overall intent and operation, I kindly urge the hon. Member not to press his new clause.

Matthew Pennycook: I will speak to new clause 54, but I shall be extremely brief. As the Minister will know, the new clause seeks to achieve precisely the same outcome as new clause 53, in relation to locally led urban development corporations, but in relation to the locally led new town development corporations, as provided for by clause 132.

For the record, I reiterate that we are not reassured by the Minister's comments about public consultation being intrinsic to the proposed measures. If I have understood her correctly in terms of that public consultation, we are talking about the ability for communities to comment after the areas of land in question have been designated and established. I suggest that the process of designating land to be developed in this manner and of establishing a corporation is a matter that local communities will want to have a say on, as is rightly the case, before they get a say on other elements of the process to follow.

We believe it is a mistake to establish a process for creating these corporations in which the public have no input into the designation and no right to be heard at the point that the land in question is delineated and the corporation established. I appreciate that the Minister will give me exactly the same answer she did in response to new clause 53, but I hope that the Government will at least reflect on what it will mean for trust and confidence in the planning system, which we know is extremely low, if local communities are cut out of this stage of the process entirely.

Dehenna Davison: Once again, I completely share the hon. Gentleman's sentiments around trust in the planning system. It is absolutely paramount to the planning system operating and getting that local buy-in—it is really crucial. That is why it is a statutory requirement for a public consultation to be undertaken before the proposal is submitted to the Secretary of State, on the grounds that I outlined in the previous clause. I hope that that provides at least some reassurance that local residents will absolutely be consulted before these processes move forward.

Question put and agreed to.

Clause 132 accordingly ordered to stand part of the Bill.

Clause 133 ordered to stand part of the Bill.

Schedule 12 agreed to.

Clauses 134 to 137 ordered to stand part of the Bill.

Schedule 13 agreed to.

Clause 138

REMOVAL OF RESTRICTIONS ON MEMBERSHIP OF URBAN DEVELOPMENT CORPORATIONS AND NEW TOWN DEVELOPMENT CORPORATIONS

Matthew Pennycook: I beg to move amendment 183, in clause 138, page 157, line 26, at end insert—

"(4) In the case of a locally-led urban development corporation, the board must include no less than three community members who represent a local qualifying body.

(5) In this section, 'local qualifying body' means a parish or town council, or an organisation or body designated as a neighbourhood forum, authorised for the purposes of a neighbourhood development plan or such other bodies that reflect the cultural, social or environmental priorities of the locality to be designated as a locally-led urban development area."

This amendment would ensure that local communities within the locality to be designated as a locally-led urban development area are represented on the board of a locally-led urban development corporation.

The Chair: With this it will be convenient to discuss amendment 184, in clause 138, page 157, line 39, at end insert—

"(2ZC) In the case of a locally-led development corporation, the board must include no less than three community members who represent a local qualifying body.

(2ZD) In this section, 'local qualifying body' means a parish or town council, or an organisation or body designated as a neighbourhood forum, authorised for the purposes of a neighbourhood development plan or such other bodies that reflect the cultural, social or environmental priorities of the locality to be designed as the site of a proposed new town."

This amendment would ensure that local communities within the locality to be designated as the site of a proposed new town are represented on the board of a locally-led development corporation.

Matthew Pennycook: In our exchanges on clauses 131 and 132, we debated the public legitimacy of the new locally led development corporations. We believe the same issue arises in relation to clause 138, which concerns the membership of urban development corporations and new town development corporations. The clause amends schedule 26 of the Local Government, Planning and Land Act 1980 and section 3 of the New Towns Act 1981 to remove the previous board member cap and the need to set out board membership numbers in an order in relation to both types of corporations, bringing them in line with mayoral development corporations and locally led new town development corporations, to which no cap applies. We believe that is a sensible measure, and do not object to it.

However, we believe there is a more fundamental issue with development corporation board membership. As part of a locally led proposal, a local authority or authorities must be identified for designation as the oversight authority for the development corporation in question, but when it comes to a corporation's appointed

[Matthew Pennycook]

board and its deliberations, there are no safeguards in the Bill to ensure that the voices of residents are heard. If new locally led development corporations are to be a success, we believe it is important that they have robust governance arrangements, and that those arrangements enjoy public trust and confidence. In our view, the obvious means of ensuring that is to enable an element of public participation in them.

Amendments 183 and 184 seek to probe the Government on this important issue by providing for the inclusion of at least three community members representing a local qualifying body, as defined in proposed new paragraph 1A(5) to schedule 26 to the Local Government, Planning and Land Act and proposed new subsection (2ZD) of section 3 of the New Towns Act, which appear in the amendments. We believe the inclusion of representative members of a local community on the board of a locally led development corporation would strengthen those corporations' legitimacy in the eyes of the public and help ensure that the significant planning powers those corporations will exercise enjoy a degree—albeit a limited degree—of local community oversight. I look forward to the Minister's response.

Tim Farron (Westmorland and Lonsdale) (LD): Mrs Murray, it is a genuine pleasure to serve under your guidance today. I offer a huge welcome to the two new Ministers. I am very pleased to see them in their places, and they have made a good start so far.

Just a quick word from me on this: there is a real danger when the Government seek to do good things. With development corporations, the ability to regenerate communities and create economic benefit and equality is certainly an aim and a likely outcome of doing it properly. The danger is that we establish a bunch of quangos that people feel detached from, with the sense that this is something being done to their community rather than them being part of it. That is why I think that the amendments are wise and worth taking on board, from the Government's perspective.

I can give a little example. Our new Ministers will get used to me talking about national parks a lot, but they are quite a good example of outfits that do a very good job that are run by very good people who are not directly elected. I have the Yorkshire dales and the Lake district in my patch. When we talk about legitimacy and public consent for decisions that are made—sometimes they will not be the most popular decisions; they will be difficult decisions—then, rightly or wrongly, if we do not have people who are directly accountable to, elected from and, indeed, from the communities that are served by those bodies, there will be pushbacks, and it will cause a lack of consent and of unity in the community. However, the lakes and dales are run by brilliant people. None of them is directly elected by the people they serve, yet they make the kind of decisions that, outside national parks, are made by directly elected councillors.

That is a side plea for the Government to consider those issues, but when it comes to development corporations, I think the Government need to go out of their way to ensure that local communities' voices are not just heard but seen to be heard. Therefore, people in the community should be directly part of those boards.

Dehenna Davison: I thank the shadow Minister and the hon. Member for Westmorland and Lonsdale for their contributions, and hope that I can provide a little bit of reassurance.

We feel that, while incredibly well intentioned, the amendments are unnecessary. The appointment of board membership for locally led new town development corporations is already addressed in the New Towns Act 1981 (Local Authority Oversight) Regulations 2018. Those regulations provide that

"the oversight authority must have regard to the desirability of appointing one or more persons resident in or having special knowledge of the locality in which the new town will be situated."

That could include members from parish councils or local community groups, or organisations that reflect the cultural, social or environmental priorities of the locality.

We intend to replicate that approach for locally led urban development corporations. We intend to set out further details on the composition of board membership in regulations, which will be subject to parliamentary debate. As we did with the New Towns Act 1981 (Local Authority Oversight) Regulations 2018, the Department will consult on draft regulations to ensure that they are appropriate and permit local communities and businesses to have a say.

In appointing independent members, we expect oversight authorities to ensure that the board has the relevant skills and experience needed. That includes those with an understanding of the local area. In accordance with the principles of local authority appointments, the appointments of the chair, deputy chair and independent board members should be through an open, transparent and publicly advertised procedure, which I hope will provide some reassurance to the hon. Member for Westmorland and Lonsdale. I appreciated the examples from his own constituency.

Regarding the suggested minimum of three appointments, it is the Government's view that it should be up to the oversight authority to determine the appropriate board composition and numbers, based on local circumstances. I hope, therefore, that the hon. Member for Greenwich and Woolwich will agree not to press his amendments.

Matthew Pennycook: I thank the Minister for that response and am partly reassured by it. As I hope I made clear, we are trying to drive at what I think is a very limited form of public participation on the boards. I accept what the Minister says, both on what is expected by the Government from oversight authorities in putting the boards together, and the further details, although what "a say" means is yet to be defined. We look forward to seeing in the regulations what those further details entail.

I hope the Minister has taken away our very firm view that there must be an appropriate level of community participation on the membership of the boards so that local communities have trust and confidence in what they are doing. However, I do not intend to press the amendment to a Division at this time. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 138 ordered to stand part of the Bill.

Clause 139 ordered to stand part of the Bill.

Clause 140

ACQUISITION BY LOCAL AUTHORITIES FOR PURPOSES OF REGENERATION

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

12 noon

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

Clauses 141 to 144 stand part.

That schedule 14 be the Fourteenth schedule to the Bill.

Dehenna Davison: I will now explain clauses 140 to 144 and schedule 14. The Government want to see local authorities empowered to use compulsory purchase to regenerate their areas, so that places and regions can drive improvements in economic growth and pride in place. The levelling-up White Paper made it clear that we want local communities to be empowered to take the lead, and we want to ensure they have the tools they need to succeed. Key to that is ensuring that local authorities have the right compulsory purchase enabling powers and processes, and the confidence to use them. This is the intent behind the clauses, which focus on modernising and streamlining the compulsory purchase process to make it faster and more effective.

With clause 140, we are making it crystal clear in the Bill that local authorities in England have the power to use compulsory purchase for regeneration purposes and to bridge the gap the urban centre recovery taskforce identified last year, which we are keen to address. Currently, local authorities in England are able to use their compulsory purchase powers for development, redevelopment and improvement purposes.

Clause 140 will ensure that local authorities have the certainty to acquire land compulsorily for regeneration schemes too. That will align them with other public authorities such as Homes England and the Greater London Authority. That could, among other things, improve the social wellbeing of a local authority's area, while not actually involving the construction or reconstruction of a building. For instance, this regeneration compulsory purchase order power could be used to transform a vacant commercial building into a community hub. Alongside this change, we will bring forward updated guidance to provide more clarity on the use of compulsory purchase for long-term strategic land assembly by local authorities.

On clause 141, we need to ensure that the CPO process is efficient yet accessible and fair for all involved in it. The clause retains the current requirements for the physical deposit of documents and service of notice. It remains the case that sufficient proof of delivery through electronic communications is difficult. Given the nature of compulsory purchase, it is crucial that affected parties receive—and can prove that they have received—the necessary communications. The clause also requires acquiring authorities to make CPO documents and notices available online, and it creates the flexibility for Ministers to direct, in extreme circumstances where the physical deposit of documents is impractical, that online provision is sufficient. Further provisions in clause 148 provide for the application of common standards to compulsory purchase data. As I have described, these amendments begin the modernisation of the CPO process, and I commend clause 141 to the Committee.

Clause 142 will create a faster, more effective confirmation process. At present, a single affected landowner can demand an expensive and lengthy public inquiry for any CPO. This can be used as a delaying tactic, slowing down the decision-making process and increasing the costs for the acquiring authority and others involved. As we know, cost for the authority means cost for the taxpayer. In turn, this can make acquiring authorities, such as local authorities, less inclined to use CPO powers. We believe that the confirmation procedure should reflect the complexity of the order. Many CPOs involve one or a very small number of properties, with little impact outside the boundaries of those properties. Confirmation proceedings for orders like these do not generally need a public inquiry.

We also believe that it is right to give the discretion to the confirming authority to determine the appropriate procedure based on the circumstances, while protecting the right for affected parties to have an oral hearing if they wish. In keeping with those ambitions, clause 142 enables confirming authorities to decide to hold a public local inquiry, or to follow the new representations procedure, which will include an oral hearing if objectors request one. We will engage with stakeholders in shaping the representations procedure to ensure it works practically and produces a faster and more efficient process.

On clause 143, we want to ensure that authorities have the confidence to achieve positive outcomes in making CPOs. Too often when there is a decision to confirm a CPO, the CPO is rejected because of a specific impediment at the point of decision, and that often results in significant delay or even the complete collapse of the scheme. We want authorities to know that where a specific impediment, such as funding uncertainty, remains outstanding at the point of decision, a condition can be imposed for that to be dealt with and discharged at a later point.

Clause 143 achieves that end by introducing the concept of conditional confirmation, which will allow decision makers to confirm CPOs subject to the conditions being met before the compulsory purchase powers may be used. That may assist progress-stalled developments, as conditions could be imposed to force a landowner to follow through on commitments to undertake developments, and if they fail to do that, that will allow a CPO to become operative.

We also want authorities to make their CPOs earlier in the delivery process of a scheme. That will encourage authorities to make their CPOs concurrently with seeking other consents, rather than sequentially after obtaining other consents. Introducing conditional confirmation will support that aim.

To reassure hon. Members, that does not mean that insufficiently prepared CPOs or CPOs without sufficient justification will be conditionally confirmed. The test of there being a compelling case in the public interest to confirm the CPO will absolutely remain. We expect only very specific conditions to be imposed in most cases—one or possibly two to a CPO that otherwise shows a compelling case in the public interest. Guidance will be updated to provide clarity on the imposition of

[Dehenna Davison]

conditions. Initial confirmations will be a significant lever to provide authorities with more confidence in using CPOs and to deliver schemes more quickly.

Clause 144 gives effect to schedule 14, which makes provision in relation to compulsory purchases by Ministers, corresponding to clauses 141 to 143. Given that Ministers may use compulsory purchase in a number of circumstances —for example, to deliver major highway or rail schemes—it is only right that those provisions benefit from improvements to the process. I hope I can get the support of all hon. Members for the clauses.

Matthew Pennycook: The Minister referred to at least two further sets of guidance that are to follow. Can she give the Committee any sense of the timeline for that?

Dehenna Davison: I cannot today, but I will endeavour to write to the hon. Gentleman within the next 48 hours to provide that clarity.

Question put and agreed to.

Clause 140 accordingly ordered to stand part of the Bill.

Clauses 141 to 144 ordered to stand part of the Bill.

Schedule 14 agreed to.

Clause 145

CONSEQUENTIAL AMENDMENTS RELATING TO DATE OF OPERATION

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

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

Clauses 146 to 149 stand part.

Government new clause 62—*Prospects of planning permission for alternative development.*

Dehenna Davison: I sincerely hope that we can get agreement for these clauses. New clause 62 goes further to deliver the Government's priority to ensure that the compulsory purchase system is fit for purpose. It will build on other measures to ensure a fair balance between landowners and acquiring authorities in the public interest when it comes to the payment of compensation.

The Land Compensation Act 1961 contains the principal rules for assessing compensation relating to compulsory purchase. Under the current rules, when assessing the open market value of the land to be acquired, there are statutory assumptions that must be taken into account. They include the discounting effects of the compulsory purchase scheme, known as the no scheme principle, and considering the planning prospects of the land being acquired. The latter gives rise to landowners being able to claim hope value as part of their compensation—an issue that has attracted significant attention in recent years, including from the Levelling Up, Housing and Communities Committee.

One method of assessing the prospect of planning consent is to establish appropriate alternative development, namely development that would have received planning permission if the scheme underpinning the compulsory purchase were cancelled. Where appropriate alternative development is established, it may be assumed for valuation purposes that planning permission is in force on the relevant valuation date. That is known as planning certainty. Assuming the value of the appropriate alternative development is greater than the existing use value creates an uplift in the value of the land.

The 1961 Act allows parties concerned with a compulsory purchase to apply to a local planning authority for a certificate to determine whether there is development that, in its opinion, would constitute appropriate alternative development. Certificates of appropriate alternative development, CAADs, are used as a tool to establish whether there is appropriate alternative development on a site, and thus planning certainty for valuation purposes.

Under the current rules, there is no requirement for a CAAD to be applied to establish planning certainty and secure any resulting uplift in the value of land. In addition, when issuing a certificate, local planning authorities are required to identify all developments that they think are appropriate developments, not just developments that match the description of the development being applied for. That can increase the administrative burden on a local planning authority's resources and the risk of a legal challenge, which results in further costs to the authority and the taxpayer. Expenses incurred by applicants submitting their CAAD applications must be paid for by acquiring authorities.

My Department has been working closely with stakeholders to develop a package of measures to reform the CAAD process and ensure that the assessment of the prospect of planning permission is aligned with normal market conditions. It is important that a balance is struck between landowners and acquiring authorities. We are therefore seeking to introduce Government new clause 62 to ensure that the compulsory purchase compensation regime does not deliver elevated levels of compensation for prospective planning permissions, which would result in more than fair value being paid. That will be achieved by ensuring that compensation attributed to alternative development is claimable only via the issuing of a CAAD and, further, that value attributable to potential alternative development in the future cannot be claimed. Although the prospect of planning permission will still be claimable, our new clause will bring the assessment of value attributable to prospective planning permission in line with the position in a normal market transaction. It will also ensure that valuations of hope value are not disproportionate.

We are very clear that those affected by compulsory purchase are entitled to a fair value for their land, but we want to ensure that the compulsory purchase compensation regime does not lead to elevated compensation, including costs being paid for prospective planning permission, which would result in more than fair value being paid by local authorities, and thus by the taxpayer. I hope that the whole Committee will support Government new clause 62.

Matthew Pennycook: I thank the Minister for that very detailed exposition of the purpose of the new clause. She will be pleased to learn that, in general terms, we are supportive of the provisions in part 7 of the Bill, which concerns compulsory purchase. They are

sensible and proportionate measures that will give local authorities clearer, more efficient and more effective powers; greater confidence that they can acquire land by compulsion to support regeneration schemes; and greater certainty that land can be assembled and schemes delivered quickly through compulsory purchase.

We also support the Government new clause, which concerns compensation in relation to hope value. The cost of land is a major barrier—only one of many—to development across the country, and to increasing investment in infrastructure and affordable housing. As the Minister made clear, land values are frequently inflated well above agricultural or industrial values because of hope value—that is, the value attributed to the expectation that land could be awarded planning permission for new housing.

Hope value often makes social housebuilding and the provision of infrastructure unviable for local authorities and developers, and the fact that it is based on the assumption that each plot of land will maximise short-term profitability disincentivises long-term value generation. A landowner with a plot of land that might be ideal for specialist or affordable housing, or other essential uses that the market has no incentive whatsoever to deliver, can under the current regime always choose to refrain from developing it, in the expectation that they will receive a far better price in the future for a standard scheme dominated by market-sale homes at current prices.

The 2020 White Paper, "Planning for the Future", rightly recognised that less than half of the uplift in land values created by the granting of planning permission is being captured by communities to help to pay for infrastructure and affordable housing. Given the demands on captured value when it comes to infrastructure and affordable housing, we agree with the Government that it is right to seek to reform the system, in order to ensure that assessment of value attributable to the likelihood of alternative development is more akin to what it would be in normal market conditions, and to rebalance the position with regard to costs and compensation between landowner and acquiring authority to make it fairer. To that end, we believe that the Government new clause, which proposes implementing a range of changes to section 14 and other sections of the Land Compensation Act 1961, as set out in the first part of the Government's compulsory purchase compensation reforms consultation, published in June, is good. We are pleased that the Government felt able to bring it forward.

12.15 pm

The new clause, in eliminating the concept of prospective planning permission embedded in the 1961 Act, will remove one of the sources of hope value, and so will not only expedite development in cases where a CAAD is unlikely to be awarded, but make many more such developments financially viable, thereby reducing the need for state subsidy or other forms of public intervention.

Although we support the new clause and will not oppose it, I would be grateful if the Minister could clearly put on the record the Government's intention in proposing it in relation to two important issues. I recognise that this is her first sitting as Minister, and if she is unable to respond in detail to any of the technical points that I will make, she is more than welcome to write to me in the coming days. The first issue is fairness. Our understanding is that in tabling the new clause, the Government are committing themselves to awarding fairer compensation for land where it is subject to compulsory purchase by a local authority, thus removing one of the sources of hope value. Is that understanding absolutely correct? If so, do the Government expect that the effect of the new clause will ultimately be to lower land prices, either where it is compulsorily purchased or more generally, so that the increase in land value, and the value consequentially captured, can support improved public infrastructure and bring forward additional affordable housing? The second issue is certainty. Is it the Government's intention that the new clause, by removing a source of hope value, will help to create greater certainty and predictability on land values, and therefore result in more viable projects going ahead? As I say, if the Minister cannot respond immediately, I would very much appreciate a detailed written response in due course.

There is a final issue. The second part of the Government's recent compulsory purchase compensation reforms consultation outlined a proposal to allow local authorities to acquire land at or closer to existing use value. Providing for a discretionary scheme for removing hope value could prove problematic for various reasons, but we would support in principle steps to disapply section 17 of the 1961 Act in certain circumstances. We are interested in the Government's intentions vis-à-vis the potential for further reform beyond what is outlined in the new clause.

I appreciate that the Minister and her colleagues will not yet have had the chance, given the short time they have been in their posts, to determine whether to proceed with the second part of that consultation, and that they will want to take time to consider any further changes carefully. However, I would appreciate it if she could at least give the Committee an indication of whether any proposals for further reform to compulsory purchase will be incorporated in this legislation, perhaps on Report. I look forward to hearing her response.

Tim Farron: Obviously, I extend big congratulations to the Government for taking up a proposal that was in the last two Liberal Democrat manifestos—it was one of the few bits I actually wrote. A revision of the Land Compensation Act 1961 is welcome, given that it inflates land prices, and therefore housing prices. That was clearly not the intention 60 years ago, but that has been the consequence. A revision is a very good thing.

As the hon. Member for Greenwich and Woolwich said, we need to consider this revision as part of a suite of measures, and I am keen to press the Minister to take advice and consult widely; there will no doubt be pushback and comments from landowners and developers. I particularly urge her to talk to housing associations, and to organisations such as Shelter, which has campaigned on this issue for decades with great wisdom and insight.

When hope value drives up the price of land, it does two things. First, it makes affordable housing more difficult to create. I have tabled amendments to the Bill that seek to increase local authorities' powers to deliver affordable housing. That is much more likely to happen if we can make sure that those developments are viable by reducing the cost of land, making its cost fair, rather than inflated. The Government have pushed back on

[Tim Farron]

zero-carbon homes because of the cost element, but they may wish to reconsider that. I propose that they do so, and make zero-carbon homes and other environmental measures compulsory at the planning stage. They will be able to afford to do that, and those proposals are much more likely to be viable, if we can reduce the inflated cost of land.

The hope value of land is such a problem because it also stops land coming forward for development. People hang on to it for the sunny day. We need to very clear that there ain't no sunny day coming, and to say, "This is what you're going to get for this land. Do you want to help your community by building 40 affordable homes for it, or don't you?" In the past, we had very restrictive planning rules in the national parks; the thinking was that the more restrictive and clear we were to people in the long term, the more unlikely it was that land would come forward. It is quite the opposite, because people do not hang on waiting for that sunny day—for that big moment at which extreme wealth lands in their lap. Instead, they realise that they will either get some money and do good by the local community, or get nothing.

I welcome the Government's action, which I think is a valuable and important step forward, but I hope that they will consult widely, especially with those at the forefront of fighting for and developing affordable housing, as they consider perhaps a wider suite of issues to reduce the cost of building.

Dehenna Davison: I thank the hon. Member for Westmorland and Lonsdale for his comments. I loved his point about the Lib Dem manifesto; I would love to claim that it is my favourite bedtime reading, but I would not want to mislead the Committee this early in my ministerial career. I thank him for his recommendations about the bodies with which we should engage. We have already engaged with a wide range of stakeholders to ensure that we get the process absolutely right. I thank him also for his passion for affordable housing, which the Government absolutely share. We are keen to make the developments as straightforward as possible—hence some of the reforms that we are making today.

I will write to the shadow Minister, the hon. Member for Greenwich and Woolwich, with more points of clarity. On certainty, I assure him that that is absolutely the intention behind the new clause and the amendments that relate to CAADs. We want to provide certainty to landowners and local authorities about what the outcomes of the process may look like in order to speed up the process and prevent challenges and delay. I hope that reassures him. I will get back to him in due course on the other points he raised.

Question put and agreed to.

Clause 145 accordingly ordered to stand part of the Bill.

Clauses 146 to 149 ordered to stand part of the Bill.

Clause 150

Designated high streets and town centres

Alex Norris (Nottingham North) (Lab/Co-op): I beg to move amendment 185, in clause 150, page 171, line 4, at end insert—

"(2A) Designations under subsections (1) and (2) can only be made following consultation with the local community."

This amendment would require designation of a high street or town centre to be consulted upon.

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

Amendment 186, in clause 150, page 171, line 4, at end insert—

"(2A) The local community may make application for designations under subsections (1) and (2) to be made."

This amendment would allow the local community to apply for a street or area to be designated as a high street or town centre.

Amendment 195, in clause 177, page 186, line 9, at end insert—

"(2A) 'the local community' means persons resident in the vicinity of premises."

This amendment defines the local community.

Alex Norris: It is a pleasure to resume our deliberations with you in the Chair, Mrs Murray. I also welcome the Ministers, the hon. Members for Bishop Auckland and for North East Derbyshire, to their places. We were ably served particularly by the hon. Member for Nuneaton (Mr Jones), who had an unenviable task, but coped admirably. I also place on record my thanks to the hon. Member for Great Grimsby (Lia Nici), who I shadowed as levelling-up Minister, albeit for a brief period, and my thanks for the short but glorious time we spent with the hon. Member for Sutton and Cheam (Paul Scully). I hope that the new Ministers will find either from reading the transcripts of previous debates or from today's deliberations that we have good debates on matters of substance, always conducted in good humour. We have had good practice, Mrs Murray, because we have been at it for nearly four months, so I think the tone is set. That might be a record, as might be our having seven Ministers and three Whips along the way.

I have heard levelling up described as a political Rorschach test. I am never sure whether I have pronounced that correctly, but hopefully the record will make it look like I did. We can all look at the same picture but see different things based on our cognitive biases, our views and a variety of factors. I think there is some merit in that characterisation. To some people, it is about growth. For others, it is about civic pride or jobs. People often say it is about further education and many other things. Of course, it could be all of those things at the same time. We are yet to see where the latest Administration are on it. It will be interesting to see how deregulation fits in. However, there is a broad consensus, whoever we ask, that levelling up is about addressing declining high streets and town centres.

The story is stark. Data from the British Retail Consortium shows that shopping centre vacancies are running at nearly 19% and high street vacancies at 14%. Those are significant figures. Each vacancy is a visible sign of decline, wasted potential, and a possible spot for antisocial behaviour and more. We know that communities are frustrated by it. They do not like it, and it is time they had greater tools to do something about it.

The reasons for those vacancies are multiple. We cannot ignore the impact of online shopping, which was already an area of significant growth pre-pandemic,

but the pandemic of course exacerbated that. We cannot wish it away. It is popular and is here to stay, but we need to do much more to support bricks-and-mortar retail by getting retailers out from under their business rates, and perhaps finding a balance between bricks-and-mortar and online sales. I suspect that might be an issue to be settled at the next election.

Vacant shops are also a function of a weak economy. Growth has been anaemic in this country for well over a decade. Our recovery from the 2008 crisis has been dreadful, and austerity and essentially nil wage growth have sucked demand out of the economy. Hammering nurses and healthcare assistants has been a popular Treasury ploy, and it seems we may be revisiting that in weeks to come, but where do they spend their money? It is not offshore. It is spent in the local community. The cocktail of weak consumer confidence, weak demand, weak local economies and vacancies has brewed in our communities. Much of that will need to be settled through a genuine change in stewardship of the economy, but there are things that we ought to do now to get vacant shops into use and to create the conditions for the growth of community enterprises, social enterprises and also co-operatives, which are good businesses. When supported properly, they survive longer. They are more resilient to global events, they hire more diverse workforces, and they make an extraordinary community impact. We want a lot more of that in our communities. With that in mind, I turn to part 8 of the Bill, which relates to high street rental auctions.

It is welcome that the Government are entering this space. The amendments have been tabled in the spirit of hoping to make this as good and effective as possible. The current tools—particularly the community rights in the Localism Act 2011—are well intentioned, but have not delivered, so it is right that we seek extra ways to get those spaces used. Indeed, colleagues might have seen that we announced earlier this year that the next Labour Government will go much further in creating and supporting a community right to buy. It is a shame that we do not have something similar in this legislation, but we will have a chance to address that later in the new clauses.

We support rental auctions, so that landlords can use their properties, or other groups can seek to. We want the powers to have teeth, so that they are not easily circumvented and are usable. That is what characterises these amendments.

Clause 150 sets out the arrangements for local authorities to designate where our town centres and high streets are—the places that would be in scope for premises to be subject to rental auctions—and that is an important first step in the process. I am exceptionally passionate about local authorities. I loved being a councillor. I believe strongly in the power of our local authorities. As we have seen throughout the Bill's proceedings, we will shift a lot of power from central Government to local government, but that works well only when it is done in partnership with the people whom councils serve—the local community.

Amendment 185 is a very modest provision: it would require local communities affected by the designation of town centres and high streets to be consulted. That is surely right, because nobody knows better what is and is not a high street or a town centre than those who live near it. We could not adequately do it. If we had a map now, I could not look at Mid Worcestershire and state where a high street or a town centre was. I would not know, but I know that the community would do an excellent job of that. The public are experts in this, and they ought to be at the heart of the process.

Amendment 186 develops the process. I am interested in testing the Minister's views on this. At the moment, this entire process is driven by the local authority, and therefore the reverse could be true: it could be not driven by the local authority, if that is what it chose.

As to why that matters, I refer the Minister to previous debates on local heritage lists and assets of community value, because those are interesting test cases that will read across very well to high street rental auctions. Some local authorities do a really good job of them, but some do not do them at all, which generates considerable community tension—I suggest that the Minister meets representatives of the Campaign for Real Ale, for example, to hear their lived experience of that. That is the risk here.

12.30 pm

Resourcing is also a factor, which we will talk about when we debate new clause 55. But, in general terms, the proposals could give rise to a very localised picture. Councils have a lot on, and through amendment 186 we are seeking to add a protection to ensure that the local community is also empowered to seek that a street or area of their choosing be designated as a high street or town centre—what I would characterise as a right to initiate. It is right that communities are able to say where their valued high streets are.

To make amendments 185 and 186 make sense, amendment 195 defines who is considered local in this regard. It is a light provision: we specify "people in the vicinity" because we know who will be interested in these designations and who will not be. The risk of spurious outside efforts is very low, but the amendment adds protection from them. This is an important point; it is about demonstrating that levelling up is not something that is done to communities, whether by Whitehall or the town hall, but something that is done with them. As part of that, there need to be protections and powers for our communities, and our amendments are a very good way of ensuring that those exist.

Dehenna Davison: I thank the shadow Minister for his contribution and for his passion about levelling up, which is right at the heart of this Government—if I did not believe that, I could not in good conscience have taken on the job of levelling-up Minister, given that levelling up is so important to me, who I am and what I stand for.

I am particularly grateful to the shadow Minister for his passion regarding high streets, which are the heart of our communities. We need to do all we can to ensure that local authorities and local communities have the tools that they need to deliver and see their high streets thrive. I also thank him for his constructive approach to our policy regarding high street rental auctions, and I hope that we can have some good debates today to make that policy the best it can be, in order to deliver for local areas. He mentioned meeting CAMRA. I am always pleased to meet representatives of CAMRA—they tend to choose the best venues for meetings—so I will definitely take him up on that offer.

[Dehenna Davison]

Turning to the shadow Minister's amendments, amendments 185 and 186 relate to the designation of high streets and town centres for the purposes of high street rental auctions. Amendment 185 would require local authorities to consult the local community before the designation can be made. That is linked to amendment 186, which would allow the local community to apply for a street or area to be designated as a town centre or high street.

While I appreciate the genuine concerns behind the amendments, I do not think they are needed. Local authorities are uniquely placed to make that designation, based on their deep knowledge of their own area. Given that high street rental auctions are an additional tool to enable authorities to take control of regenerating their areas, we have to empower them to do so. As such, the Bill will empower local authorities to use high street rental auctions based on the definitions of "high street" and "town centre" set out in clause 150, which require the local authority to take into account the importance of a street or town centre to the local economy. The designation may also be informed by places defined as high streets or town centres in that authority's local plan, where one exists. We therefore consider that amendments 185 and 186 add an unnecessary extra layer of complexity to the designation process and a further burden on local authorities, which we are concerned may hinder take-up.

Amendment 195 would define the term "local community" as a result of the proposed addition of amendments 185 and 186 to the Bill, which relate to the designation of high streets and town centres for the purposes of high street rental auctions. As I have explained, we do not think those amendments are necessary. I hope I have provided sufficient reassurance that consideration of the needs of the local community will be built into the high street rental auction process, and I ask the hon. Member for Nottingham North to withdraw the amendment.

Alex Norris: I am grateful to the Minister for her response. I am pleased to hear that the commitment to levelling up remains at the heart of the Government's programme, but may I gently say that that remains to be seen? I am conscious that the Bill is obviously from a couple of Secretaries of State ago. Having seen briefing that a lot of what the right hon. Member for Surrey Heath (Michael Gove) did is now considered socialism, I must say that that is not a socialism I would recognise. The Government may need to re-earn that space and show that this really is a priority, and of course we will make significant efforts in this area.

I am slightly disappointed that the Minister is not minded to take up these proposals, particularly amendment 186. What we are actually talking about is community power, which is a crucial part of levelling up; it is absent from the Bill, and the Minister now has a chance to correct that error. There is an expectation during the levelling-up process that we will see a shift of power from Whitehall to town hall, and from Whitehall to communities. If what communities get out of levelling up instead is a shift of power from Whitehall to regional and sub-regional bodies, the Government will not have passed that test. The challenge here is to add that bit that says yes to town hall, but actually goes even further, to our local communities, and the community power we propose would have been the way to do it. I will not push the amendments to a Division, because we will cover community power in later proceedings, but I hope the Minister might reflect a little in the meantime on the points I have made.

I will conclude by saying that, whatever side of the Chamber colleagues are on, and whoever is sitting in our seats in three, four, five or maybe 10 years—I talked about the Localism Act with an 11-year perspective, and they might be here in 11 years—they will say that high street rental auctions are effective in some parts of the country but not in others. The reason will be that we have not given the public strong enough tools to involve themselves where their local authority does not involve them. I hope the Minister will reflect on that, but I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

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

The Chair: With this it will be convenient to discuss clause 151 stand part.

Rachael Maskell (York Central) (Lab/Co-op): I want to make a brief point on clause 151, which is being taken together with clause 150. It relates to subsection (3), which mentions the exclusion of warehouses.

Of course, every community is different. In the centre of York there have been a number of warehouses along a street called Piccadilly, and we have seen those warehouses brought back into use through some really innovative work in our community. I think about the site now known as Spark, where containers were brought in for a limited period, but that has now been extended due to the success of that site in what was a warehouse. Those containers contain community interest companies—new, little businesses that are feeling their way right at the heart of our city and learning their trade. They are also building new standards around the environment and really adding to the community. Spark is bringing that whole part of York to life, particularly with the younger community, and it has really good values. We see little shops, a little community being built and a social space where the community can sit. There is also space where classes take place and the community is really involved.

Excluding warehouses and sites of warehouses would seem to be an omission from the legislation, because it is not using those opportunities. Piccadilly leads on to our main high street, so this would be a really important inclusion. Surely, it should be for local determination to say whether such a site would be suitable for a high street auction, rather than discounting that within the Bill.

Alex Norris: I have two quick points. First, to reiterate—I feel like I should do that thing on "Countdown" where I show my working—I share that view on clause 151(3), and I hope the Minister can address that. I also wanted to talk about subsection (2)(b), which reads:

"the local authority considers them to be suitable for a high-street use."

In this case, "them" refers to qualifying high street premises. That gets to our concerns that it might be in the eye of the beholder. I wonder whether the Minister might talk about what safeguards there are in this case.

Dehenna Davison: I am grateful to both hon. Members for sharing their thoughts, and particularly to the hon. Member for York Central—I have had a number of fantastic trips to York, and it is a brilliant place to go. I have never actually been to Spark, so that is definitely on my radar. I thank the hon. Member for mentioning it.

On the point about warehouses being excluded, this is largely because it is incredibly rare that warehouses are in the area that is determined as the high street. That is why we have excluded them in this way. I am certainly happy to sit down and have a conversation about it, if that would be helpful.

Question put and agreed to.

Clause 150 accordingly ordered to stand part of the Bill.

Clause 151 ordered to stand part of the Bill.

Clause 152

Vacancy condition

Alex Norris: I beg to move amendment 187, in clause 152, page 172, line 21, leave out subsections (5) and (6).

This amendment would remove the Henry VIII power for the Secretary of State to alter the circumstances of vacancy.

The Chair: With this it will be convenient to discuss amendment 192, in clause 160, page 176, line 25, leave out subsection (5).

This amendment would remove the Henry VIII power that allows the Secretary of State to add or remove grounds of appeal.

Alex Norris: We have designated our high streets and town centres with clause 150, and we have designated our premises in scope with clause 150. With clause 152, we turn to what constitutes vacancy.

In general, we think the Government have got this right. According to the Bill, vacant premises have to have been vacant for a year or for 366 days in the previous two years. That feels like an appropriate balance between detriment to the local amenity and commercial pressures. Our issue is with subsections (5) and (6). Subsection (5) reads:

"Regulations may amend this section so as to alter the circumstances in which the 'vacancy condition' is satisfied in relation to premises."

Subsection (6) says:

"Those circumstances must relate to the time during which premises are or have been unoccupied."

Essentially, clause 152 legislates for what vacancy is, but the Government want to reserve the power to change it later. That is a huge overreach. The arguments for and against Henry VIII powers are well known, and I am not going to rehearse them, but I do want to say why I think this part of the Bill is inconsistent with what I think levelling up is meant to be and what this part of the Bill is supposed to do.

As I have said in previous debates, levelling up works if it is about a devolution of resources and power. It will not work if we continue with a system where Ministers and officials in Whitehall hold all the cards and make decisions about what town centre or high street will benefit from Government investment or involvement. Our communities are tired of this winners and losers method of regional development. At every opportunity, we should be trying to steer clear of things that centralise or entrench power in Westminster and Whitehall.

It feels odd that we on the Opposition Benches should be more committed to that characterisation of vacancy than the Government are. We have to draw a line in the sand somewhere. It is 366 days in two years in the Bill, but it could be 365 or 400—pay your money, take your choice. At some point, we have to draw the line. Presumably, we base it on the best information available and make a judgment. What we are saying here is that it does not matter what is on the face of the Bill, because it could change later in regulations. I am keen to understand why that is desirable. My amendment seeks to change that situation and to save the Government from themselves a little.

Amendments 187 and 192 seek to remove those Henry VIII powers, and that will, for a start, give communities certainty on what they are getting from this legislation. It will also give us protection in the future. As I said, including Whips, 10 Ministers have taken part in the Committee. I meant it when I said to the hon. Member for Harborough (Neil O'Brien)—and I mean it when I say it to the Minister—that when Ministers say something, I believe them. The problem is that the Minister may not be sitting there soon. I am not being glib; that is politics. If we legislate for this, what protection do we have against the next Secretary of State—the Committee is on its third—or the next Minister saying, "Actually, we don't want to do this; we intend to change it through regulations"? That would let down people who rightly have a lot of expectations in this area, and for no real upside.

12.45 pm

I understand that there are times when things are not foreseeable; my hon. Friend the Member for Greenwich and Woolwich still has the scars from the exit from EU legislation. This is not one of those times. I do not think the Government have got this right. I hope that the Minister will reflect on that, and will take the provisions out, so that we can proceed more clearly.

Dehenna Davison: Once again, I thank the shadow Minister for his incredibly constructive approach. I certainly hope to be in post long enough to see the Levelling-up and Regeneration Bill make it on to the statute books. Watch this space, but that is certainly my plan. I am grateful to the hon. Member for the points that he raised. As we have discussed, high street rental auctions are a new concept and power for local authorities. The amendments focus on the powers to amend elements of the process for introducing high street rental auctions. We believe that those powers provide much-needed flexibility to ensure that auctions deliver the intended policy outcome of regenerating our high streets and town centres.

Clause 152 sets out the criteria for the vacancy condition, which must be met before local authorities can consider premises for a high street rental auction. For the vacancy condition to be satisfied, as the hon. Member for Nottingham North has highlighted, the property must be unoccupied on that day, and have either been unoccupied for the last year, or for a total of 366 days in the last two years. That provision aims to ensure that only reasonably long-term vacant properties are subjected to high street

[Dehenna Davison]

rental auctions, and to set out where use of premises will not count as occupation when assessing the vacancy condition.

The vacancy condition will have an important bearing on how widely used the measure is, and on the frequency with which the power can be used by local authorities. As it is a new power, the vacancy condition may need to be changed in future. The experience of implementing high street rental auctions may lead us to want to alter the period, so that we can ensure that the measure targets the right premises. For example, there may be evidence that a longer or shorter period should be afforded prior to implementation. Amendment 187 would remove that power and flexibility. The Government accept that changing the vacancy condition would be a significant change. That is why any regulations to amend the vacancy condition will be subject to the affirmative procedure, which means that they will come into effect only if approved by Parliament.

Amendment 192 would remove the flexibility in clause 160 to allow for the addition, amendment or removal of grounds of appeal against a final letting notice set out in schedule 15. A final letting notice informs the landlord of a local authority's intent to proceed to auction, and must be enforced for an auction to be carried out. I recognise that we may need to amend those grounds of appeal in the future in the light of experience in operating the new power. For instance, we may find a need to increase the safeguards available to landlords, or to revise the grounds of appeal where they are found to undermine the effectiveness of the measures and overall policy objective.

As we have discussed, we appreciate the significance of the change, and the importance of parliamentary scrutiny of the grounds of appeal. To reiterate, any change will be subject to the affirmative procedure, and the approval of Parliament, before coming into force. I hope that has provided reassurance, and I urge the hon. Member for Nottingham North not to press amendment 187 to a Division.

Alex Norris: I am grateful to the Minister for that answer, and I am glad that she accepts that these would be significant changes to make by regulation. I am glad of the confirmation regarding the affirmative procedure.

I am not sure that I can accept the argument of flexibility. I understand that we are talking about novel powers, and that we may learn by experience what does and does not work. However, I cannot believe that there would not be appropriate legislative vehicles, either in a local government, property or business space, that would give the Government the opportunity to alter the provision, rather than their doing things in the way that they propose, which I think is a cop-out and backing into the tackle, so I will press amendment 187 to a Division.

Question put, That the amendment be made.

The Committee divided: Ayes 4, Noes 7.

Division No. 16]

AYES

Farron, Tim	Pennycook, Matthew
Maskell, Rachael	
Norris, Alex	

NOES

Cartlidge, James	Mortimer, Jill
Davison, Dehenna	Rowley, Lee
Huddleston, Nigel	
Jupp, Simon	Smith, Greg

Question accordingly negatived.

Clause 152 ordered to stand part of the Bill.

Clause 153

LOCAL BENEFIT CONDITION

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

Alex Norris: Very briefly, I have a similar question to the one I asked during discussion of clause 151, which was not quite addressed. Clause 153 reads as follows:

"the 'local benefit condition' is satisfied in relation to premises if the local authority considers that the occupation of the premises for a suitable high-street use would be beneficial to the local economy, society or environment."

Again, whether the condition is met is sort of in the eye of the beholder. Presumably, that provision means that the whole process could be waylaid at the stroke of a pen if the local authority was so minded. To reiterate the question from clause 151, what protection is there if the power is not used appropriately?

Dehenna Davison: My apologies for not getting to that point. I will write to the hon. Gentleman with some assurances in due course.

Question put and agreed to.

Clause 153 accordingly ordered to stand part of the Bill.

Clause 154

INITIAL NOTICE

Alex Norris: I beg to move amendment 189, in clause 154, page 173, line 5, leave out "ten weeks" and insert "28 days".

This amendment would reduce the period after which an initial letting notice would expire to 28 days.

With clause 154, we are getting deeper into the detail of how the process is likely to work. It is right that it should be a tight process. Ultimately, we are talking about private assets, and it is important that the state does not act in an overbearing way; we must establish a balance between private and public interests. At the moment, the balance tilts entirely towards landlords, which leaves long-running vacant and derelict premises blighting our communities. This part of the Bill is about finding the balance, but it must be a fair balance.

That process starts with clause 154 and the initial notice. When a local authority identifies a premise that satisfies the condition of having been on a high street or in a town centre, and satisfies the vacancy condition, it can initiate a high street rental auction, which it does by serving an initial notice that basically tells the landlord to use the premise or an auction will take place.

Clause 154 sets out that an initial letting notice will be in force for 10 weeks, and that a final letting notice can be served only while the initial notice is in force; we will cover that shortly. In essence, I suspect that this 10-week period will act as a de facto time limit—a period during which the landlord must find tenants; otherwise, the local authority can move the process on. This is a point of taste, but our view is that 10 weeks is too long. If we add the 14 weeks of the final notice period, which we will get to shortly, that makes a 24-week process. Of course, the premises will have already been vacant for at least a year, or 366 days in the preceding two years. That is a long time on top.

We want the Bill to deliver swift action to bring about the change that people want in their communities; we do not want a long process. The amendment seeks to rectify that by specifying a shorter notice period of 28 days. We think four weeks is more agreeable than 10 weeks. Given how long the landlord will have had already, four weeks is ample time for them to understand what will happen, and to act promptly if they wish. Certainly once these powers are on the statute book, such a notice should not come as a surprise, especially as it will have been preceded by a long period of vacancy. It is the right amount of time to encourage landlords to find new tenants promptly as a last opportunity before the process starts. That speed strikes the fine balance between private and public interest.

Dehenna Davison: I thank the shadow Minister for his contribution. The Government are keen to get the process right, and to make it as speedy as possible. There is no one more keen than I to fill the vacant properties on our high street. He talked about getting the balance right between private and public interest, and we had that in mind when drawing up the legislation. As he outlined, the amendment seeks to reduce the initial letting notice period from 10 weeks to 28 days. It is set at 10 weeks to provide the landlord with a reasonable amount of time to work with the local authority to let the premises. If the landlord fails to let the property within eight weeks, the local authority will then have two weeks to serve a final letting notice. Reducing the initial letting notice period to 28 days increases the risk of a number of high street properties going through the auction process unnecessarily, as landlords will have significantly less time to find a new tenant once an initial letting notice is served. The point is that we want to get properties filled; that is the intention.

We do not think 28 days is a reasonable period for landlords to find a tenant and complete a letting once an initial notice is served. There is also a desire to allow local authorities to work with landlords where possible to find a tenant, and the additional time allows for that. I appreciate the desire from all of us to get vacant premises filled, but we need to strike the right balance, so that we can find sustainable tenants to drive up economic growth. I gently ask that the amendment be withdrawn.

Alex Norris: I am grateful for the Minister's explanation of the Government's thoughts. Again, as a point of taste, I think that four weeks would be reasonable because of the preceding period of time. I also expect that local authorities—who are very canny in these processes—will be engaging informally. There will be a whole informal discussion before we get anywhere near this process about what might happen if the premises are not used. I would hope that would salve some of the Minister's concerns.

I am also not 100% convinced that the amendment would cause lots of properties to unnecessarily go through the auction process. If properties have had a year of vacancy, or 366 days of vacancies in two years, I find it difficult to agree with the idea of them just being sat there waiting to be rented out, and landlords having not quite got round to it. Nevertheless, this is a point of taste, and I do not intend to press the amendment to a Division. We will perhaps unpack the issue more when we get to the final notice element. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 154 ordered to stand part of the Bill.

Ordered, That further consideration be now adjourned. —*(Nigel Huddleston.)*

12.59 pm

Adjourned till this day at Two o'clock.