

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT
GENERAL COMMITTEES

Public Bill Committee

PLANNING AND INFRASTRUCTURE BILL

First Sitting

Thursday 24 April 2025

(Morning)

CONTENTS

Programme motion agreed to.
Written evidence (Reporting to the House) motion agreed to.
Motion to sit in private agreed to.
Examination of witnesses.
Adjourned till this day at Two o'clock.

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 28 April 2025

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The Committee consisted of the following Members:

Chairs: † WERA HOBHOUSE, DEREK TWIGG

† Amos, Gideon (<i>Taunton and Wellington</i>) (LD)	† Pennycook, Matthew (<i>Minister for Housing and Planning</i>)
† Caliskan, Nesil (<i>Barking</i>) (Lab)	† Pitcher, Lee (<i>Doncaster East and the Isle of Axholme</i>) (Lab)
† Chowns, Ellie (<i>North Herefordshire</i>) (Green)	† Shanks, Michael (<i>Parliamentary Under-Secretary of State for Energy Security and Net Zero</i>)
† Cocking, Lewis (<i>Broxbourne</i>) (Con)	† Simmonds, David (<i>Ruislip, Northwood and Pinner</i>) (Con)
† Dickson, Jim (<i>Dartford</i>) (Lab)	† Taylor, Rachel (<i>North Warwickshire and Bedworth</i>) (Lab)
† Ferguson, Mark (<i>Gateshead Central and Whickham</i>) (Lab)	Simon Armitage, Dominic Stockbridge, <i>Committee Clerks</i>
† Glover, Olly (<i>Didcot and Wantage</i>) (LD)	† attended the Committee
† Grady, John (<i>Glasgow East</i>) (Lab)	
† Holmes, Paul (<i>Hamble Valley</i>) (Con)	
† Kitchen, Gen (<i>Wellingborough and Rushden</i>) (Lab)	
† Martin, Amanda (<i>Portsmouth North</i>) (Lab)	
† Murphy, Luke (<i>Basingstoke</i>) (Lab)	

Witnesses

Robbie Owen, Board Second Director, National Infrastructure Planning Association, and Partner, Head of Infrastructure Planning and Government Affairs, Pinsent Masons

Sir John Armit CBE, Former Chair, National Infrastructure Commission

Dhara Vyas, Chief Executive Officer, Energy UK

Charlotte Mitchell, Chief Planning Officer, National Grid

Beatrice Filkin, Director for Major Projects and Infrastructure, Ofgem

Christianna Logan, Director of Customers and Stakeholders, Scottish and Southern Electricity Networks Transmission

Marian Spain, Chief Executive, Natural England

Public Bill Committee

Thursday 24 April 2025

(Morning)

[WERA HOBHOUSE *in the Chair*]

Planning and Infrastructure Bill

11.30 am

The Chair: The Committee is now sitting in public and the proceedings are being broadcast. Before we begin, I remind Members to switch electronic devices to silent, and that tea and coffee are not allowed.

We will first consider the programme motion on the amendment paper. We will then consider a motion to enable the reporting of written evidence for publication, and a motion to allow us to deliberate in private about our questions before the oral evidence session. In view of the time available, I hope we can take those matters formally without debate. The programme motion was discussed yesterday by the Programming Sub-Committee of the Bill.

Ordered,

That—

1. the Committee shall (in addition to its first meeting at 11.30 am on Thursday 24 April) meet—

- (a) at 2.00 pm on Thursday 24 April;
- (b) at 9.25 am and 2.00 pm on Tuesday 29 April;
- (c) at 9.25 am and 2.00 pm on Tuesday 13 May;
- (d) at 9.25 am and 2.00 pm on Wednesday 14 May;
- (e) at 11.30 am and 2.00 pm on Thursday 15 May;
- (f) at 9.25 am and 2.00 pm on Tuesday 20 May;
- (g) at 11.30 am and 2.00 pm on Thursday 22 May;

2. the Committee shall hear oral evidence in accordance with the following Table;

Date	Time	Witness
Thursday 24 April	Until no later than 12.05pm	National Infrastructure Planning Association; Sir John Armitt CBE, former Chair of the National Infrastructure Commission
Thursday 24 April	Until no later than 12.45pm	Energy UK; National Grid; Ofgem; Scottish & Southern Electricity Network Transmission
Thursday 24 April	Until no later than 1.00pm	Natural England
Thursday 24 April	Until no later than 2.35pm	Royal Town Planning Institute; Town and Country Planning Association; Royal Institute of Chartered Surveyors
Thursday 24 April	Until no later than 3.00pm	Public First; Britain Remade
Thursday 24 April	Until no later than 3.25pm	NFU; CPRE

Date	Time	Witness
Thursday 24 April	Until no later than 4.00pm	Local Government Association; County Councils Network; District Councils Network
Thursday 24 April	Until no later than 4.15pm	Herbert Smith Freehills
Thursday 24 April	Until no later than 4.40pm	Wildlife and Countryside Link; Forestry England
Thursday 24 April	Until no later than 5.05pm	Home Builders Federation; National Housing Federation
Thursday 24 April	Until no later than 5.25pm	Ministry of Housing, Communities and Local Government; Department for Energy Security and Net Zero

3. proceedings on consideration of the Bill in Committee shall be taken in the following order: Clauses 1 to 19; Schedule 1; Clauses 20 to 37; Schedule 2; Clauses 38 to 47; Schedule 3; Clauses 48 to 61; Schedule 4; Clauses 62 to 72; Schedule 5; Clauses 73 to 76; Schedule 6; Clauses 77 to 93; new Clauses; new Schedules; Clauses 94 to 97; remaining proceedings on the Bill;

4. the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Thursday 22 May.—(*Matthew Pennycook.*)

Resolved,

That, subject to the discretion of the Chair, any written evidence received by the Committee shall be reported to the House for publication.—(*Matthew Pennycook.*)

The Chair: Copies of written evidence will be made available on the desk in the Committee Room.

Resolved,

That, at this and any subsequent meeting at which oral evidence is to be heard, the Committee shall sit in private until the witnesses are admitted.—(*Matthew Pennycook.*)

11.31 am

The Committee deliberated in private.

11.37 am

On resuming—

The Chair: We are now sitting in public again and the proceedings are being broadcast. Before we start hearing from the witnesses, do any Members wish to make a declaration of interest in connection with the Bill?

Lewis Cocking (Broxbourne) (Con): I am a Hertfordshire county councillor until 1 May.

Gideon Amos (Taunton and Wellington) (LD): I was a planning consultant until the general election, but not any more. I am a chartered town planner member of the Royal Town Planning Institute and a chartered architect member of the Royal Institute of British Architects. I am a vice president of the Town and Country Planning Association, but that is an honorary position, so I have no pecuniary interest.

Rachel Taylor (North Warwickshire and Bedworth) (Lab): Until the election I was a commercial property solicitor acting for a number of residential and commercial property developers. I was also a North Warwickshire borough councillor until I resigned a couple of months ago.

Gideon Amos: I am also a member of the National Infrastructure Planning Association.

Nesil Caliskan (Barking) (Lab): I was a local councillor until I resigned last May, but I am not sure whether I need to declare that. I am a vice president of the Local Government Association, which will be relevant for the panel this afternoon.

John Grady (Glasgow East) (Lab): Until the general election I, too, was a solicitor and I had a practice for many years in the energy sector.

The Chair: I thank all Members for declaring their interests, which have been noted.

Examination of Witnesses

Robbie Owen and Sir John Armitt gave evidence.

11.38 am

The Chair: We will now hear oral evidence from Robbie Owen, board secretary and director at the National Infrastructure Planning Association and head of infrastructure planning at Pinsent Masons LLP, and Sir John Armitt CBE, former chair of the National Infrastructure Commission. Before calling the first Member to ask a question, I remind Members that questions should be limited to matters within the scope of the Bill. We must stick to the timings in the programme motion that the Committee has agreed for this panel. We have until 12.05 pm. I call the Opposition spokesperson.

Q1 Paul Holmes (Hamble Valley) (Con): Sir John and Mr Owen, thank you very much for coming this morning. As you know, this is a huge piece of legislation, and we want to scrutinise it to the best of our ability. Thank you for the work that you do in your occupations.

We remain consistent in our concern about democratic accountability and processes, and about the balance between speeding up planning delivery and retaining the power of local people to make differences and have their say on nationally important critical infrastructure. First, do you think that these proposals strike the right balance between speeding up the delivery of national infrastructure projects and public accountability? Do you think that democratic and public accountability will remain at the heart of the delivery of that national infrastructure under the Bill's proposals?

Sir John Armitt: Yes. I think this is a reasonable attempt to address the fundamental question of getting the balance right between taking forward the critical national infrastructure that the country needs and local interest. Consultation has always been an essential part of that, and the ability of people to express their views is important. Having said that, it is and will continue to be a very complex area. People on the receiving end of new infrastructure will naturally seek every mechanism in their legal right to challenge where they feel that they will be adversely affected. The Bill seeks to set out a number of remedies for that, and I think one could reasonably expect to see some acceleration, but just how much acceleration there will be in the process only time will tell.

Robbie Owen: I broadly agree with that; I think the Bill largely strikes the right balance. Let us not forget that even in the light of the amendments tabled by the

Minister yesterday in relation to consultation, there will still be an extensive amount of consultation required—justifiably so—in relation to these projects, involving, among others, the local community. The examination of applications for consent takes place over a maximum of six months, which is a very long time, within which the local community can express their views. The Government are retaining the ability for local impact reports to be produced, which I think is important. I have no fundamental concern that democratic and public accountability will be lost by these changes. I actually think they do not quite go far enough in some respects, but we may come on to that later.

Q2 The Minister for Housing and Planning (Matthew Pennycook): Thank you both for your time this morning. I also wanted to ask you about the nationally significant infrastructure projects regime. As you know, the objective of the Bill in this area—chapter 1 of part 1—is to provide for a more certain regime, but also to speed up the process through which applications are taken, because we have seen, as you are both aware, a deterioration in the performance of the system over recent years. We have done a huge amount of consultation on this legislation—statutory consultations, working papers, calls for evidence—but we are still very much in listening mode on whether any further changes are required. I want to get your views, picking up on the comments that you just made. In terms of the critical barriers to bringing forward major economic infrastructure, where do you think the Bill gets things right, and where does it not go far enough?

Sir John Armitt: The Bill seeks, to a large extent, to provide a regime of compensation to offset where people are going to be affected. That, in a sense, is no different from what we have seen in the housing sector in section 106, for example, for a very long time. The real challenge here is the ability of the process to actually slow things down. We know that judicial review is one of the big difficulties in this area. You could argue that the recent recommendations made for judicial review do not go that far. The only way in which it can be held back is where the court decides that the issue being raised is, perhaps not frivolous, but immaterial. But I would imagine that the nature of the legal system is such that people will find ways around that.

Judicial review constantly acts as a brake, and influences those who are developing projects to try to cross that bridge before they get there: you put in more mitigation than ideally you would wish, which raises the cost, and you potentially finish up with a more expensive project than ideally you would have had. That is the nature of people trying to second-guess what is going to be raised and how the judicial review will be handled.

I am not sure that the recommendations will go far enough to have a serious impact on that aspect, which is one of the central aspects of what has been holding up these schemes quite significantly. Each year of judicial review is likely to potentially add a year to the process, and that is why it is difficult to see that these changes will benefit the overall process by more than six to 12 months, at the end of the day. Robbie and I were talking about this before we came in; he is more of an expert in it, so I will turn to him for any other observations.

Robbie Owen: Minister, I absolutely support what is already in the Bill. I think that every provision on national infrastructure planning is appropriate, including

what I hope will be added to the Bill through the amendments that you tabled yesterday, in relation to pre-application consultation and some other measures. As you say, those are all good measures that have followed extensive consultation and engagement.

There are two areas where I believe the Bill needs to go further, be bolder and be strengthened. The first relates to the further streamlining of the development consent order process. That should focus on allowing the standard process to be varied, on a case-by-case basis, where there is justification for doing so. That was trailed in your planning working paper in January; I encourage you and your officials to have another look at that, because there is a justification for giving some degree of flexibility to reflect the nature and requirements of individual projects and how the standard process might need to be adapted to them.

Secondly, we need to look again at the ability of the DCO process to be a one-stop shop for all the consents you need for construction of these big projects—that was the original intention back in 2008. All the discussions around that have yet to fully come to a conclusion. I note the review by Dan Corry, published a couple of weeks ago, but I do not think that it provides a full answer to allowing development consent orders to do more than they have been doing in practice, in terms of all these subsidiary consents, which, beyond the development consent order itself, are quite important for some of these big projects.

The other area where the Bill should and could go further relates to the whole area of judicial review. The changes that were announced in January, following the call for evidence off the back of the Banner review, are not particularly significant. They are really quite modest, and relate largely to the permission stage of judicial review. Approximately 70% of judicial review applications get permission and go forward, therefore we need to focus beyond the permission stage.

There are two other areas where the Bill could make some worthwhile changes. The first relates to the interaction between judicial review and national policy statements. As you will know, national policy statements are approved by Parliament, and the Bill contains some proposals to change that process. It has always struck me as strange that national policy statements can nevertheless still be, and are, judicially reviewed.

The final point on judicial review is that Parliament should be able, if it wishes, to use a simple one-clause Bill to confirm decisions to give development consent for projects of a critical national priority. This used to be the case: we used to have lots of provisional order confirmation Bills. I think that is a very good way for Parliament, where it wishes, to express its support for a big, critical project. That could easily be done through some amendments to the Bill.

The Chair: I remind everybody that we only have another 15 minutes for this panel, so please be as succinct as possible.

Q3 Gideon Amos: Thank you, gentlemen, for the work you are doing. My question is around the balance of community engagement with affected communities. There is a lot of attention on that in the Bill. Could you comment on planning committees themselves? You have

observed that they are a particular problem in the national infrastructure regime, as a minor point. More generally, there is a lot of attention and discussion about the pre-application process being one of the lengthiest stages. Do you have any observations on that? Where does the delay really sit in the national infrastructure regime?

Sir John Armitt: I would argue that local planning committees are not really professionally equipped to deal with NSIPs. As I said at the beginning, these are very significant projects. They are likely to be in the interests of a much broader area than that which any single planning committee is going to be taking an opinion from. The planning committee inevitably finishes up looking at things through a local lens, and I would argue that that is not really appropriate for projects of national significance. Clearly, their views can be taken, but one should recognise that local interest when doing so, and that should be set alongside the much broader considerations, recommendations and advice that could sometimes be received from much larger statutory bodies that clearly have a much more national interest.

Robbie Owen: Certainly, I do not see local planning committees as being particularly problematic so far as responding to proposals for national infrastructure projects is concerned. That is a segue into a broader point: improved guidance could be given by Ministers, not just to applicants about how they should go about their pre-application consultation and engagement, but to local authorities and other public bodies about how they should respond to proposals for national infrastructure.

Response performances, if I can put it that way, from local authorities differ markedly across the country. More uniform guidance would be really helpful there. The changes that the Government heralded yesterday in terms of pre-application consultation pave the way for a new set of guidance dealing with the pre-application period, because that is where most of the delay rests at the moment. As the Government said, and I agree with them, yesterday's changes should really help to about halve the pre-application period, and that would be very welcome.

Q4 Luke Murphy (Basingstoke) (Lab): I thank our witnesses for coming. My question concerns growth and the timeline of the NSIP regime. We know there was a significant deterioration, as the Minister said, between 2012 and 2021, and the time taken to get development consent almost doubled. From 2.6 years in 2012, it rose to 4.2 years. Is there a target timeframe or average we should be getting to that you would like to see? One of the things my constituents will be most focused on is what this will do to growth in the economy. What impact do you think the Bill will have on overall economic growth?

Sir John Armitt: There are two things there: what should the target be, and will the Bill deliver it? I think the target clearly should be to try to get back to what we were handling and seeing back in 2010 to 2012. That was just over a two-year period. These projects are getting more complex and getting a lot larger—there are some very big ones coming down the line in the next 10 years—but if we could get back to that sort of level, clearly that would be welcome. Would the Bill deliver that degree of improvement? Frankly, I would be surprised.

Robbie Owen: We should not forget the role of national policy statements. They became rapidly yellowed at the edges in the late 2010s, which led to a dramatic increase in judicial review of decisions. The Bill does include a number of valuable proposals to improve how national policy statements are kept up to date. It is really important that they are, because they are the basis for decisions that are then taken on individual projects.

As a rule of thumb, we should really, at the very least, be aiming to be getting back to the performance levels in about 2015, which were approximately 12 to 18 months for pre-application and then around 15 to 18 months from application to decision. Obviously, if we could improve on that a little bit, that would be ideal, but if we could get back to that, that would be my rule of thumb.

The Chair: I call shadow Minister Simmonds.

Paul Holmes: I am the shadow Minister.

Q5 David Simmonds (Ruislip, Northwood and Pinner) (Con): I found the evidence you gave about the parliamentary process by which this might be streamlined really helpful, Mr Owen.

My question is for you both. One challenge for the planning system element of this Bill is that the local authority has a quasi-judicial role in administering planning law, and then statutory consultees and other organisations might be required to give consent for something, so the local authority has consented but Natural England, the Environment Agency or someone else needs to sign off. First, does the Bill strike the right balance in streamlining the different parts of that process, so that nationally significant infrastructure can make its way through quickly and efficiently?

Secondly, as well as judicial review, I am always conscious that a local authority may be subject to a maladministration complaint if it fails to take into account the legal obligations that Parliament has placed upon it. While the system may seem bureaucratic, the bottom line is that Parliament requires councils to go through that process when considering planning applications. Do you think there is a need to remove not so much the ability of others to challenge, but some of the requirements we place on local authorities, so that there are fewer loopholes and less complexity in administering that quasi-judicial role?

Sir John Armitt: That is a very complex question. I shall pass to my legal friend.

Robbie Owen: It is a complex question. On the balance and restricting this to national infrastructure, where the role of local authorities is among the role of many public bodies, as I touched on earlier, I do not think that we have yet got to a balance where the development consent order contains the principal consents and leaves subsidiary ones to be dealt with later.

I would like to see the Bill repeal section 150 of the Planning Act 2008 so that decisions can be taken on a case-by-case basis by the deciding Secretary of State on what they consider to be appropriate to put into the development consent order by way of other consents. I do not think it is appropriate for that decision to be subject to the veto of the relevant regulatory bodies, which it is at the moment. That is inappropriate.

If I understood the question on maladministration correctly, I am not sure that is a particularly relevant process for national infrastructure. My own experience is that it is quite ineffective generally. In terms of the role of local authorities in downstream supervision of the implementation of these projects, the answer is to make sure that the development consent order is very clear on the requirements and the conditions to the consent, which the local authority then needs to police and give approvals under. I think that is the way forward.

Q6 Amanda Martin (Portsmouth North) (Lab): Robbie, you said you had no fundamental concerns democratically with the Bill. Could you give us a bit more on how you think the proposals will ensure continued meaningful engagement with affected communities and interested parties?

Robbie Owen: I would say two things. First, any right-minded applicant for a development consent order is clearly going to continue to consult formally and then engage informally with local communities, even with the changes that the Minister tabled yesterday. The role of the new guidance heralded by yesterday's written statement is going to be critical in setting very clear guidelines in terms of what the Government think is appropriate by way of consultation and engagement. It is critical, though, that the guidance is not so specific that it almost undermines the effect of removing the provisions from the Act, as the amendments would do.

The second way in which the local community is involved is the public examination of proposals for up to six months—it normally is six months—once the application has been made and accepted. Compare that with the process for major planning applications, where communities may be given three minutes to address a planning committee: it is a much more inclusive process for local communities to take part in. Work is always ongoing to try to improve the usability and experience of the examination process, and hearings within that, and I support ongoing refinement there. But, fundamentally, those elements will completely remain—there is nothing in the Bill to remove them—and that is quite right.

Q7 Ellie Chowns (North Herefordshire) (Green): Do you feel that the Bill will deliver a sufficiently strategic approach to national infrastructure? Are there elements still missing that you feel would enable that?

Sir John Armitt: It is worth saying first that the Government have announced that they intend to publish a 10-year infrastructure strategy later this year. That will be the first since 2020. We are working with Government Departments on that at the moment, but it is vital that there is a clear, long-term infrastructure strategy. As Robbie said, the other key ingredients to implement that strategy are the national policy statements related to the different sectors, and the regular updating of them.

We recently went almost 10 years without an update on the energy strategy. In rewriting that strategy, the challenge is that you start with a large strategic ambition that can be contained in half a page and, if you are not careful, you finish with 25 pages that follow on and set out all the ways in which that ambition must be satisfied while dealing with environmental, community or any other concerns. The challenge will remain that we are trying to do two or three things at once here: we are

trying to deliver major economic growth and infrastructure that will enable us to be resilient, to deal with climate change, to reduce the impacts of carbon and so on, while also recognising that local people will always have concerns about the impact of that infrastructure on their lives, and the—in a sense—compensation that they may face from that.

We have a live debate at the moment about whether we should all pay a different rate for our electricity according to whether we are close to the generating infrastructure or not. There are many ways these issues could be addressed, and they will not be simple. We should not kid ourselves that we are going to wave a magic wand and all of a sudden everything will change. We are a very democratic society; we are not like others who can steamroller these things through. That is the major challenge, and I argue that that challenge sits, in the first place, with the promoter.

The promoter has to get out there and be willing to be open and frank about what they see as the opportunities, broad advantages and local challenges, and demonstrate a willingness to enter into relevant consultation with local people. At the end of the day, there will be people who do not change their minds. Noting some of the remarks that Robbie made, you will always need the Minister to have the ability to step in when appropriate and make the appropriate decision, given the scale of the challenge.

The Chair: Order. We are nearing the end of the time allotted for this panel. These shall be the last questions.

Q8 Jim Dickson (Dartford) (Lab): These issues are very real for my constituents in Dartford because their lives have been blighted by congestion at the Dartford crossing, principally because the planning system has, over 15 years, failed to deliver the lower Thames crossing. I am delighted that that project now has a development consent order. In 2023, the National Infrastructure Commission wrote a review of the nationally significant infrastructure project regime. It found that delays were the result of a lack of clear policy, disproportionate consultation and the lack of a strategic approach to environmental mitigation. How much of that do you feel the Bill alleviates and addresses? It clearly needs to.

Sir John Armitt: In the circumstances, the Bill is a good first attempt to deal with those issues. As I have said, it is very complex—you are trying to trade off very different interests. That will not disappear overnight, and even with the new Bill people will seek to challenge its workings, but this is a good first attempt and, as we have both said, more needs to be done.

The Chair: That brings us to the end of the time allotted for the Committee to ask questions. On behalf of the Committee, I thank our witnesses for their evidence.

Examination of Witnesses

Dhara Vyas, Charlotte Mitchell, Beatrice Filkin and Christianna Logan gave evidence.

12.5 pm

The Chair: We will now hear oral evidence from Dhara Vyas, the chief executive officer at Energy UK; Charlotte Mitchell, the chief planning officer at the

National Grid; Beatrice Filkin, the director for major projects and infrastructure at Ofgem; and Christianna Logan, the director of customers and stakeholders at Scottish and Southern Electricity Networks Transmission. I call the shadow Minister.

Q9 Paul Holmes: Thank you all for coming and giving evidence. I have only a few questions, because I know Back-Bench Members will want to ask questions and scrutinise the legislation. First, the legislation obviously aims to speed up grid connections. Charlotte Mitchell, could you outline to the Committee how much consultation you had, as an organisation, in the formulation of this legislation, and give us an overarching view of whether those connections would be sped up and whether you think the Government could go further to enable the elimination of some of the gridlock? How will the legislation in its current form ease the backlog of connections in the UK?

Charlotte Mitchell: The set of connection reforms underpinned by the Bill are really welcome. They will move us from a “first come, first served” system to a “first ready, first needed, first connected” approach. Under the “first come, first served” system, we have seen a proliferation of projects in the queue. To bring that to life, there are about 450 GW of capacity in the queue at the moment, and that is about three times what we would need to achieve net zero. It is fair to say that not all of those projects will come forward, and they certainly will not come forward at the pace at which we originally envisaged when they found their spot in the queue. That ultimately means that it is taking a really long time to connect the grid to new projects coming forward, and promoters of those projects are quoted decade-long connection timeframes.

We welcome the reforms; we have been part of the discussions and have had a seat at the table, with the National Energy System Operator leading the approach to the reforms. For us, it is really important that the legislation comes forward quickly enough that we can move across to that new system and refocus our resources and priorities on connecting those projects that are ready and have the highest need to be connected to the grid.

Q10 Paul Holmes: Thank you. My second question is for Dhara Vyas and, if necessary, Christianna Logan. I do not mean to leave Ofgem out, but I am focusing on just two issues, because I am aware that other Members will want to come in. You will be aware that the previous Government consulted on community benefits to infrastructure, and there was a proposal to allow direct payments, which the Government have continued.

Do you have any concern, or do you think that that is the result of the industry not doing enough to consult local people when infrastructure was delivered previously? Will an unintended consequence of direct payments to consumers be to undermine your members’ emphasis on making sure that community benefit and community consultation are done adequately?

Dhara Vyas: Thank you for the question. I do not think it is a failure of the industry. I think it is a series of consecutive failures of regulation and policy over the past decade, if not longer, that goes beyond the energy industry.

It is really welcome to have this unified vision in the energy space for infrastructure build-out, and that goes across the Department, the National Energy System Operator and Ofgem. It is critical that we use all the levers we have to engage with people. The reality is that transmission network operations is a very specific piece in the Bill, and that is the large stuff—the bigger stuff—but it has to be part of the broader conversation that we need to have with people about the placement of assets. Infrastructure is part of that, with substations and of course generation assets. It is about the changes we are going to be making to homes and businesses across the country, and it is also about the difference that investing in this will make for future generations.

So, to answer your question about whether it is specifically a failure of industry, I do not think so. It is a failure, and I think we share the blame, but I am really positive about the steps set out, both in this Bill and more broadly, for the energy policy space.

It is worth being really clear about the context, which is that we need twice as much transmission network build-out as we have had in the last 10 years. That is a huge scale of work, and we need speed in doing it. The reality is that different communities will have different priorities. For some communities, investment in community spaces might be the right conversation to have; for others it will be about direct payments, or investing in community ownership of assets. It is really about tailoring.

Last, and you will all know this far better than I do, while having a significant conversation about how you balance national equity and local diversity is not unusual, it is a newer conversation for the energy industry. As we navigate this, we and all my members intend to work very closely with partners, including Natural England and other environmental groups, as well as local and regional government. It is important that we are honest and open about this shift in the way of working and not fall into the trap of assuming that one size fits all.

Christianna Logan: Our research has shown that, in areas where we have previously developed projects, perceptions of the benefits of projects are much stronger and more positive. The big challenge for us now as an industry is the scale—the magnitude—of what we have to deliver, when in many cases, the local communities likely to be impacted have not seen this scale of infrastructure before.

We have developed a package of local benefits that come with these projects, whether that is local jobs, contracts for local supply chains or, in fact, new permanent homes that will initially be used to house workers on the project, but then used by communities for their own needs after the projects are completed. Community benefits are an important part of that package, but so too is the very real engagement that we do with local communities. We have made changes around things such as substation locations and overhead line routes as a direct result of that engagement. That is what is building trust around these projects.

As Dhara said, we all need to work together to increase understanding of the benefits that the projects bring. Our recently produced national campaign, on which we collaborated across the sector, will help with that. Our own media campaign in the north of Scotland has resulted in a double-digit shift from neutral to positive around these projects among those who have seen the campaign. We cannot achieve this on our own,

as transmission owners; we need to work cross-party, cross-Government and cross-sector to be able to help people to understand the real imperative and benefit of undertaking these projects.

Q11 Paul Holmes: Thank you for that, and congratulations on the work that you are doing. I want to push slightly further—not push you, because you have answered the question, to be fair. Further down the line, do you have any concern that systematic decisions in companies such as yours will have an unconscious bias toward direct payments making it easier to get these projects through, and that the traditional community investment, which would be accountable to that community, will fall aside because the direct payment route is easier than genuine community benefits?

Christianna Logan: Genuine community benefits are the most important part of these projects. I think it would be risky to see direct payments as a silver bullet to reduce objection to projects. When you are delivering new infrastructure across hundreds of miles in these types of areas, there will be objections. In this endeavour, we all have to show courage to take forward well-designed projects that have been developed with local communities in mind, taking on board their challenges where we can, while recognising that that will require trade-offs and that we will not be able to appease all objections.

Paul Holmes: Just for the record, that is not my view. There are some concerns. I was not castigating you.

Q12 The Parliamentary Under-Secretary of State for Energy Security and Net Zero (Michael Shanks): Good afternoon. Thank you for joining us. As a Government we have set out the ambitious clean power by 2030 plan, which involves significant roll-out of renewables. Key to that will be storage and our ambition to build the first long-duration storage in 40 years in this country. I would like to ask Beatrice and Ofgem, what is your sense of the importance of the mechanisms for doing that, particularly the cap and floor financing scheme; and how important is long-duration storage to the energy mix we are trying to build?

Beatrice Filkin: As you said yourself, Minister, we have not seen any large scale, long-duration energy storage built in this country for decades now. We know that the market is not willing to take on those risks at the moment and it is absolutely right that the Government are instructing us through this Bill to expand the regimes and protections.

We support the proposed introduction of a cap and floor regime for long-duration storage. We have seen NESO's advice to you as part of the development of the Clean Power 2030 Action Plan—that increasing the amount of flexible storage on the system is critical to getting through your clean power targets. We are very keen to be part of supporting that. We think the cap and floor regime has proved its worth over the last decade or so through interconnectors, and obviously, we are adjusting it now with input from a wide range of stakeholders to make it appropriate for the long-duration storage schemes.

Q13 Michael Shanks: Christianna, this Bill has a significant amount of planning reform in England and Wales, but the key element in the energy space in chapter 2 is around the reforms to Scottish consenting.

[*Michael Shanks*]

We have worked very closely with the Scottish Government to update the Electricity Act 1989. Can you give any sort of sense, from your extensive experience in this in Scotland, of how much those changes are necessary, or perhaps how much of the development is being held back by that planning reform not being updated at the moment?

Christianna Logan: We really welcome the powers in the Bill that create that framework to increase the timeliness and effectiveness of consenting in Scotland, particularly around introducing timescales for determinations and replacing automatic trigger of public local inquiries with a reporter-led process.

Public inquiries are one of the main causes of delay to consent decisions in Scotland, with the impact and cost of that borne ultimately by bill payers and local communities through local authority investment. We believe that to make the powers in this Bill effective in practice, the secondary legislation will be critical. We ask that the secondary legislation providing the details of implementation is delivered in parallel with the Bill, so that it can be laid as soon as decisions are made, and that within determination, timelines are set at 12 months to make sure that we can get timely delivery.

We welcome all the joint working between this Government and the Scottish Government, and we would like to see that continue for that secondary legislation. We welcome the Scottish Government's commitment to a 12-month determination for projects, but we are not yet seeing that in practice. For example, our Sky project, which is both an energy security and decarbonisation project, is still awaiting determination more than two and a half years on. That is why the ask is so important.

Michael Shanks: Finally, Dhara, picking up on the questions on connections reform and the wider push in the Bill on how we build network infrastructure more quickly and the ambition of that, how critical is it to the broader energy space—particularly on the questions of energy security, bringing down bills and the wider space on our energy mix going forward—that we build more network infrastructure and get the grid working? How critical is that aspect to delivering in the 2020s, and in the 2030s in particular, to meet the demand that we are going to see, and the Government's other objective of bringing down bills?

Dhara Vyas: That is absolutely the right question to be asking, because we will not achieve any of it unless we unblock the issues we are seeing within the infrastructure space. The reality is that with these so-called zombie projects, at least half of them are ready to move on to the next stage. In large part, that is down to the work that has been happening as part of the connections reform project. It is really important that we keep on moving with the momentum we have right now, because gaining planning permission and making progress through the new milestones that the National Energy System Operator has set out is the next big challenge for us.

We are in a really difficult position right now. Bills and debt owed by customers to energy suppliers are at a record high. We are still really feeling and living in the long shadow of the cost of living crisis, which was partly down to the energy security crisis following the

illegal invasion of Ukraine. Investing in an abundance of clean power will be completely pointless unless we have the infrastructure to move it around the country, and unless we invest in clean power, we will not ultimately bring down bills to the extent that we need to. The other part of that is demand. We will see demand increase by at least sixfold. We are going to have electrification of our homes and our transport, which brings us back full circle to the need to be able to move the electricity around.

Q14 John Grady: I have a question for Christianna, Beatrice and Charlotte. To bring this to life, I am a Scottish MP, so if I am building a set of offshore wind farms in the north of Scotland, I also need to build transmission infrastructure from Scotland down to England. The holdouts of this involve connection queues, planning delays in Scotland and planning delays in England. The Bill, with the reforms in England and Scotland, seeks to reduce those delays. I want to unpick what that means for my constituents in terms of jobs and investment. How much money will be invested in the grid in Scotland over the next five to 10 years, because this Bill helps speed that investment up?

Christianna Logan: Our programme of projects to deliver for 2030 is a £22 billion investment. It is the biggest investment that we have seen in the north of Scotland probably since the second world war, so it is really significant you're your constituents. Our colleagues in ScottishPower have their investments in your area as well. Alongside that, there is a significant number of jobs—we expect around 6,000 jobs enabled through our investments in Scotland specifically. Just this year, we will be recruiting another 600 people into SSEN transmission to help with this transformation of our grid network.

All of that, as you say, is dependent on us getting consent to progress all these projects and the necessary regulatory approvals for the investments. We have been working very closely with Government and Ofgem on the reforms, and we believe that the proposals put forward in the Bill will take us forward in that regard. As I said earlier, the secondary legislation and the work with the Scottish Government will be critical to capturing those benefits.

Q15 John Grady: Charlotte, some of the projects you are doing rely on Scottish infrastructure. Is it the same in England: more jobs, more activity?

Charlotte Mitchell: Yes, more jobs and more activity. Picking up on the point about consenting, we have similar yet different challenges in England and Wales. As you note, the Bill looks to streamline the NSIP regime. That is incredibly important for us at National Grid. We are very supportive of the measures in the Bill, and there are three in particular that I would like to namecheck as helping us to accelerate the projects that we need to move that power around, as we have been discussing.

The first one is the commitment to refresh the national policy statements every five years, or more frequently. We really welcome that, because it is incredibly important that we have policy stability for our projects. I would just caution that we do not update them so frequently that the policy landscape moves, but five years feels like the right cadence for refreshing those.

Another measure in the Bill that will help is the ability to opt out of the NSIP regime, where that is more appropriate for particular projects. At National Grid, for example, sometimes when we are upgrading a substation we need to move some overhead lines around. You can trip that threshold and end up in the NSIP regime, where really that does not feel like the spirit of the regime—that is not what it was set up to do. The ability to write to the Secretary of State and explain why it is not the most appropriate regime is really helpful for us, and we really welcome that measure.

The third one was spoken about by the previous panel: yesterday's announcement of looking again at the consultation requirements and moving to a non-statutory footing for consultation on NSIP projects. Again, that will help us to engage in a more targeted, effective and proportionate way, so that we can bring projects forward while continuing to engage communities. That will help us to ensure that we have the right projects in the right places.

The Chair: Thank you. I call the Liberal Democrat spokesperson.

Q16 Gideon Amos: Thank you for coming and giving evidence today. Dhara, from our point of view, the compensation clause in the Bill is very welcome, but is there a case for a more standardised community benefit system across the whole industry, for people living next to wind farms, solar farms and so on? Would you like to expand on that?

Dhara Vyas: It is a fair question, but I would reiterate the point made in response to the earlier question about ensuring that community benefits are tailored to the community around the infrastructure. Different communities will want different things. In some of the conversations and in the guidance, there are explicit examples of proximity and the amount that would be paid out. The reality is that this is not a one-size-fits-all conversation, and nor should it be. We would be doing the country, and people across the country, a disservice if we took a one-size-fits-all approach to this.

It is right to have guardrails and guidance, but responding to what people need and want, and what is lacking in a community that the industry could potentially support and provide, will be the best route to bringing people with us on this fairly significant journey. In my view, it is important that there are parameters. We need the guidance from Government, and we certainly cannot do this alone—this is definitely something that we need to do in partnership—but to fully respond to and get holistic, close working with the communities that will be hosting infrastructure, we need to have that conversation. Having that conversation takes more effort from the industry, but it is the right approach.

Q17 Gideon Amos: I have a brief follow-up, if I may. Surely, the point here is a community benefit may be paid—that could be a standard—but that does not rule out or obviate the need for site-by-site, individual mitigation and discussion, does it?

Dhara Vyas: You are absolutely right, and I think that is where the guidance from the Department has been really welcome.

Q18 Rachel Taylor: I was delighted recently to visit a National Grid substation at Hams Hall, in my North Warwickshire and Bedworth constituency. It is almost doubling in size to accommodate connections for High Speed 2, but people there also talked to me about the massive queue of projects that need connections if there is to be expansion right across the west midlands. Have you carried out an assessment of the backlog of connections? To what extent will these changes enable us to achieve our ambition of net zero by 2030?

Beatrice Filkin: I am very happy to take that question. We have had an ongoing process of reform to the approach to the connections queue with NESO and Government for quite a while now. We reached our conclusions last week and made a decision on how the reordering of the queue should work. As part of that, as Charlotte mentioned, we have been looking at how we move away from the idea that we had previously—a first come, first served application process—to looking at what we need as a country and which projects are most ready.

The decision we have taken on how that process will work now needs to be implemented by NESO. It will be implemented very rapidly over the next year, with the network operators, to give industry confidence and security that it can continue to invest to deliver clean power targets, as well as all the growth targets that we want.

One point that we did not touch on previously was that the demand connections are really important for the growth story. The queue connections reform deems all the connections that are already in the queue as needed, so they pass the first test. That is very important in making sure that we are prioritising access to our network, and that will enable growth in the country.

Charlotte Mitchell: Bringing forward the legislation at pace will enable us to move to the new system. It is important that measures in the Bill are brought forward quickly, so that we can move towards the new reordering and prioritisation.

Q19 Rachel Taylor: As a follow-up, also at Hams Hall, JLR has a battery assembly plant, and its representatives told me that it could probably power the whole of the industrial estate there, but that there was no chance that it would be able to get a grid connection. Is there an estimate of those sorts of things, which are feasible and possible but have not entered your radar because they have not applied?

Beatrice Filkin: One of the purposes of the queue reform is to make sure that the projects that we need and are ready earliest get earlier access to the network. At the moment, we have a lot of projects in the queue that are at an early stage of development, and are not so critically needed by the strategic plans that we are setting out. Projects such as connections for demand or for factories are already in the queue and are deemed as needed. They will therefore be prioritised for the queue, and we expect their connection dates to improve as a result of the connections reform process.

Q20 Luke Murphy: It was not that long ago that Russia's invasion of Ukraine resulted in a massive income shock because our energy system is not that secure. Building on the Minister's question earlier, what impact will the Bill have, in terms of expediting connections to

[Luke Murphy]

the grid, on securing our energy supply in future? Can you also say a bit about what impact it will have on economic growth?

Dhara Vyas: I think that the Bill is going to be crucial. It was as true for the previous Government as it is for this Government that clean energy and investment in clean power is seen as the safest and surest way to ensure the UK's energy security. There is a programme of work for investing in clean power, but there is absolutely nothing to be gained from all of that net investment unless we can move it around the country. That is why this part of the energy industry is so crucial.

In terms of the impact on bills, the reality is that, at one point, energy bills were four times what they were in 2019. We are now seeing bill debt of £3.8 billion and growing. It is also important to note, generally speaking, that households are under more pressure now than they have been for well over a decade. I think more than half of households who go to Citizens Advice have a negative budget. Households are really feeling the pressure, and the conversation about energy bills has not really been off the front pages for the last four years.

As for being able to expedite the investments in clean power and make sure we are reducing the amount we are spending on curtailment costs, that should mean that in the future, if we experience an energy shock again, we will not spend the £40 billion that was spent in 2022-23 to support people. That is why this is so important.

Q21 Luke Murphy: Very quickly, can you say something about the benefits, in terms of economic growth, of electrifying the economy?

Dhara Vyas: I think it links neatly to the last question around demand. The reality is that we need to decarbonise business in a significant way. Right now, what businesses in this country are paying is among the highest of OECD countries, if not the first or second highest in that group. This is a big part of the discussion with the Department for Business and Trade around the industrial strategy.

Energy and the price of energy is hugely significant to business users, as well as to households. So while we need to be having conversations about linkage with Europe, we also need to be having significant conversations here about how we can speed up demand and connections for demand—and have that conversation for both homes and businesses. More broadly, we also need to be having a conversation about how we support businesses to consider how they can move off their dependence on gas.

Q22 Lewis Cocking: I will follow up with some questions to Ofgem. You said earlier that we are moving from a first come, first served system to one where somebody is going to determine what should take priority and what should come before something else. Who is going to make that determination?

Beatrice Filkin: What has happened to date is that NESO has done some preparatory work assessing options. We have made a decision about how they should go about reordering the queue based on need and readiness—that is the decision we made last week. NESO now needs to implement that decision, which is what they will be doing rapidly over this year to make those choices.

For the reordering of the queue, it will prioritise the projects that were due to connect in the next year or two, first of all, and then the completion of all the projects that are needed for clean power by the beginning of 2026. That is the process. We are not walking away from that. We are regulating NESO, but also working with them on this process. We see this as a very critical enabler of clean power. Working through this year of that process, we will be a partner alongside them. That is also why we very much welcome the provisions in the Bill to provide the legislative security of what they are looking to do.

Q23 Lewis Cocking: It will not be Ministers deciding what projects get priority and come forward; it will be Ofgem.

Beatrice Filkin: We have made a decision about the way in which NESO now prioritises the queue. They are doing that going forward. Our decision-making process was finished last week. That is the process by which they make those decisions. They are now going to implement that decision and do that re-ordering decision—individual decisions—over the year.

Q24 Lewis Cocking: How do you determine what should get priority and what should not?

Beatrice Filkin: We have set out in our decision the way in which NESO should assess the queue. They will use the information that we set out last week—that guidance—to implement and take each individual project, weigh it up against the criteria, decide whether they meet the need and the readiness requirements and use that to sort through the queue. That is a process. They will operationalise our decision of last week.

Christianna Logan: On the practicalities of how that will be approached, NESO's proposal is that the customers with connections contracts will provide evidence of their readiness to meet the criteria, in terms of things like submission of planning consents and land rights—ways that they can evidence they are progressing their projects at the pace necessary to achieve the 2030 goals and, as Beatrice said, against the strategic alignment of different technology types with the needs of the clean power plan. Customers will put forward their evidence that their projects are best placed. NESO will use that to assess which ones should go forward. Within that, there is some protection for projects that are already well progressed, so that we do not impact investments that are ready to be deployed to hit those targets.

The Chair: We have another eight minutes allocated to this panel.

Q25 Lewis Cocking: How will that affect the timeframe? I suppose the Government want projects to happen quickly, but you are now saying that there is another process to go through, so can you explain how that will affect the timeframe of projects?

Beatrice Filkin: What we set out in the decision last week sets off the piece of work that NESO are doing over this year. That helps projects, because as we have talked about, there are a number of projects in the queue that are either nowhere near ready or are not deemed needed for the overall strategic plan. So the process of sorting through the queue will speed up that

very constrained access to the network to enable those projects that are needed and ready to join and connect to the network earlier.

Q26 John Grady: I want to ask about coastal Scotland, and I declare an interest: my granddad and several of my cousins were trawlermen in Scotland. Offshore wind represents a big opportunity in Scotland for coastal communities and harbours, which have suffered economic decline over the years. Have I got that right?

Beatrice Filkin: Are you asking whether it provides an opportunity to local communities?

John Grady: Yes.

Beatrice Filkin: Absolutely. We see this in terms of not only the build process, but the operations of these pieces of infrastructure.

Q27 John Grady: So this Bill, which speeds up planning and consent for transmission and generation infrastructure, is really important for Scotland's coastal communities. That must follow, mustn't it?

Beatrice Filkin: Yes.

Christianna Logan: Investment in things like ports infrastructure comes directly as a result of the investment in these projects, and that investment is not secured until we achieve consents, whether that is networks or offshore wind as our customer. So absolutely there is a benefit. There is also the community benefit that will come as a result of these projects.

Beatrice Filkin: There are also the wider supply chain opportunities. Obviously, we want to see the international and UK supply chain relocating here and providing degrees of the supply chain directly for these projects from our home communities.

The Chair: As we have a bit more time, there is a last question from Amanda Martin.

Q28 Amanda Martin: My question is a supplementary to that. John spoke about Scottish coastal towns. I am from Portsmouth and we have a ferry port that is working really hard to have clean power. Do you believe that unlocking some of the grid elements of power will help other coastal areas in England as well as in Scotland?

Dhara Vyas: Yes, because access to clean power should eventually result in lower bills. In making progress in this space, you ultimately unlock economic opportunities and growth and increase productivity. The dividends of this investment are felt right across the country.

The Chair: That brings our second panel to a close. I thank the witnesses for their evidence.

Examination of Witness

Marian Spain gave evidence.

12.41 pm

The Chair: We will now hear evidence from Marian Spain, chief executive of Natural England. We have until 1 o'clock for this session. I call the shadow Minister.

Paul Holmes: May I call you Marian?

Marian Spain: Of course.

Q29 Paul Holmes: Thank you very much for coming and for the work you do. I am sure you will appreciate that this is one of the more controversial areas of the Bill, with Natural England taking on more responsibility under Government proposals. Many stakeholders have said they are concerned about the responsibility that Natural England will be taking on in terms of environmental delivery plans.

In particular, the Royal Town Planning Institute has said that it is concerned about whether you will be adequately resourced. The Institution of Civil Engineers is worried about a two-tier system and stakeholders and organisations being resourced adequately. The County Councils Network has also said that it remains concerned over the resourcing of Natural England. Do you believe that Natural England is adequately resourced and has the management structures and systems in place to cope with the extra responsibilities that it will take on?

Marian Spain: Yes. We very much welcome this Bill. We think this Bill is absolutely the right thing to give us the growth the nation needs, while not just protecting nature but giving the opportunity to restore nature. My answers will be in that context. This is a Bill we very much welcome, and it is something we have worked very closely with Government on.

In terms of resourcing, in principle, yes, the resourcing should be adequate. We have £14 million in this financial year to begin the preparatory work for the environmental delivery plans and the nature restoration fund. That will enable us to start on the first of those EDPs, and I can say a bit more about what we think those will be, if that is helpful. In future, the levy arrangement should allow us to fully recover our costs. It should allow us to recover the costs of doing the work on the ground and also the overheads that we will need to incur to work with developers to do the monitoring, reporting and so on.

I think the risk is in the early years of the scheme, when the levy is not yet flowing, but we need to get up front and do those delivery plans so that they are ready when the developers are ready to contribute. We are working with our parent Department, the Department for Environment, Food and Rural Affairs, and our colleagues in the Ministry of Housing, Communities and Local Government on a bid for next year's spending review. The limiting factor will be whether Government are able to put in initial preparatory money. For the district level licensing scheme, we had effectively a rolling fund—Government put money in up front that we then rolled over as the levy came in to fill the gap behind it.

Paul Holmes: Can I come back on that, briefly?

The Chair: Very briefly. We have to keep this very tight.

Q30 Paul Holmes: That is fine. What impression are you getting from Government that they remain satisfied, and are you satisfied as chief executive, that the whole aim of this legislation in terms of EDPs will not be undermined by a gap in funding in the early stage, before you can recover the total costs? I am not criticising you, because you are waiting on Government funding, but you used the words "should" and "may", and I want to push you on that. Have you started work at this precise time on the preparatory work for EDPs?

Marian Spain: To reiterate, the unknown that I cannot answer is the outcome of the spending review and how much the Government as a whole choose to invest in the next financial year. The other thing that this Bill and the other associated planning reforms coming forward will do is to allow Natural England to relieve some of its existing resources from lower impact work and move them into this. It is not all just about new resources.

I am confident that we can make that change. I am confident that this will be one of the most important things that Natural England does for the next five years or so. You had another question that I have forgotten.

Q31 Paul Holmes: Preparatory work on EDPs. Where are you on that?

Marian Spain: Work is under way now. As I mentioned earlier, we are doing two main things. We are thinking about the first two environmental delivery plans. This is an opportunity to mention that they are almost certain to be improving the existing nutrient mitigation scheme and turning that into a full-blown EDP and NRF system, and also consolidating the district level licensing scheme—the scheme for great crested newts that we set up five or six years ago. Those can be relatively quick wins, done within this calendar year we believe.

We are then looking at what the next EDPs are likely to be. That conversation is live at the moment with our colleagues. We are looking at three issues. We are looking at where development will most need it. Where are the development pressures? That might be major infrastructure or the new towns. Where are the places that are going to most need it? Where is it going to be most feasible—where do we believe we have sufficient evidence to have robust plans that will work and where is the meeting of those two points? That thinking about the EDPs is under way.

We are also using this year's Government investment to set up the systems and the digital systems we will need. The systems developers will need to test their impact and decide if they want to participate. That is the systems we will use to handle the money and to do the essential transparency reporting and monitoring. That will be in place this financial year.

Q32 Matthew Pennycook: Marian, thank you for giving your time today and for the work that you and the organisation are doing to ensure that the new system will be operational shortly after the Bill gets Royal Assent.

Can I get you on the record in terms of the objectives of part 3 of the Bill? Is Natural England confident that the nature restoration fund will deliver better outcomes for the environment than the status quo? Specifically on the powers that will be available to Natural England in bringing forth EDPs, do you think the Bill gives you enough flexibility to consider a wide enough range of conservation measures to deliver those plans?

Marian Spain: We are confident that this will be an improvement on the current system. We have already run versions of the nature recovery fund for recreational impact, for great crested newts and for nutrient mitigation, so we have seen enough that these schemes can work. We are confident that they will work.

We are also clear that it is an improvement because at the moment the current arrangements are sub-optimal for developers and for nature. We see that developers are investing disproportionate amounts of time on data

gathering that could be better done once and centrally. We see that investment in mitigation and compensation in the sequential scheme slows things down and does not always create the biggest impact. We also see that there is less transparency than the public and indeed developers themselves sometimes want about how the money is being spent. We are confident this will be an improvement.

The other important point to note is that many of the pressures nature is facing now, particularly water quality, air quality and recreation, are diffuse. They are not specific. They are widespread. They are cumulative. It is impossible for an individual developer to adequately consider, mitigate and compensate. We need to do that at much more of a scale. We think the measures in the Bill and the associated measures of having more robust spatial development strategies that look at nature and development together, and of having the plan up front that tells us what the impact will be and how to mitigate it, and then the fund to allow that discharge, is a major step forward.

It is unknown—well, it is not unknown, forgive me. It is a risk, of course, and people will be concerned that it will not be regressive and that it will not be a step back, but we think there are enough measures in the Bill that are clear that this is about improvements to nature—maintaining the current protections, but also allowing development to make its adequate contribution to restoration of nature.

Q33 Olly Glover (Didcot and Wantage) (LD): You mentioned that you have already started some work on environmental delivery plans. Are you able to say a little more about how long you think individual plans will take to develop and come into force, and a little more on what you said about the criteria that you will use to decide where and what sort of areas will need them?

Marian Spain: I cannot yet give you specifics. This is thinking that is happening now. We have not yet made any decisions. I have mentioned that we are looking at feasibility, demand, and ability to deliver. I think that where we will look next, the areas that are at the top of our minds in our conversations with fellow officials, will be air quality; the impact of nitrogen deposition on nature, which we see as a major risk; water quality; water quantity—the availability of water for both nature and development is high on the list; and a certain number of protected species. The commoner species of bats are likely to be able to benefit from the measures—similar measures as for newts. It is not yet all protected species, and we do not yet know which, so I cannot give you a definitive answer. I think it will be the next financial year when we start to roll out those further plans.

It is also quite hard for me to give you any certainty about exactly how long the plans will take, because they will vary, of course. Some of them will be geographically defined; some will be subject defined; and some might be species defined. They will be varied and mixed. But we are conscious that we need to move quickly on this, because we need to give developers a better solution than they currently have.

Q34 Olly Glover: I appreciate that there is a lot of uncertainty and you have been very honest about that. As a colleague of mine has already acknowledged, there is a huge amount of concern about the provisions in the

Bill. What is it that gives you such assurance or confidence, given that we know so little about EDPs, that the Bill's measures will not reduce the level of environmental protection given by existing environmental law?

Marian Spain: I suppose there are two parts to that answer. One is the success we have seen of the similar schemes already running; I could expand on that if you wanted any specifics. Also, the Bill contains a number of safeguards. I think the first thing that the Bill does is that it effectively maintains the mitigation hierarchy, because the best way to protect nature is to avoid damaging it in the first place. The obligations on developers and the legal protection for sites and species remain. The Bill does not remove those. The Bill maintains that obligation, but makes it easier and simpler for developers to discharge, and the fact that a developer will have to pay a levy will in itself make them think, "Am I better off avoiding this and therefore the cost, and building somewhere else?" There is a safeguard there.

The other really important safeguard is that the Secretary of State is the ultimate arbiter of whether an EDP will be adequate and will produce the net overall improvement. That is the other reason why it is hard to be very specific about EDPs—because until we start to develop them in earnest, it is hard to see. There will need to be a fairly robust evidence base for the Secretary of State to be confident that the measures will have a positive impact and we will have a net overall improvement.

Q35 Lee Pitcher (Doncaster East and the Isle of Axholme) (Lab): Thank you, Marian, for coming along today; that is massively appreciated. I have heard a few things today about genuine community benefits being essential—they must be delivered—and partnerships and relationships being hugely important in order to be able to facilitate those. Everybody we have talked to, including you, has welcomed the Bill and said that it will take us forward. But if the community benefits are key, you now have a huge duty, as part of the Bill, to deliver and support those. I just wonder about the cultural change that needs to go on in relation to working with others and working in partnership. How prepared for that are you as an organisation?

Marian Spain: Nearly all our work is done in partnership anyway. Perhaps I will just expand on what I think the crucial partnerships are for the Bill to succeed. Actually, before I do, I will say one other thing. The Bill will require us to not produce the EDPs in isolation. They will require us to do public consultation. They will require us to work with others. We will need to work with the local planners. We are also highly likely to need to work with those who already have the data. That might be the voluntary sector; it might be the professional ecology sector that we rely on heavily to provide us with the data to have the confidence to recommend a robust plan to the Secretary of State.

The other part very much on my mind at the moment is that one of our jobs will be to give confidence to everybody who needs to be involved in making this work that the plans are robust and adequate and will have the impact intended. One thing that developers say to me is that they want confidence that if they are going to pay money, it will be well spent. A developer said to me the other day that the thing he finds most frustrating is that he puts money into the community infrastructure levy and he never sees what it is spent on, so I think

there is something about giving developers confidence that if they participate, they can see they have done some good. Planners will need a fair degree of confidence that they are giving planning permission that is within the overall planning laws still.

We need our wildlife groups to work with us on this. We need to give them confidence, because they will own a lot of the land on which we will make the improvement. But as important—a group that we have not often talked about in these conversations—are the private landowners, who we will also need to have confidence that they are participating in a fair market where they will be adequately rewarded, should they choose to put their land in, and that they will also see that they are doing something for the public benefit.

The final group, if I dare say it, will be parliamentarians, who need to have confidence that these measures will contribute to the statutory climate and nature targets. It is all about how we work with all those groups to show that this is better.

Q36 Lee Pitcher: It sounds as though you are saying that you are ready to work across the private, public and voluntary sectors to deliver that.

Marian Spain: We are already having those conversations as part of the preparatory work.

The Chair: If we keep this really tight, we can get three more questions in.

Q37 Ellie Chowns: It says on the front of the Bill that the Secretary of State has determined that

"the Bill will not have the effect of reducing the level of environmental protection provided for by any existing environmental law."

You have spoken about how you think that there will be improvements. Are you absolutely confident that that holds, and that there is no way in which the Bill could result in a reduction in environmental protection—for example, in relation to irreplaceable habitats?

Marian Spain: I am trying awfully hard not to say that that is something for Parliament to be keeping a close eye on as the Bill goes through. There are risks. This is a very different system, and it will be embedded in legislation—theoretically, in perpetuity.

Again with our colleagues from the Department for Environment, Food and Rural Affairs and the Ministry of Housing, Communities and Local Government, we are watching issues that are being raised by others, including by parliamentarians and the third sector. We are conscious that the Bill needs to have those robust safeguards, and there may be drafting amendments that make those even more robust. The basic premise of the Bill is clear, as I have said already—that basic idea that the plans can be approved by the Secretary of State only if he or she is satisfied.

The bit that we want to keep an open mind on, however, is the fact that we need to have a system that is robust enough and has those safeguards, but that also allows flexibility in how we operate it for years to come. Nature is changing in the way it responds to climate change. Society is recognising that it needs different things from nature, with nature-based solutions to climate change and more nature for health and wellbeing, as well as just the protection of rare species. There is

something about getting that balance right to have a system that is workable in a place, and that is adaptable to what a community needs and to a particular development, but that maintains that overall aim to make nature better.

Q38 Mark Ferguson (Gateshead Central and Whickham) (Lab): I think your position is clear from your response, but for the avoidance of doubt and in the time that we have remaining, is Natural England confident that this model will deliver better outcomes for nature overall?

Marian Spain: We are confident that the model works. The detail will come as we work through which topics and which situations we actually apply the environmental delivery plans to. It is perhaps also a version of the answer to a previous question; the plans themselves can rule things in and out. We may decide, for example, that a piece of ancient woodland cannot be replaced and would therefore not be subject to these measures, so that is another safeguard.

Q39 David Simmonds: I have two specific questions about resourcing. The experience with section 106 agreements is often that, by the time the resource is aggregated to the point where it is spendable at scale, the cost of delivering what it was supposed to deliver has increased. You have described your expectation that the resource coming in will begin to cover the costs for Natural England in administering that. First, have you done any modelling on how the income and those rising costs will be managed? Secondly, particularly in the

event of significant challenges to Natural England, how can we be assured that a significant amount of the contributions will not end up being absorbed into administrative and management costs, as opposed to being spent directly on the environmental mitigation for which they were first gathered?

Marian Spain: I cannot tell you about modelling that we are doing for the future—that work has only just started—but I can refer back to what we have already. For example, with district level licensing, the formula is quite simple: how much does it cost to build a pond and how much does it cost either Natural England or, in that scheme, a third party, including private businesses, to deliver that? That is what drives the levy and that is what developers pay. They pay the cost of administration and the cost of delivery, and that is the model we will use for this. Those costs will, of course, vary—there will not be a single cost—because it will depend on the complexity of the issue and possibly even the geography, land price and so on.

The Chair: That brings us to the end of the time allotted for the Committee to ask questions. On behalf of the Committee, I thank Marian Spain for her evidence, and I thank all our other witnesses so far today for theirs.

Ordered, That further consideration be now adjourned.
—(*Gen Kitchen.*)

1 pm

Adjourned till this day at Two o'clock.