

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### LOCALISM BILL

*Third Sitting*

*Thursday 27 January 2011*

*(Morning)*

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#### CONTENTS

Written evidence reported to the House.

Examination of witnesses.

Adjourned till this day at half-past Twelve o'clock.

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**The Committee consisted of the following Members:**

*Chairs:* MR DAVID AMESS, † HUGH BAYLEY

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| † Alexander, Heidi ( <i>Lewisham East</i> ) (Lab)  | † Ollerenshaw, Eric ( <i>Lancaster and Fleetwood</i> ) (Con)   |
| † Barwell, Gavin ( <i>Croydon Central</i> ) (Con)  | † Raynsford, Mr Nick ( <i>Greenwich and Woolwich</i> ) (Lab)   |
| † Bruce, Fiona ( <i>Congleton</i> ) (Con)  | † Reynolds, Jonathan ( <i>Stalybridge and Hyde</i> ) (Lab/Co-op)   |
| † Cairns, Alun ( <i>Vale of Glamorgan</i> ) (Con)  | † Seabeck, Alison ( <i>Plymouth, Moor View</i> ) (Lab)   |
| † Clark, Greg ( <i>Minister of State, Department for Communities and Local Government</i> )            | Simpson, David ( <i>Upper Bann</i> ) (DUP)   |
| † Dakin, Nic ( <i>Scunthorpe</i> ) (Lab)   | † Smith, Henry ( <i>Crawley</i> ) (Con)  |
| † Dromey, Jack ( <i>Birmingham, Erdington</i> ) (Lab)  | Stewart, Iain ( <i>Milton Keynes South</i> ) (Con)   |
| † Elliott, Julie ( <i>Sunderland Central</i> ) (Lab)   | † Stunell, Andrew ( <i>Parliamentary Under-Secretary of State for Communities and Local Government</i> ) |
| † Gilbert, Stephen ( <i>St Austell and Newquay</i> ) (LD)  | † Ward, Mr David ( <i>Bradford East</i> ) (LD)   |
| † Howell, John ( <i>Henley</i> ) (Con)   | † Wiggin, Bill ( <i>North Herefordshire</i> ) (Con)  |
| † Keeley, Barbara ( <i>Worsley and Eccles South</i> ) (Lab)  |  |
| † Lewis, Brandon ( <i>Great Yarmouth</i> ) (Con)   |  |
| McDonagh, Siobhain ( <i>Mitcham and Morden</i> ) (Lab)   |  |
| † Mearns, Ian ( <i>Gateshead</i> ) (Lab)   | Sarah Davies, <i>Committee Clerk</i>   |
| † Morris, James ( <i>Halesowen and Rowley Regis</i> ) (Con)  |  |
| † Neill, Robert ( <i>Parliamentary Under-Secretary of State for Communities and Local Government</i> ) | † <b>attended the Committee</b>  |

**Witnesses**

Jessica Baulby, Head of Sectoral Affairs, Confederation of British Industry

Gareth Elliott, Senior Policy Adviser, British Chambers of Commerce

Roger Culcheth, Local Government Policy Chairman, Federation of Small Businesses

## Public Bill Committee

Thursday 27 January 2011

(Morning)

[HUGH BAYLEY *in the Chair*]

### Localism Bill

#### Written evidence to be reported to the House

- L 02 Wildlife and Countryside Link
- L 03 Colin Crawford
- L 04 Fleet Town Council
- L 05 Bar Association
- L 06 Town and Country Planning Association
- L 07 Hampshire Association of Local Councils
- L 08 Royal Town Planning Institute
- L 09 Chris Foote-Wood
- L 10 Building and Social Housing Foundation
- L 11 British Chambers of Commerce
- L 12 Fordham Research
- L 12A Fordham Research
- L 13 A.V. Sandell
- L 14 Mineral Products Association
- L 15 Equality and Diversity Forum
- L 16 London First
- L 17 Country Land and Business Association
- L 18 Equality and Human Rights Commission
- L 19 Mayor of London and the London Assembly
- L 20 Centre for Public Scrutiny
- L 21 Environmental Services Association
- L 22 UK Major Ports Group
- L 23 Crisis
- L 24 Brethren's Gospel Trusts
- L 25 Association of Convenience Stores
- L 26 British Humanist Association
- L 26A British Humanist Association
- L 27 Core Connections
- L 28 John Mann
- L 29 Confederation of British Industry
- L 30 Open Spaces Society
- L 31 Royal Institute of Chartered Surveyors
- L 32 Fylde Civic Awareness Group
- L 33 Selattyn and Gobowen Parish Council
- L 34 Campaign to Protect Rural England

9.30 am

**The Chair:** We will now hear oral evidence from the Confederation of British Industry, the British Chambers of Commerce and the Federation of Small Businesses. We have Jessica Baulby from the CBI, Gareth Elliott from the BCC and Roger Culcheth from the FSB. You

do not need to introduce yourselves—I have done that for you—but you may like to highlight, in no more than a minute, just one or two headlines that you would like to get across to members of the Committee. We will start with Jessica Baulby.

**Jessica Baulby:** Looking at the Bill from the CBI's point of view, and taking a quick step back in terms of the macro-economic climate at a time when we are looking at the private sector to drive the economic recovery and to create jobs, we would say that our main question is how a localism Bill drives the economic recovery. The key message that we have had from our members up and down the country over the past 12 months—it does not matter which sector, where they are based in the UK or what size they are—is that infrastructure has to be upgraded to underpin the economic recovery, and that therefore the planning system has to be as robust as possible to ensure that there are going to be the right signals for business investment.

**The Chair:** Okay. I will call a halt there. You will have plenty of opportunities to elaborate on that in your answers to questions.

**Gareth Elliott:** I concur very much with what Jessica says. We have concerns about the Bill. We do not want it to become simply a nimby charter that gives powers down to the level where people will just stop development. We want it to be pro-growth, and we have certainly heard the Government's voice on that. However, our theme through this is that the Bill does not mention business once. We want businesses to have a voice—certainly on local referendums, neighbourhood development orders and neighbourhood plans—so we want to see that in the Bill. Also, we are looking for a lot more clarification and further guidance about the Bill, because our businesses throughout the country do not understand how it will work in practice.

**Roger Culcheth:** Overall, I can only concur very much with my colleagues. There are parts of the Bill that, from the overall look at it, we would endorse, inasmuch as we in the federation believe in localism, but large amounts still have to be clarified. Likewise, we are very concerned about the lack of a single mention of the word “business” in the whole Bill. It is business that drives the economy, and that is nowhere more the case than for local small businesses. They are the heart of all the localism that there is.

**The Chair:** Thank you for your introductions. There were some hints there to Members of things that you want to be asked about. Who would like to set the ball rolling? Barbara Keeley.

**Q182 Barbara Keeley** (Worsley and Eccles South) (Lab): You talk about the importance of infrastructure and needing a robust planning system. The Bill includes a duty to co-operate. Do you think that that duty is sufficiently strong to bring about the level of strategic planning needed for the growth that you have talked about? Will it be effective? Is it enough, or are you looking for something else?

**Jessica Baulby:** We very much welcome the duty to co-operate clause in the Bill. We absolutely believe that in the vacuum left by the absence of regional spatial strategies, there should be a structure so that there is

certainty that infrastructure needs will be planned for at the strategic level. We will be recommending wording that could strengthen that clause. What will be the geographical boundaries of the duty to co-operate, and how will it be enforced?

**Gareth Elliott:** Similarly, we are concerned about how the duty to co-operate will be enforced. We do not want it simply to be the case that when politics gets involved, local authorities choose not to co-operate. We want it to be a strong duty. We also take the view that, unfortunately, a chance has been missed in the Bill to enable local enterprise partnerships to be brought together with the duty to co-operate, and potentially for them to have a role in enforcing it. We understand that they are not on a statutory basis, but we would like some consideration that local enterprise partnerships should either have scrutiny of the duty to co-operate to ensure that a larger-than-local element is brought back, or have recourse to the Secretary of State on enforcing the duty to co-operate. At present, we are being told that you can use judicial review to enforce it. Things happen quickly in the business world, and if we have to wait for a judicial review, businesses will simply invest elsewhere.

**Q183 Barbara Keeley:** So you would like to see something that is larger than local planning.

**Gareth Elliott:** Yes.

**Roger Culbeth:** I agree with the comments that have been made. We also make a comment about the abolition of the Infrastructure Planning Commission. Big projects are very technical, and the IPC consisted of people who had expertise in those areas. We are concerned that this reversion to decisions by Ministers—we are not criticising Ministers per se—may, in fact, lead to politicisation and a weakening of the position under what was regarded as a very new but useful commission.

**Q184 Brandon Lewis (Great Yarmouth) (Con):** The general power of competence will allow councils to act in the same way as an individual and therefore to contract more openly and widely in the business community. What are the opportunities for private industry to benefit from that and to pick up contracts and outsourcing from local government?

**Jessica Baulby:** From the point of view of the CBI's membership, we would absolutely recommend that the private sector has a part to play in local communities by helping to re-engineer public services. Therefore, we would recommend that private businesses, as well as other organisations, are able to meet that challenge.

**Gareth Elliott:** We are encouraged by the general power of competence. We certainly feel that local authorities should be able to try new and innovative things, such as tax increment financing. However, we have noticed that there are restrictions within the general power of competence—though there is no clarification of what they are—in relation to local authorities and involvement in commercial operations. We are concerned that local authorities could get commercial operations that crowd out private business.

**Roger Culbeth:** Yes. The FSB would agree with those comments, and I have a further comment on procurement. We are concerned that there might be a move into much larger contracts. I think that local authorities must be asked to try to place as much business as possible

locally with the small and medium-sized business community. That is very important, particularly for our members.

**Q185 Brandon Lewis:** May I follow that up briefly? The new transparency laws will allow people to see where money is being spent and where the contracts are, and private business will have the opportunity to challenge and tender for that kind of business, so do you see an opportunity for local councils not just to do something different and re-engineer, but to be more cost-effective for local taxpayers?

**Roger Culbeth:** I would say yes.

**Q186 Jack Dromey (Birmingham, Erdington) (Lab):** My question is mainly for the CBI, but also for the rest of the panel. A few days ago, Richard Lambert referred to the Government's lack of vision on a strategy for growth, particularly in relation to the productive sector. He singled out their localism plans, saying that they have

“thrown an extra level of uncertainty into the planning system and led to the poorly-handled introduction of the new local enterprise partnerships.”

I have two questions that follow on from that. First, you said that you believed that reference should be made in the Bill to LEPs. Will you expand on what you mean by that? Secondly, what is do you mean by

“uncertainty into the planning system”?

**Jessica Baulby:** Perhaps I can start with your second question. On the extra layer of uncertainty, this is the CBI listening to our members. Their response to the Localism Bill at first reading was not good. Any changes to the planning process and system—the IPC has been up and running only since last March—adds uncertainty, particularly for the major infrastructure that provides energy security and low-carbon energy at affordable prices for the UK, which we all need and want. The signals in terms of business confidence are negative. Therefore, we would defend any provisions in the Bill to encourage development in favour of the public interest, such as with energy security, and we would want to see them enforced.

Secondly, on LEPs—these are not currently in the Localism Bill—our approach, coming back to the main principles and positioning of the CBI, is that businesses want to hear what local communities think. We agree that there should be a robust system early on for local communities to be consulted, but I come back to the point about ensuring that there are not delays to the planning system.

**Gareth Elliott:** To follow on from the uncertainty question, our members have only really just got round to understanding the Planning Act 2008, and we are now starting again with the new Localism Bill. With the IPC—something we very much supported—we wanted the politics taken out of major decisions. With national policy statements being debated on the Floor of the House, we see that you have that democratic accountability in the system, but we are worried about ministerial decisions now being brought back in. We are not necessarily against that, but where NPSs are decided by the House and the major infrastructure planning unit makes a decision but the Minister goes against that recommendation—that would be Government policy—we would want there to

be some recourse. If a Minister's decision goes against the recommendation, we would want them to make a statement to the House that would be debated, or we would want the decision to be scrutinised.

On your second question, we certainly feel that there should be a role for LEPs. What we are worried about is that they become a talking shop. We are already hearing from some of our members that high-level business men who are involved in LEPs are worried about what exactly they are there to do. LEPs are meant to set up a strategic vision. If they cannot enforce the duty to co-operate, that would really raise the question of what they can do.

**Roger Culcheth:** I agree completely on the planning aspect, but may I raise one other little point about the Bill? We think that the Bill presents an opportunity to enshrine a power for local authorities somehow to protect high streets—that comes with planning, as well. The local high street is obviously very important to local communities and small businesses.

Turning to the LEPs, I can only share my colleagues' concern. We have been heavily involved in setting up LEPs, but they vary enormously across the country. The Government have asked that they be a 50:50 partnership chaired by business, but we are finding that quite difficult to achieve in some areas, with all due respect. The wider problem they face is that they have no funding. It is not clear how they will pay for their secretariat—they will need one—and things like that. It is unfair—this seems to be the indication at the moment—that the local authority, or even business, is expected to pay for this. LEPs are a great idea, but there is a lot of work to do if they are really to function properly—

**Q187 Jack Dromey:** My apologies for interrupting. You are very clear in what you have said. I have another related question. You have been very clear about infrastructure, including national infrastructure, and the LEPs. However, do you have any concerns about what the Bill's proposals for the neighbourhood plans might mean in terms of impeding development, be that housing or commercial?

**Jessica Baulby:** Yes, we do. Again, business is in favour of local consultation. We support the principles of devolving power to the local and neighbourhood level. However, again, investors are looking for certainty that their planning applications will not be blocked, as there are already provisions in the existing planning system's pre-application phase for local consultation.

**Gareth Elliott:** I concur with that. The issue—certainly at the moment—is clarification on neighbourhood plans. One question we get asked consistently is what a neighbourhood is. We do not want the plans to become a mechanism for anti-development, and we need urgent clarification of them. However, neighbourhood plans also present opportunities for businesses on business parks and industrial estates. Can businesses—again this goes back to my theme of the lack of mention of the business voice throughout the Bill—set up neighbourhood plans and therefore neighbourhood development orders to allow growth on those business parks and industrial estates to get around the planning systems? We want to ensure that there is less bureaucracy. Planning is not an impediment of growth but an enabler. Certainly there are opportunities with neighbourhood development orders that are business led.

**Roger Culcheth:** I am sorry to sound as though I am just echoing my colleague, but I agree with him absolutely. On the size of a neighbourhood, if a developer comes in and says that he wants to build 3,000 houses, how many people do we have to consult to find out whether or not that is agreeable in the neighbourhood? Three thousand is a lot of houses as a population of more than 6,000 will occupy them. There is a vision in the Bill that neighbourhoods mean quite small areas, but a lot of developers are looking at big developments. That might be accelerated—in fact it has already been slightly accelerated with the abolition of strategic spatial strategies—because there is a gap, and I know that developers have put in outline applications for some very large developments, particularly on the housing side.

**Q188 Gavin Barwell (Croydon Central) (Con):** All three of you said in your introductory remarks that you wanted to see more reference to business in the Bill. There is a whole part of the Bill about business rates that raises the threshold for having a business rate supplement, that gives local authorities the power to introduce discretionary relief schemes for businesses in their area, that gives the Secretary of State the power to make a new small business relief scheme and that also gives the power to cancel certain backdated non-domestic rates. What do you think of that section of the Bill, which is all about business?

**Jessica Baulby:** From the CBI's point of view, there was a lot of nervousness about opening up the issue of uniform business rates across the country. At the moment, businesses value the business rate system because of the predictability, certainty and uniformity that it offers them. Any stepping stone to localising business rates implies extra costs for businesses in calculating what those varying rates might be. A business with an operation in more than one locality will have varying rates of business to contend with, and that will be costly, too. Again, there is nervousness in terms of business confidence.

**Gareth Elliott:** Again, where there is small business rate relief, we are certainly very happy about that, but the Bill does not go far enough by suggesting that it is automatic. Small businesses are not necessarily aware that they should apply for business rate relief. It should be automatic to assist them, especially if we are pro-growth.

The potential localisation of business rates, which the Bill does not go so far as setting out, is certainly something that we are very concerned about. There is predictability and certainty in business rates at the moment. Businesses can plan over a four or five-year period because the rates go with inflation. If that was to be taken away, we would be very worried that businesses could effectively be priced out of areas, or that they would choose to invest elsewhere because one area's rates were higher than another's. We would like to keep it uniform.

**Roger Culcheth:** We welcome the automatic—or semi-automatic—payment of small business rate relief. You are probably aware that the federation has campaigned for that for many years, including by supporting a private Member's Bill in the previous Parliament. We would like to see a duty placed on local authorities to review their rating list at least every five years, which would be at revaluation time. They must keep the list up to date, so I think that a duty to do so should be placed on them. I echo my colleagues' concerns about localisation—they stated the case quite clearly—and I

also want to raise something else that I think is important. The process enables the business rate to be redistributed, perhaps to those authorities that have less income, and that is of great value across the country.

**Q189 Mr Nick Raynsford** (Greenwich and Woolwich) (Lab): You have expressed your anxieties about the impact of changes in the planning system, particularly in relation to infrastructure. Can I ask you specifically about the housing market? We heard two days ago from the chief executive of Taylor Wimpey that he estimated that recovery from the recession would be slow and that the new planning changes might add one or two years to the length of time it would take to get back to the 2007 output of housing. In fact, he estimated, given the changes, that it would probably be seven or eight years before housing output got back to 2007 levels. Will you give us your view about what the impact of that is likely to be, not just on the housing sector but on business as a whole? Do you, to come back to Richard Lambert's comments earlier in the week, feel that this is an area where growth, or the lack of growth, could have a serious adverse impact on the economy?

**Jessica Baulby:** Yes, the CBI would absolutely concur with the earlier panel about housing and concerns over the planning system's impact on the housing demands that local communities are looking to have filled. In terms of the wider implications, and looking at construction more broadly, there are signs of nervousness in the construction sector about being able to invest. Bearing in mind that just under 40% of infrastructure investment is foreign-owned, we are competing globally for a lot of investment in infrastructure. If we look at the most recent gross domestic product figures, the 0.5% shrinkage in the last quarter is another dent in investor confidence.

**Mr Raynsford:** And a 3.3% shrinkage in construction.

**Gareth Elliott:** I simply concur with a lot of that. The Bill is putting a lot of uncertainty into the system. Our members are saying that they have just got over the Planning Act 2008 and we have another planning Bill coming through. A lot of what we are hearing, which concerns us, is that businesses are holding back because of uncertainty. That is certainly happening with the housing market. In Bristol, we have heard that 100,000 houses were effectively stopped because those involved were not entirely sure about what would happen. Businesses need certainty, and to have a pro-growth agenda, we need to be certain of where we can put our investments. At the present time, a lot of what we are asking for is clarification, because we are not certain.

**Roger Culcheth:** I agree absolutely. Developers are holding back. They are waiting for the same clarification that we are. I think the downturn in the construction and building industry goes from top to bottom, particularly in the housing industry, because many of the people employed—plumbers, carpenters and bricklayers—are small businesses. The developers subcontract everything, and then the subcontractors subcontract again, so the impact is enormous. I know that my local area's citizens advice bureau has had an overwhelming number of inquiries from small business men who have gone bust, many of whom were in the building industry.

**Q190 The Parliamentary Under-Secretary of State for Communities and Local Government (Andrew Stunell):** This is directed more to Mr Culcheth than the other

witnesses. You have referred to the possibility of getting better protection for high streets and market town retail areas. Clearly the existing planning system has failed to do that. What do you see as the opportunities to secure that under the new arrangements, and what would you be looking for?

**Roger Culcheth:** I think there's potential for that in the Bill. Let me be honest about it; it is sometimes quite difficult for local authorities when there are empty properties. We have to bear in the mind that local authorities do not own empty properties. The empty properties are owned by property developers, who often have very large companies and who may wish to do nothing. One of the pressures that has come in, of course, is that the business rates on empty properties will return to 2008 levels from April. There will be no relief at the lower level, which will affect quite a lot of smaller properties and may give impetus to their being let and used.

On the planning side, I live in a town in Worcestershire, and we have a local shopping area with small businesses that is extremely strong. The traders are often there on this, because they are all part of the business community. Again, can we stop some of the out-of-town developments? With all due respect, the big boys have an army of lawyers to try to push their cases forward, which makes it very difficult. I know that steps have already been taken to try to slow down these out-of-town developments, but they will always find areas. We also know that some of the big supermarket chains have a stockpile of land, and steps have already been taken to try to alleviate that problem.

**Gareth Elliott:** Adding to that, I want to go back to the neighbourhood plans and our theme of a business voice. In protecting local areas, localism needs to include businesses and, as I said at the beginning, the way in which we read the Bill is that it refers to local electors and that businesses are not included. When neighbourhood plans are created, we want there to be a duty to consult businesses, to ensure that they have a role in formulating the plans across local high streets and, potentially, we want them to have a vote as well. The Bill says "local electors," but what about business rate payers? I think that there is an element there for bringing businesses in, or at least the duty to consult businesses.

**Q191 Alison Seabeck** (Plymouth, Moor View) (Lab): Do you have any concerns about assets of community value, and specifically about the moratorium and the impact that that could have on business?

**Gareth Elliott:** Our concern there, again, is whether that could be used as an anti-development tool. One view is that assets such as land that are put up for development could be given a sort of village-green status, which has happened previously, especially around Bristol. The moratorium could impact on the value of an asset that a business owned, and it might make it difficult for the business to dispose of or expand on that asset. At the present time, we need further clarification of what that means.

**Q192 Alison Seabeck:** May I come back on that? Would you envisage legal challenges from businesses that felt that this is an unreasonable constraint on their ability to sell what is, in effect, their own property?

**Gareth Elliott:** Certainly we would want to see some form of compensation if that did impact on a business that was trying to sell or move on. We would seek that, so the answer is, potentially, yes.

**Q193 Eric Ollerenshaw** (Lancaster and Fleetwood) (Con): May I go back to the CBI representative? You talked about the geographical boundaries you need, and in the written submission I think you talked about a minimum geographical level. I assume that that is a regional level.

**Jessica Baulby:** The principle is that we have always put forward the case for strategic sub-national or regional level planning. For example, for waste management to be the most efficient and effective system, it has to be planned beyond the local level. So, yes, it is about clarifying exactly what, in terms of the duty to co-operate, we mean by that geographical boundary, and we will be looking to put wording together on that to help in the amendments phase.

**Q194 Eric Ollerenshaw:** Would you accept though, that in the old system the problem with the boundaries was that some of us represent areas that are on the boundaries? In my area, business in Lancaster looks partly to central Lancashire but also partly to Cumbria. The whole of east Lancs very often has much more in common with west Yorkshire, and the old boundaries put strictures in place that defeated any cross-partnership. Perhaps the duty to co-operate introduces a bit more flexibility into the system.

**Jessica Baulby:** Right, so we would be wanting to take all that into account, and not necessarily be wedded to any particular regional structure but, ultimately, be seeking clarity and certainty.

**Gareth Elliott:** Local enterprise partnerships do not need to be set geographically in a certain area, and we support that, but they do need to be of a large enough size. We need to look at the travel-to-work area, rather than set boundaries.

**The Chair:** Can we take a rain check? I know that Stephen Gilbert and one or two other colleagues were trying to catch my eye.

**Q195 Stephen Gilbert** (St Austell and Newquay) (LD): The third party right of appeal is not in the Bill, but it was in both Conservative and Liberal Democrat manifestos. Presumably, as people are looking for a quick and speedy planning process, you are pleased that it is not there.

**Jessica Baulby:** From the point of view of CBI members, if there were a third party right of appeal provision in the Bill, that would come back to that extra layer of uncertainty. We are fundamentally looking for, and want to keep supporting, the front-loaded planning system, whereby all consultation and environmental checks and so on are carried out early on, so that once the application goes in to the planning process, there is certainty that it will not be blocked.

**Gareth Elliott:** For us, this is one of the key areas that we need to ensure does not creep back into the Bill. We very much agree that, on neighbourhood plans, looking at that consultation up front, there should be no need for a third party right of appeal later on. I concur that certainty is what we are looking for, and allowing an

infinite number of people to come in at the end of a process certainly will not allow for a fast and predictable planning process.

**Roger Culcheth:** I absolutely agree. We agree completely with all the statements that have been made.

**Q196 Stephen Gilbert:** May I pursue that slightly? If an application is turned down by a local authority, do you think that to level the playing field, the right of appeal that exists at the moment, which businesses or developers sometimes use, should be removed? Why should developers have a right of appeal if the community does not?

**Gareth Elliott:** As we have said, the front-loading of this by the consultation and through neighbourhood plans should negate that need. We certainly agree with that point. As I said, we need a predictable, fast and efficient planning system. We cannot have a planning system whereby you enter into it, you do a consultation at the very beginning, and find at the very end that anyone and everyone can object to it. If we want to be pro-growth, businesses have to be able to get on with what they need to do—expand their premises and work towards that growth agenda. Certainly we are very strongly against a third party right of appeal.

**Q197 Nic Dakin** (Scunthorpe) (Lab): I am hearing quite a lot of concern and apprehension about the direction in which the Bill is going. If you could make two changes that would give greater certainty to your members, what would they be?

**Jessica Baulby:** One change on the major infrastructure planning side is to have an absolute red line for the three-month ministerial sign-off. It is an absolute certainty that there will be no extra delay beyond those three months. Secondly, I would come back to the “duty to co-operate” clause for local planning.

**Gareth Elliott:** Similarly, certainly the business-led neighbourhood planning and neighbourhood development areas—especially areas where there are predominantly businesses—is one area where we feel there could be a huge opportunity. Again, another area is that of local enterprise partnerships, their role with the duty to co-operate, and whether they can be given power to ensure that that happens.

**Roger Culcheth:** Yes. On the point about areas, part of the Bill is called “Community empowerment”, and we would certainly like to see included in that a recognition of the business community.

**Q198 Henry Smith** (Crawley) (Con): I am hearing very strongly made points about infrastructure from you this morning and, of course, housing is a key part of that. Would you accept that, during the past decade, almost counter-intuitively, the top-down regional approach to both planning and the raising of business rates, and the redistribution of business rates through the Treasury in Whitehall, has not delivered on infrastructure projects and on house building, which is at the lowest levels since the 1920s? Although a more localised system might sound counter-intuitive, it might deliver what business needs.

**Jessica Baulby:** The CBI acknowledges that observers and analysts have come to that conclusion. However, in terms of, for example, the specific housing points, we

would advise that it has been a matter of various market forces that have led to that inability to meet the housing demand to date.

**Q199 Henry Smith:** If I may interject, market forces over the past decade, or the past couple of years?

**Jessica Baulby:** Both. In terms of the economic cycles over the last couple of years, it has been very much accelerated. Therefore, we come back to the point about wanting business certainty.

**Gareth Elliott:** I think that what businesses need is that certainty. What we have had is a haphazard approach to the planning of major infrastructure. Certainly, we are very encouraged by the Government's national infrastructure plan, which will hopefully be complete by the end of the year. That will certainly help businesses know where to invest. Fundamentally, if we are looking for investment, we need to know where public money is going to be spent. As I said, I am very encouraged by that, but planning is hugely important, especially above local level.

**Roger Culcheth:** There is something in the Bill that we have a concern about: the community infrastructure levy. It is proposed in the Bill that local authorities be given discretion over how they spend that money. Up to now, it was really directed at infrastructure projects. They might not have been very big, but they were important.

Let me turn to housing. I find it quite interesting; I know there has been a downturn in private sector housing in the last two or three years, but we have to look at the view that we have had a very low output of affordable housing. That is a big problem. I do not know what the figures are, but without going back over the last decade, if you go back and look at figures over the last 40 years, you suddenly see a big drop in the number of house completions and planning completions in those years. It is quite interesting that the private sector market, until the last three years or so, went along at a fairly stable level. When we had very high housing completions, the figure was made up of what is now called affordable housing and was, in the far-off days, council housing.

**Q200 Julie Elliott (Sunderland Central) (Lab):** I want to go back to something that you said in response to Mr Ollerenshaw's question about the need for strategic planning guidance. I am a little bit confused. You were talking about movable, although not necessarily regional, areas and how they would work if you had one project in one strategic kind of planning and another in another. I am a bit confused about how they would be strategic if they were movable. Can you expand a little on what you meant?

**Jessica Baulby:** The CBI's thinking is that it is less about having movable boundaries and more about having a duty to co-operate, to encourage local-level planning and encourage local authorities to work with one another across local-level boundaries. For example, waste infrastructure could be strategically planned beyond one locality.

**Q201 Julie Elliott:** How would you see that being enforced if there is not a structure?

**Jessica Baulby:** That is one of the questions. At the moment, as the Bill is currently drafted, it is not clear how that duty to co-operate could be strong enough and enforced. As we move into the Committee and amendments stage, we will look at various amendments to try to work out the best solutions for how to recommend the geographical levels that would deliver.

**Gareth Elliott:** I agree with that.

**Q202 Fiona Bruce (Congleton) (Con):** You have mentioned several times the need for business to have a voice. One suggestion that Mr Elliott has put forward is that there should be business neighbourhood groups. My sense from having been in business in the town in which I was a councillor is that the relationship between the business sector and the local authority tended to consist largely of paying rates and fearing a visit from a compliance officer, such as for health and safety. If business was really lucky, it was consulted on a budget that had already largely been set. Now, hopefully, we have a few more points of contact, but how do we accelerate the cultural change needed, so that those points of contact are not still seen as boxes to tick by local authority officers, and so that the business sector and the local authority can have a meaningful relationship where that voice is heard?

**Gareth Elliott:** That is an interesting question. Where businesses are involved in neighbourhood planning and have a voice in those structures, we would hope that they would engender that. We have heard many times about how local authorities engage with businesses, and four-hour meetings, where the agenda comes up after three hours, will certainly not bring that about. Local authorities need to look very much at how they engage with businesses. If businesses have that voice, that vote and that duty to be consulted in neighbourhood planning, we hope that things would improve.

**Roger Culcheth:** I think that there is a role here for the LEPs. A LEP will be composed of business and local authorities, and that is another vehicle where I hope co-operation will take place far more, with discussion opened up, so I agree with your comments to some extent.

The federation has run a very successful "Keep Trade Local" campaign, and many local authorities have joined us in it because they wish to sustain their local communities in that respect. There are big opportunities, including, as you say, to consult business organisations like our own. Small businesses are very busy running themselves; they do not have time for these other things. We can speak on behalf of them, but we need the recognition. We like to talk to local authorities, and, in most cases, we have no problem.

**Q203 Fiona Bruce:** May I ask a supplementary? I still want to probe further. I understand that business people are busy, but do you think there would be an appetite for an ongoing engagement with local authorities—a standing group, rather than an occasional group, of business people and retired business people in the local authority structure—so that there could be a continuous voice and a meaningful relationship, rather than simply points of contact during the year? With respect, most people who work in local authorities have not worked in the business environment and vice versa. We need to break down that silo.

**Gareth Elliott:** I think there is a role, as Roger said, for chambers of commerce, the FSB and the CBI. We have a continuous relationship across the country with many local authorities, and that should be bolstered.

**Roger Culcheth:** You also have local trade associations in many places, which perhaps operate in just a small area. They talk to their local authorities. To some extent, local authorities and business do work together, but that has been unsung at times, because it has been in areas like promoting sports and football clubs—I am talking about the local, smaller clubs and things like that. Businesses do take on a lot of duties and they do help, but that goes unsung to some extent. I know what you are saying, but I do not know that we really need a permanent body from that point of view.

You mentioned local government officers, but they vary enormously. Most councils have some sort of economic development officer, who is the person who should be liaising with the business community and who should know what their business community is. However, I am reminded of the adage that you can take a horse to water but you cannot make it drink, and both sides have to recognise that.

**Fiona Bruce:** Another quick supplementary, if I may. Perhaps we need someone to champion good practice in certain local authorities. From my experience, that is not happening in all authorities—if I may, I also put that to the Ministers.

**The Chair:** That was more of a comment, and as we will have an opportunity to debate the Bill in the 20 sittings yet to come, I will not ask our interviewees to comment.

**Q204 James Morris** (Halesowen and Rowley Regis) (Con): Coming back to the point about the planning system, do you accept that a key weakness is that it is perceived by ordinary people, including many of my constituents, to be remote, not democratically accountable, and something over which they have no control?

**Jessica Baully:** From talking to CBI members—again whether this is about major infrastructure planning projects or something more local—there are all sorts of different anecdotal examples and a lot of positive examples. It comes back to private sector businesses having a role to play in reaching out to the communities and educating them about the benefits.

**Q205 James Morris:** I am asking whether you accept that that has been one of the weaknesses of the planning system as it is currently conveyed? Ordinary people perceive it to be remote and not democratically accountable. Therefore, one of its weaknesses has been that people are resistant to development and to perfectly legitimate initiatives that are in the interests of your members.

**Jessica Baully:** The CBI supports the principle of the Localism Bill in that respect.

**James Morris:** Right. Okay.

**Gareth Elliott:** May I expand on that? There is an element in this Bill that looks at pre-consultation, and that is something that we very much support. Many of our members say that that is something that very much helps them to go through the planning process, and it opens up dialogue. We have a quick query about the

threshold. We do not want to see businesses that want to put up hanging baskets having to consult the whole community.

**Q206 James Morris:** I am sorry to cut across you, but I am trying to ask whether you accept the principle in the Bill that having a bottom-up planning process is going to lead to more development of the sort that you want. Do you accept that as a principle?

**Gareth Elliott:** As I say, one concern we have is that those people who generally get involved in the planning process at present are the agitated few. People are mostly apathetic. There is a perception that development happens and people get involved at a late stage, so I do not accept that in its entirety. I accept that pre-consultation will assist with development. As you say, business has a role to put forward its case.

**Roger Culcheth:** I agree completely. We must bear in mind what sort of planning application we are looking at. Most people know that there is the planning officer, but they never get involved and do not know anything about it. It is only when something lands on our doorstep that will affect our lives that we suddenly get interested. There have been big housing developments in certain areas. I live in a semi-rural area and that issue has had a huge impact. People have said, “We will not have any houses built here,” but when you look at the plan, it works out at 80 houses a year in a population of 40,000, which is really hardly noticeable. Likewise, locally, the national gas grid wishes to build a very big plant in a rural area, and that has raised huge opposition. In fact, the scheme went through two appeals before it was approved. Most people, however, just lead their lives and that is it.

**James Morris:** Can I ask—

**The Chair:** James, I think that I will interrupt you. We have only a couple of minutes before I said that I would call the Minister, and three other colleagues wish to speak. I do not think that we will get everyone in, but I did promise to let in Nick Raynsford.

**Q207 Mr Raynsford:** I just want to follow up Jessica Baully’s comment that in the case of major infrastructure decisions, she would want the Secretary of State’s time frame to be no more than three months. In your experience, has any decision reserved by the Secretary of State on a major infrastructure project been resolved within that period of time? If not—I do not know of any—is that to do with concern about the risk of judicial review because of the scale of the schemes and the interests involved, particularly if it involves a variation from the inspector’s recommendation, rather than dilatoriness on the part of Ministers?

**Jessica Baully:** It is less about the latter. There are examples of where it has taken longer than the time frame. At the moment, and this is part of the problem, we have a number of projects—50—on the IPC books. As this is still in its early stages, we have not come to a stage where we can fully assess time frames.

**Q208 Mr Raynsford:** I was thinking about the Secretary of State’s involvement in the previous system. Under the IPC, the Secretary of State does not have a decision-making role at the end of the process. Under the previous system, do you know of any case—I certainly do not—

where the Secretary of State reached a decision on a major infrastructure scheme within three months? I am not asking for an instant answer now.

**Jessica Baulby:** Not immediately.

**Gareth Elliott:** I do not, and that is the reason why there is a concern. We certainly want a 12-month period for an application to go through. We are hearing from members that a lot of the time that should be within that 12-month period is being front-loaded into pre-consultation. There is a concern that time limits will effectively push forward a rejection. That is why I go back to what we suggested earlier in terms of recourse: if the Minister does make a decision against the recommendation, that Minister must explain the decision to Parliament or have it scrutinised. We certainly stick to the fact that where major infrastructure goes through, it should be in a 12-month period, including the three-month ministerial decision.

**The Chair:** I am grateful to two colleagues for withdrawing their questions.

**Q209 The Minister of State, Department for Communities and Local Government (Greg Clark):** I think that every member of the Committee would recognise the importance of powering growth in terms of the reforms that are being made, and planning is key to that. Do the witnesses think that the current planning system is good enough?

**Jessica Baulby:** I shall first answer about the major infrastructure side. We have 50 projects in the IPC system waiting to be approved. Obviously, there is a sense of delay around that, which implies that there is not the current business investor confidence that is needed.

**Q210 Greg Clark:** And beyond the IPC?

**Jessica Baulby:** For local infrastructure planning, anecdotal examples—from talking to members up and down the country involved in planning—suggest that as the planning system is currently structured, there is not enough certainty that time frames will be fast enough.

**Gareth Elliott:** I certainly agree. In terms of the IPC, we are very encouraged by that. We want to ensure that that area keeps most of its structure, but at a local level this is still one of the key areas for business that is a barrier to growth. As I said, we want things in the Bill, such as neighbourhood development orders, that could assist businesses by taking them out of the planning process, to an extent. However, there is a concern that given what is being put on local authority planners under the new legislation, especially at a time when 27% of their budget is being cut, we are concerned about the capacity to deliver. Although we see positives, we want to ensure that this can work in the long run.

**Q211 Greg Clark:** Mr Culcheth, can you answer in terms of the current system in the high streets that you mentioned?

**Roger Culcheth:** I agree with what my colleague has said. One of the interesting things about the planning system we must remember is that it is based on a 1948 Act, which was passed when the world was very different. Well over 300 local authorities in England were responsible for planning—many quite small—and the world has moved on. For many individual local ones, things can be sped up, but sometimes authorities have to deal with very big projects and that takes time, so everything slips.

**Q212 Greg Clark:** Have you noticed, as I think some MPs have, a rise in the degree of antagonism and difficulty in getting planning applications through locally?

**Jessica Baulby:** Over the past couple of years, in terms of recent trends, it all just comes back to one thing: having more certainty, not less certainty. Any changes to the planning system will be an extra layer of uncertainty.

**Q213 Greg Clark:** Indeed, and that is the point that we will be grappling with and debating in the weeks ahead. Previous witnesses have said that there are fundamental problems. Some of your members told us yesterday that the sense of imposition creates a reaction from communities and that there is too little in it for communities. Any change obviously will create uncertainty, so I think the challenge for the Committee is to make sure that the change that we are moving to, which inevitably involves a bit of uncertainty, will get us on to the right track at the end. I am certain that we could have gone on for a bit longer, but we are out of time.

**The Chair:** We have 30 seconds for you to comment, if you choose.

**Gareth Elliott:** From our point of view, it is simply the same: certainty in the system. We have had several changes to planning legislation. We need it to bed down and we need it work—it is as simple as that.

**Roger Culcheth:** I agree with that, and may I thank the Committee for inviting us to give evidence?

**The Chair:** I am afraid that brings us to the end of our allotted time. On behalf of the Committee, I thank the three of you for an interesting and illuminating sitting. Thank you for submitting written evidence and coming to talk to us about the Bill.

10.25 am

*The Chair adjourned the Committee without Question put (Standing Order No. 88).*

*Adjourned till this day at half-past Twelve o'clock.*

