



# Built Environment Committee

## Corrected oral evidence: The grey belt

Wednesday 18 December 2024

4.30 pm

Watch the meeting

Members present: Lord Moylan (The Chair); Lord Bailey of Paddington; Viscount Hanworth; Baroness Janke; Lord Mair; Lord Mawson; Baroness Warwick of Undercliffe.

Evidence Session No. 7

Heard in Public

Questions 76 - 96

### Witnesses

[I](#): Matthew Pennycook MP, Minister of State for Housing and Planning; William Burgon, Director of Planning, Ministry of Housing, Communities and Local Government.

## Examination of witnesses

Matthew Pennycook MP and William Burgon.

Q76 **The Chair:** Welcome to this meeting of the House of Lords Built Environment Committee. This is the final evidence session of our inquiry into the grey belt and associated matters. Today, we welcome Matthew Pennycook, Minister of State for Housing and Planning, and William Burgon, director for planning at the Ministry of Housing, Communities and Local Government.

My name is Daniel Moylan and I chair the committee. At this stage I will not introduce the individual members of the committee, but they have name badges in front of them and I will call them by name when we come to each question.

I will start with a question of my own. This has obviously been a very busy time for you, Minister. In the past week or two, we have had an English devolution White Paper, a working paper on planning committees, and a working paper on development and nature recovery. We have had the scrapping of the local plans of some 60 or 80 local authorities that were found to have failed the housing test and therefore their local plans have just fallen. In addition, a new NPPF has been published this week. Is the department fully on top of all this? Is it co-ordinated? Are there cracks between some of these documents and the policies contained in them which will come to light quite quickly?

**Matthew Pennycook MP:** Thank you, Chair, for that question and to the committee for its work on this topic. It is an incredibly important part of our planning reform agenda, and I followed with interest your previous sessions and the evidence given.

The short answer to your question is no. All our policies were well thought out in opposition, particularly on the housing and planning side. We have taken those forward at pace since the new Government came into office. They are fully integrated and co-ordinated.

You mentioned some of the working papers that we have released over recent weeks—on planning committees and on development and the environment—but before that we had a working paper on brownfield passport proposals. I want to emphasise that they are at the initial consultation stage. They are seeking views at a very early stage in policy development on a subject that we know we intend to take forward, so we will refine our policy proposals on the basis of them. They are seeking early views, so they are not firm proposals on which we are going out for statutory consultation. We are trying to get an approach to consultation that allows views to come in earlier so that we can refine and sharpen policy in a number of areas.

But yes, it is integrated, joined up and coherent across all policy areas, and we are confident that it hangs together as a robust, integrated package. I do not know whether Will wants to say anything further.

**William Burgon:** The only thing I would add, to build on what the Minister said, is that you are completely right that we have run fast at producing some of the documents that you have just set out. The National Planning Policy Framework, which obviously includes the grey-belt definition and the green belt policy changes that have been the subject of this inquiry, has been the focus, as it were, in arriving at a finalised policy position. We published the final version of the National Planning Policy Framework last Thursday.

We wanted to move in parallel with that, setting out earlier-stage proposals, as the Minister said, on some of the other topics that you mentioned: the modernisation of planning committees; and work to make sure that we are able to tackle some of the challenges currently affecting both development and nature recovery, with that paper therefore covering issues around nutrient neutrality and other environmental barriers to development that are seeing the stalling of natural sites and species restoration. As the Minister said, those are designed precisely to make sure that we are not developing policy in a vacuum and that we are capturing evidence from the sector earlier.

**The Chair:** I think we got that largely from the Minister. Thank you.

Q77 **Lord Mawson:** Matthew, I am encouraged by your housing aspiration, but I thought I would begin by testing your memory. When and how did you develop your grey-belt policy? Was it developed by the Labour Party in opposition or by the department in anticipation of an incoming Labour Government? On what evidence did you and your officials base your development of the grey-belt policy, and which elements of this evidence base did you weigh most strongly?

**Matthew Pennycook MP:** That is a good and fair question. The origin of the concept lay in work that we did in opposition. I did that work, but others supported that effort. We started from the principle that we knew that if we were to significantly increase housebuilding rates and boost economic growth, we needed to release more land and to do so more strategically. But we wanted to weigh that against the fact that we recognise the public value provided by the green belt and that therefore any development on land released from it should be subject to enhanced tests—we have taken that forward in the revised NPPF as golden rules—so a premium is applied to that land. That was the origin of the concept.

We then had very early-stage conversations as part of access talks with Will, the team and other officials, where we had an open discussion about how that might be taken forward. The precise proposals we put forward in July were then worked up and refined by officials in co-operation and conjunction with Ministers, once appointed, and we further refined them through the consultation for the final product that was released last Thursday.

Q78 **The Chair:** On the question of evidence that Lord Mawson asked, you might say that it is obvious that bits of the green belt do not contribute much, but was there much more evidence than that on which you based

your initial definition of which parts of the green belt could be defined as grey? I ask that, because I would have thought that, for the policy to be worth anything, it has to make a significant contribution to housing. Would you agree? Why go through all the hassle if it makes an insignificant contribution to new housing? An evidence base would have allowed you to take some view of the balance there.

**Matthew Pennycook MP:** I appreciate the question. I would say two things. First, it was very clear to us in opposition when formulating the policy in this area that we needed to release more land into the system, and we wanted to do that in a strategic way rather than, putting it gently, the haphazard way in which green belt has been released over recent years prior to these changes. We thought there was a smarter and more strategic way to release the right parts of the green belt to the extent that you had to release.

We know, and extensive evidence and green-belt reviews that are available point to the fact, that there is low-quality land, including previously developed land, within green-belt boundaries. Beyond that very practical policy intention and impact, which we are confident it will have, part of what we wanted to get at—this is why we chose the specific term “grey belt”—was to change the conversation publicly about what the green belt entails, in a number of ways.

The general extent of the green belt is not static: it has more than doubled since 1979, and its boundaries and general extent fluctuate. It is not all green fields and high-quality parcels of land. As I say, to meet assessed housing need across the country, which is at the root of the changes we are trying to get to, and to have a planning system geared towards meeting the need in full, we think it is right to release these right parcels of land in particular local areas—we may come on to this—where they meet the tighter definition we have taken forward and where they do not fundamentally undermine the purposes of the green belt across the local plan area as a whole.

Q79 **Lord Mair:** Minister, our Chair has already referred to the significance of the grey belt in terms of how much difference it will make, and I want to pursue that point. What is your estimate of the scale of housing development that will be enabled through the release of grey-belt land? Are you able to give any indication, numerically or as a proportion of your overall housing target? What is your feel for the likely significance of the grey belt? Are we talking about 10% of the overall housing target, or is it higher or much smaller than that?

**Matthew Pennycook MP:** In general terms, I am happy to say that we do not think it will be a significant quantity of land; it will be a modest amount of land that will make a difference. Without being evasive in any way, I cannot give you a specific figure, because it is very difficult for us sitting here in Westminster to quantify the precise amount. I say both of those things—this is a prelude to what I will come on to say—for the following reasons.

Regarding the amount of grey belt, we are talking specifically about parcels of land, which is what the definition speaks to, rather than the green belt as a whole across the local authority area. Parcels of land will be identified locally through locally led assessments undertaken by local planning authorities. How they assess grey belt for a green-belt review will obviously depend on the particular geography and development needs of their local areas, although the department intends to bring forward guidance in the new year to assist local authorities with green-belt reviews. Some, as I mentioned earlier, have undertaken green-belt reviews, but lots have not, and we think they need some support. Principally, identifying those sites would be a locally led activity.

Then—this is where we could perhaps stray into some of the assessments that have been made by others, such as Lichfields and LandTech, which have made an estimate of the total proportion of grey-belt sites across the country—the locally led assessment also needs to be overlaid with the question of whether these sites meet the other national planning policy requirements. For example, are they in sustainable locations? Do they meet the other requirements in the NPPF? Do they meet our golden rules on what is required to bring them forward?

The precise amount will differ in every local area where land needs to be released. Just to take a step back, we are talking about release only where local authorities are unable to meet assessed housing need through brownfield development alone. Where it does need to be released, it will be based on a local figure, and that will differ in lots of different areas, so I am afraid it is not as easy as plucking a single-digit figure out of the air for the national total as a whole.

**Lord Mair:** I was not expecting you to be able to pluck a single-digit figure out of the air, but I and my colleagues on the committee want to get a feel from you as to the likely scale of this. Will it make a real difference, or is it just a small adjustment to existing green belt?

**The Chair:** This is the difficulty. The Minister wants to say that it is not significant, but it will make a difference. He has used both those terms. I understand why you might want to tread that line, but we would like to probe a little bit.

**Matthew Pennycook MP:** Let me therefore expand on my answer in a way that might be helpful. Several studies have been produced. I referenced Lichfields, which I think gave a total quantum of 15% of the green belt released, and LandTech, which gave a figure of 9%. They are independent assessments that make a number of assumptions, as any assessment does. We would take issue with them replicating exactly the policy approach that we have ultimately taken forward. The figures in those ranges are not overlaid with the policy requirements I have talked about.

Let us take the Lichfields figure of 15%. You have to overlay on top of that the question of whether that 15%, in terms of individual parcels of land, meets the other requirements of the NPPF in terms of sustainability,

et cetera. Also, does it meet our golden rules? Taking that in the round, I am confident that the total proportion of the green belt that will be released through grey belt will be in single digits. That is what I mean by "not significant". We are not talking about 40%, 50% or 60% of the green belt being released. In many parts of the country, that simply would not be possible without undermining, across the plan area, the fundamental purposes of the green belt. That is the backstop that exists.

However, I would slightly challenge the Chair's assertion that even a single-digit release quantum of the total green belt is not meaningful in terms of land coming forward that is appropriate for development.

**The Chair:** I do not think I said that, to be fair.

**Matthew Pennycook MP:** Modest will still be impactful, even if we are not talking about a significant quantum of the green belt as a whole being released through this method.

**The Chair:** I did not quite say that. I was quoting you; you used both those terms. That is a much fuller and more helpful answer.

Q80 **Lord Bailey of Paddington:** Good afternoon, Minister. Do you anticipate that grey-belt developments will be primarily in isolated rural locations or on the edge of existing conurbations?

**Matthew Pennycook MP:** No, we do not, partly because of the other elements of national planning policy that I have referenced. The requirement for development to be undertaken in sustainable locations will apply to land released through the grey belt. That will weigh in the balance of what sites can be brought forward through plan-making.

I know your Lordships know this but, when it comes to grey-belt release through plan-making, the Planning Inspectorate will assess whether it is sound. It will look at the other requirements which the National Planning Policy Framework makes it very clear must apply to sites coming forward. So, no, we would not expect them to be in unsustainable locations, for that reason. I do not know whether Will wants to add to that answer.

**William Burgon:** Ministers have been very clear in the policy development they have instructed since the election that one of the guides that should run through all forms of green-belt release is sustainability, which is why we have a sequential approach, which we have tried to set out in policy, that says, "Brownfield land first, grey-belt land second, green-belt land third". That is not a totally rigid requirement, because it might make sense for a local authority in some instances to say, "Actually, I'd rather release this higher-performing green-belt site that is in a sustainable location, as opposed to this grey-belt site that is not in a sustainable location". Therefore, we have had that sustainability drive all the way through, which can lead to precisely that kind of outcome, to make sure that we are making sustainability central to all forms of release.

**Lord Bailey of Paddington:** Earlier, you said that this policy is strategic

to avoid “haphazard” development. Is not the very nature of a locally driven policy suite haphazard, in and of itself, if only because the constraints are so very different in many parts of the country?

**Matthew Pennycook MP:** I would not accept that. As Will just alluded to, we are allowing grey-belt release through two routes. The first is through the decision-making route, whereby if a local authority does not have an up-to-date plan, if it is subject to the presumption, grey belt can be released through decision-making, but not land of higher quality, so no greenfield land will be released through that decision-making route.

When it comes to plan-making, it will be for local authorities to put out a call for sites, to develop their plan, to undertake a green-belt review as part of that plan-making process, and to look at whether they can meet their assessed housing needs through brownfield alone by densifying brownfield, by co-operation with neighbouring authorities, and through the new strategic planning mechanisms that we intend to introduce through legislation. Where they cannot do that, they can, through this sequential approach, look strategically at which are the most sustainable and appropriate sites to release from the green belt with grey belt prioritised.

That is a smarter and more strategic approach than the existing system in which, in exceptional circumstances, parcels of land are haphazardly released as and when.

**The Chair:** That may be the case, but I want to come back to Lord Bailey’s question, which was whether you saw it being likely that these will be isolated sites—for example, an old factory, industrial site or petrol station somewhere in the middle of the countryside—or whether you see them more as what might be called urban extensions or village extensions into the green belt. Your answer was that you believed, as I am sure we all agree, that the sites should be sustainable, but that is what we are trying to get at. Do you see these types of sites as equally sustainable, or do you imagine that they much more likely to be extensions of urban sites, conurbations, villages, whatever?

**Matthew Pennycook MP:** I feel that I have answered the question, but let me have another go.

**The Chair:** Maybe I am being a bit dense.

**Matthew Pennycook MP:** The definition of sustainable development is very clearly laid out in the framework. No development should be brought forward on grey-belt sites where it is unsustainable. The sustainability of sites must be prioritised, as I have said. We have asked authorities to pay particular attention. The detail of what that means is clearly set out in the framework—for example, the definition of “sustainable transport” when bringing sites forward.

Where those sites come forward will be very clear through that framework. It must be considered at the earliest stages of planning and

decision-making and must include how to accommodate the opportunities to exploit existing or proposed transport infrastructure. Hopefully it is clear that development should take place only in light of those considerations, and that therefore sustainability, which is well understood, is hard-wired into these proposals.

**William Burgon:** It is always hard to judge these things in the abstract, as I know the Chair would recognise. It is totally possible that in both the examples you have given the judgment is that they are sustainable depending on the specific circumstances. If there was a previously developed bit of land in the green belt that was further from a settlement boundary but which, because of its previous use, was well connected to the rest of the local environment, that might end up proving to be sustainable, in the judgment of the decision-maker—the local authority, in the first instance. If that was no longer connected by any feasible current bits of infrastructure, it might judge that it was not sustainable. That would be for the decision-maker to decide in their own context.

**The Chair:** So petrol stations are sustainable.

**William Burgon:** They could be, depending on the context.

**The Chair:** If they have not taken the road away. Is that what you are saying?

**William Burgon:** It is.

Q81 **Baroness Janke:** My question is about the definition. Many of the witnesses have talked about the definition being vague. I know that you have made some changes to it. Are you confident that the final definition is sufficiently robust to prevent protracted legal disputes? What additional clarity do you anticipate will be added by the forthcoming guidance?

**Matthew Pennycook MP:** Thank you for the question. You are absolutely right. We received over 10,000 responses to the consultation. A great number of those relating to grey belt raised issues of definition. There was broad support for the concept itself, but a general push to tighten the definition. I know that, in some of your previous sessions, witnesses have made this point very clearly.

We therefore introduced a revised definition with greater clarity by streamlining the purposes that grey belt is to be assessed on the basis of and setting a clear bar on quality. I am not saying for one moment that some people will not attempt to litigate this issue. As with every area of planning policy, that could happen, but we think this is a far clearer and tighter definition, and, as I said, we will provide further guidance in the new year to ensure a consistent approach across these green-belt reviews. Green-belt reviews do take place. Some local authorities have never done a green-belt review. We think there is a strong case for government guidance, which is why it is our intention to bring it forward, to standardise the method by which green-belt reviews take place across the country. We can therefore support that tighter definition through the guidance that comes forward.



**Baroness Janke:** So this is to be locally led. Presumably there will be quite a lot of pressure. My understanding is that the definition relies largely on what grey belt does not provide rather than clarity about what it does provide. Are you satisfied that you will not bring about protracted legal disputes, given that there is often a lot of local opposition to the sorts of developments that you are talking about?

**The Chair:** And there are a lot of moving parts in your definition. It is not a simple definition. There are criteria and conditions.

**Matthew Pennycook MP:** There are, but it is very clear in the tightened definition that we have enacted through the revised framework what qualifies as grey belt in terms of the limited contribution to the three green-belt purposes that we have arrived at.

On the general issue of legal challenge and uncertainty, having followed your proceedings, I draw the committee's attention to the comments made by Simon Ricketts, which I was struck by. The planning system works in such a way that the terms "special circumstances", "substantial harm", "less than substantial harm", et cetera, which run through the NPPF and other documents, are well understood. Those words have common-sense meaning in the courts and they are taken forward on that basis. This may not be the thrust of your question, but I do not think it introduces a level of ambiguity that is not present in other parts of the National Planning Policy Framework. I think it is quite clear what the definition is and, as I said, we will support local authorities with how they apply that definition to green-belt reviews through guidance in the new year.

**Baroness Janke:** We are not talking about a great many of these sites, but is there not a danger that what you consider to be an important contribution becomes self-defeating if you have a lot of opposition and legal challenge? Do you feel that your definition will sufficiently counter that?

**Matthew Pennycook MP:** I will bring Will in in a moment on the definition, on some of the detail changes that we have made to footnote, 7, and on how we have amended how grey belt is assessed. I will say a couple of things in general terms, as we are straying into the disincentives, the penalties, for local authorities.

As I have said, grey belt can be released through decision-making where a local authority does not have an up-to-date local plan, where it is failing on its housing delivery test or five-year housing land supply. That will be out of its hands and in the hands of the presumption of sustainable development through that route. When it comes to plan-making, under the framework local authorities now have to apply this sequential test for the release of sites. If they are not bringing forward those sites and not putting in place a local plan, they are open to the presumption.

I do not know whether that is what you are getting at, but if a local authority said, "This is too difficult, we're facing local challenge, we don't

want to proceed”, they will face the penalties of being in the presumption and allowing grey belt to be released through decision-making rather than a more strategic plan-making route.

**William Burgon:** You referenced the changes to the definition that we made between the consulted-on version and the one that we have ended up with. I know that you took evidence from a number of people who suggested changes that we could make in that process. There are a couple in particular that are worth highlighting.

One is that obviously we have restricted the number of purposes that we are considering when applying the definition. There were a couple of purposes about encroachment on the countryside and urban regeneration that of course are important to the operation of the green belt as a whole. They make sense when you are looking at it as a whole but they are very hard to apply to individual sites. They would probably be more open to subjective debate and therefore to protracted dispute were we to leave them in. For those reasons they have come out, which we think strengthens this in precisely the way—

**The Chair:** Are these footnote 7?

**William Burgon:** This is slightly different. There are five green-belt purposes set out in the main NPPF. They remain in place, but we will use three of them when assessing grey belt. That helps on part of your question.

The other thing that we have done, which again was recommended by a witness—unfortunately, I cannot remember which one; it may have been Simon Ricketts, but I could be wrong—was to look at the reference we made to footnote 7. The reason there was a reference to footnote 7 is that we would not want to see land released in areas of special scientific interest and so on where environmental protections, understandably, exist. They exist in policy, and the Government have a very clear policy on protecting them, as did the manifesto.

The original draft of the definition, in the summer, probably took a too cavalier approach to protecting them—if I can put it bluntly. It applied a very blanket rule that, in effect, everything in footnote 7 was out of bounds. We have just applied the general test that we apply in the rest of the framework, which means that something like a site of special scientific interest would expect a pretty full protection; for a flood-risk area or a lower designation, like a local green space, a judgment could be made by the authority. Those things are no longer binary, in or out; a sensible judgment could be reached by the authority. We think that both of those are important improvements to the definition.

Q82 **The Chair:** I have a question about paragraph 146 of the NPPF, which I think is new. It arrived slightly out of the blue, no doubt as a result of consultation. It says that “where an authority cannot meet its identified need for homes, commercial or other development through other means”, it will have to “review Green Belt boundaries in accordance with the

policies in this Framework and propose alterations to meet these needs in full". This is now separate from grey belt so, in fact, advances into the green belt will not be simply in grey-belt sites—although they might be wholly satisfied by grey-belt sites—but could be much broader because of this requirement.

I have a couple of questions about that. First, I know that this will be very difficult for you, but the scale could be much bigger than grey-belt sites. The requirement here is to allocate land in the green belt that meets the lacking requirements in full.

Secondly, on process, will this be a review for authorities that do not have satisfactory local plans or that have no local plans at all? We know the ones that do not have an adequate supply of land to meet their needs. Will this be a rapid review that takes place urgently, or will it be done through the local plan process, which can take a long time?

I might as well develop the full complexity of it being done through the local plan process, as I see it. Every green belt in the country involves more than one local authority, so it will require joint working on local plans, which adds complexity to the issue.

Then the *English Devolution* White Paper has just appeared, which proposes strategic regional authorities, which are required to have spatial development strategies. The other day I heard somebody say that this was a new idea, but I have a London background and know perfectly well from London what a spatial development strategy is. A spatial development strategy that does not say something about green-belt development—pro, anti or stopping—is not a spatial development strategy. Will all these decisions end up being made not through a joint local plan or a local plan working jointly, but rather through these new strategic bodies, which appear as a proposal in the *English Devolution* White Paper?

The fundamental question is: will this happen quickly, or will it be tied up in endless bureaucracy as you work out who is responsible for it? Will it make a difference, and will that be really dramatic, especially compared to the grey-belt proposals, which we are perhaps spending too much time on? I am sorry that that was a very long question, but I thought I would get all the complexity in.

**Matthew Pennycook MP:** Absolutely, and there were several points well made. I will take them in turn and bring in Will to add any extra points that I may have missed.

We are very clear that housing and other development needs must be met in full. This is a fundamental point of difference now between us and the Opposition and some working in the sector, who think that it should not be prioritised. It is partly why we undid a number of the changes made to the framework in December 2023. You can take all the different tests you want—tests on the softening of land supply and others—but, in essence, it allowed local authorities to plan for less than their nominal target number, which remained alive but not honoured. We have undone

those changes; we want a planning system that is geared towards meeting need in full.

On how those plans are developed and how they take the changes we made through the framework into account, we have already referenced the sequential test. However, you are right that, in extremis, a local authority must exhaust all other options—if I can put it that way. So it has gone out to a call for sites, brought forward all its potential brownfield sites, looked at whether those sites can be densified appropriately and sustainably to contribute to their new LHN number, and explored cross-boundary working on how it might meet its unmet need. At that point, it is therefore into the sequential test for release and is looking at grey belt. If it does not have enough grey belt, yes, in extremis it will be asked to release higher-performing green-belt land, but that is for local authorities to assess through the plan-making process, having exhausted all other options along the way.

There is slightly more to local plans coming forward than I think the committee wants to probe. In essence, it has been a real failing of government policy over recent years to have allowed a planning system that is predicated on local plans but is operating based on less than one-third coverage of up-to-date local plans. It is unsustainable. We will get more and more development through decision-making and the presumption. That can be high quality but, in many instances, local communities will rightly take issue with development happening outside of the plan on unallocated sites in that way. So we need to drive up local plan coverage.

We have set out a very clear deadline of 13 months for those local plans to come forward, and they will be new-style local plans. This is something that we have inherited from the previous Government in the changes made through the Levelling-up and Regeneration Act. We are very clear about the timelines for introducing those plans. We have already written to local authorities on the back of the changes made to the NPPF last week to say that they have 12 weeks to set out a timetable, so that we can clearly understand how they are going to take this process forward.

That is where these policies will apply to that plan-making process, so we want this to happen in short order, and the authorities that have not done green-belt reviews will, as I say, be provided with support through guidance and capacity. We can perhaps touch on the funding that was allocated through the Budget to planning capacity and capability to help local authorities do that. We are very clear that it has to be taken forward through that route.

Then there is a separate conversation with local authorities that are at an advanced stage of plan-making and will come under the 12 March deadline for meeting our transitional arrangements—where we flexed again from what we proposed—or local authorities that have an up-to-date local plan but the LHN number that they are delivering is significantly different from the new LHN number that we are asking for. A 20% buffer will be added in July 2026, so they can start to top up their

sites and we will not have a cliff edge at the end of the new process in which a new plan has to be brought forward in one go. We want to step up to the new LHN number, and we think that is reasonable in the circumstances.

We can get into green-belt reviews more widely. The White Paper published our preferred model, which is the spatial development framework. The legislative basis for that is the Greater London Authority Act. but—to put it this way—we do not see every SDS that will come forward in every part of the country as being equivalent to the London plan, and nor are we talking about big local plans. We are talking about spatial development frameworks and spatial infrastructure with a sort of light touch.

**The Chair:** It would have to include the green belt.

**Matthew Pennycook MP:** It could and it would. In many cases, it would be sensible for it to include a wider but more strategic green-belt review, as part of those SDS processes.

This is where the relationship comes in: we are asking local authorities in those areas and subregions, once we determine the geography based on feedback to the White Paper, when bringing forward that high-level spatial development strategy, to do so concurrently with the local plans and ensure that they are aligned with it. I do not think there is an incongruity between green-belt reviews at the local and strategic levels.

**The Chair:** It depends who is calling the shots. If you have local authorities working to 12-week deadlines and they have to get on with it—

**Matthew Pennycook MP:** A timetable, yes.

**The Chair:** They will be asking you when it should all be completed by to decide new boundaries for the green belt in their area, and then you have regional authorities coming along later—

**Matthew Pennycook MP:** They will not be regional.

**The Chair:** I beg your pardon. Strategic authorities will come along with their spatial development strategies later, which cover a wider area. They will either accept what has been done by the local authorities or boss them around. That is what it will all come down to. I suspect that we do not know the answer to this and that more work is required.

**Matthew Pennycook MP:** More work is required and is taking place, as we look to put in place for non-mayoral areas through the planning and infrastructure Bill, which will be forthcoming next year, on precisely how this will operate. In those circumstances, the logical outcome would be that an SDS has to take account of green-belt reviews that have already taken place and of up-to-date local plans, but plans that are not up to date and are being developed therefore have to be developed in line and concurrently with that emerging spatial development strategy.

**William Burgon:** Given that your question, Chair, fundamentally cuts to the logic behind some of these steps, I have two points. First, I should clarify that paragraph 146 was a proposition in the summer consultation.

**The Chair:** I am sorry.

**William Burgon:** Not at all, I just thought I would clarify that for the committee's benefit. The first bit of logic is that, fundamentally, as the Minister said, the Government want to see plans in place across all local authorities. But, as we have said, the state of up-to-date local plans is poor at this point in time. The Government also have aspirations to build 1.5 million homes in the course of the Parliament. To drive plan-making and to see the release and development of housing in the near term, we have allowed grey-belt release outside of plan-making for authorities that are not meeting need and do not have up-to-date plans. Through plan-making, we are saying that you can release higher-performing green belt, if you need to, to meet your housing need only after looking at brownfield and grey-belt land first.

That is the logic behind that differentiation. The Minister will correct me if I am wrong, but I think the Government's clear intention is that, in due course, all green-belt release ideally will occur through plan-making because everywhere will have an up-to-date plan. In effect, grey-belt release outside of plans will ideally be a temporary measure.

**The Chair:** It will wither away like the state.

**William Burgon:** On the second piece of logic, I am in danger of having lost my train of thought right at the end.

**Matthew Pennycook MP:** There was a lot in the question.

**The Chair:** It was about the strategic development framework being overlaid on this.

**William Burgon:** Thank you. Moving to having strategic plans that cover all areas of England, which we set out as an aspiration in the summer and which is detailed in the White Paper, will fundamentally require legislation to achieve. That is why we will use the planning and infrastructure Bill to provide these duties and, critically, to provide the powers for those plans to be agreed. Where they cannot be agreed by the relevant authorities, the backstop is ultimately ministerial intervention. Without those powers, you will not be able to get to a position of universal coverage. Given that that takes time, it feels right for now to run with the system as it stands. Frankly, it will take a number of years for us to pass the legislation and then move to the world where the relevant authorities produce an SDS. There is no immediate conflict coming. If that resolution materialises, it will be in a number of years' time.

Q83 **The Chair:** That allows me to ask my last question on this topic. I appreciate that, to have a strategic development framework and strategic authorities in place, there will be legislation and time taken, and it will not happen immediately. I follow that. On the green-belt reviews, which

are quite separate and contained here, how many years will it take to get them pretty well complete—90% complete—across the country? We will probably never achieve 100%, because we all know that nothing ever quite works in the way it should. Will it be the end of next year, or two years from now?

**Matthew Pennycook MP:** It will have to run concurrently with and as part of the plan-making process, for which there is a clear deadline. We intend, in a way previous Governments have not, to impose that deadline.

**The Chair:** Have you said what the deadline is?

**Matthew Pennycook MP:** Yes, it is 30 months for those plans to be put in place.

**The Chair:** Two and a half years from today?

**Matthew Pennycook MP:** For all local plans, yes, but across the country plans are in different stages of development, so you will see a number coming forward far earlier than that. Under the new framework, they will have to undertake green-belt reviews as part of that sequential test, unless they are very clear through the existing call for sites policy or knowledge of their land that their total housing need can be met through brownfield land. The simple answer is that waves of local plans will come forward within the 30-month deadline, depending on what stage people are at. We then have the separate question of how many come through under the transitional arrangements and are allowed to go to examination under the existing LHN numbers in the framework as before last Thursday.

Q84 **Baroness Warwick of Undercliffe:** I turn to social rents. Minister, you have emphasised on many occasions the importance of and need for building for social rent. You have settled on a 15% premium on local affordable housing targets. Is the 15% subject to viability and therefore a degree of flexibility? We are concerned to understand just how much flexibility is being built into this. How much relates to social rent? Basically, how will social rent be prioritised within this new target?

**Matthew Pennycook MP:** There is a lot in that question that sits outside the NPPF. I am happy to talk about it. We have been very clear that we want to prioritise future grant funding towards social rent. We deliberated on the framework and what comes forward under the golden rules extensively within government. I am more than happy to say so, because in some instances the judgments are fairly finely balanced. The general approach was to try to maximise the amount of housing supply coming through the new framework and the new approach to green-belt release, and therefore the amount of social and affordable housing coming through.

If you recall, Baroness Warwick, we consulted on a flat 50% target across the country with site-level viability assessments incorporated into that. That reflected our clear intention in the golden rules, as set out in the

election campaign and before, to aim for that enhanced figure, which is much higher than most local authority affordable housing targets in local plans, because of the recognised public value of the green belt and, therefore, the premium we expect for that.

Through consultation responses, we got back two major concerns. One was the uncertainty that our initial approach would engender about which sites could come forward and the fact that large numbers of them might be subject to viability tests, which might gum up the system and slow things down. More important was the fact that, in the final decision we made, that flat 50% did not take sufficient account of the variation in land values across the country. In a sense, we would have made a huge swathe of sites in the Midlands and the north unviable and nothing would come forward through this route.

The approach we have adopted provides more certainty and is more sensitive to local variations in land values. That straight 15% premium on top of affordable housing levels as set out in the local plans will see a significant amount of development come forward in lots of parts of the south and south-east. That will easily sustain 50% affordable housing contributions. It will also allow, in parts of the north, rates under that to come forward, but the median across the country will meet that 50% test.

On the flip side, by saying, "Okay, you can have a more locally sensitive rate", we have said that we are not allowing viability assessments through release until we have revised the viability planning policy guidance. At that stage, we are clearly minded to allow for exemptions on sites that involve viability challenges; for example, on previously developed land or on larger, more complex mixed-tenure sites, where we think viability will have a role.

However, very clearly at this initial stage, there will be a more locally sensitive 15-percentage point premium over local rates but with no viability. We think that will allow more land to come more quickly and more smoothly through the system. Applicants face a very clear choice: can they meet those requirements without viability assessment or not? If they can, they should bring their sites and their applications forward on that basis.

**Baroness Warwick of Undercliffe:** You have placed a lot of emphasis on social rents, and we all know that "affordable" does not describe "social", or what can be afforded by those in the most need. Can I ask again whether there is any way in which you are seeking to determine the level of social provision that you expect to result from this change?

**Matthew Pennycook MP:** If I have understood your question correctly, we have not said when applying the 15-percentage point premium to the local rate that a specific proportion of that affordable housing must be social rented housing. That is because we want to account for local variation, so it is a straight premium on the affordable housing policies as



set out locally, which will include clear policy in most cases about the proportion and what is expected.

Other changes that we have made to the framework, which Will might want to comment on, have made clearer our focus on and prioritisation of social rent. For example, we have split the definition of social rented housing from affordable in the glossary, just to make it very clear that it is a distinct tenure that we want to prioritise. There are also changes that will allow local authorities to be more specific about the precise mix they want to see come forward.

**William Burgon:** One change that we made in the wider framework is that there is now a requirement on local authorities when setting their requirement for affordable housing in the plan specifically to call out the minimum requirement they expect for social rent. That is change that we have made in this version of the NPPF. Precisely as the Minister said, the reason for not setting a specific national position is that we do not feel that it would work and be reflective ultimately of the different needs of local authorities across the country. However, we want the minimum requirement that every local authority is setting on social rent to be transparent and to be published.

Q85 **Baroness Warwick of Undercliffe:** To take a slightly different tack, how will you judge the success of this change? What will it look like in terms of timelines and delivery from the perspective of the department? What measures will you introduce to track its success and progress? Do you have any projections over the time of this Parliament in respect of achieving the 1.5 million homes? Have you set any targets sequentially so that you know when you will have met them, and you can judge whether this has been successful?

**Matthew Pennycook MP:** I appreciate the question. I was challenged by the Select Committee in the other place on precisely this point and will give you a similar answer. It is not as easy as saying that we have a specified annual target within the 1.5 million. If we had inherited from the previous Government a steady state of supply at a high level, we could have said that we intended to continue with that steady state of supply or increase it by a marginal amount. What we have instead inherited is a very sharp downturn—I would go so far as to say a collapse—in affordable housing supply in many parts of the country, so we are in a real trough. You will know that the OBR is projecting supply to come in under 200,000 this coming year. It was not published by the previous Government, but we discovered on taking office that the affordable homes programme, which had an objective of delivering up 180,000 affordable units over the period of the programme, was down to estimates of between 110,000 and 130,000, so we are in a real trough.

We have specifically chosen a whole-Parliament target for that reason. I cannot give you year-by-year projections, because a number of variables are in play and have not been determined yet, but I will give you one example which I am happy draw on. Future government investment through grant funding for affordable homes through the successor

programme to the affordable homes programme will determine what proportion comes through in grant-funded affordable housing through that route and what contribution it makes. There are elements to be decided that will determine the precise trajectory.

We have been very open and clear that this is an incredibly difficult target to achieve—it is a real stretch target. I have said before that we could have picked a very easy target, such as 1.1 million, which would have been very easy to deliver, given the bold reforms that we are introducing. We decided not to do that, because it would not have been commensurate with the scale of the housing crisis we see across the country. We have deliberately picked a very difficult target to achieve. We think it is achievable if every element of the plan is put in place, which is why we have acted very quickly on planning reform and other elements of the changes that we need to make, on the basis of a quite detailed agenda drawn up in opposition. We are clear that it can be achieved, but it will be a very steep trajectory and it will entail—I will be very open about this—very high rates of delivery in the later years of this Parliament.

I hope that explains why we have not divided the Parliament up into years with annual targets. It is a whole-Parliament target for that reason. We have to pull ourselves out of this trough that we are in and step things up significantly in later years.

**Q86 Lord Mawson:** Matthew, I am in favour of Governments being bold and ambitious, even though it is sometimes difficult to achieve those things. I am encouraged that people talk about pragmatism. One thing you are talking about as a Government is restructuring large parts of the public sector. As someone who spent 40 years building stuff out there, including a lot of housing, I know that, once that starts to happen, all sorts of decision-making stops, because people are worrying about their jobs and all sorts of things.

What thinking have you done about what you would do about that? In the real world out there, in terms of getting stuff built, once you start restructuring it becomes very difficult to get decisions made. In my experience, it is particularly complicated to enable development on grey-belt land, for all sorts of reasons, so you need great flexibility and time. What has your thinking been around those practical difficulties?

**Matthew Pennycook MP:** Just to press you so that I understand the question, when you refer to public sector reorganisation, are you speaking specifically of the devolution White Paper?

**Lord Mawson:** You are talking, for example, about districts, counties and a whole range of stuff; there may be other things that come along. Once that starts to happen, other things start to happen.

**The Chair:** Local government reorganisation on a large scale has a history of being disruptive.

**Matthew Pennycook MP:** We think there is a clear justification for the proposals that we have set out. The evidence has been spoken to by my colleague the Minister of State for Local Government. In terms of the impact on the planning system and local planning departments, I push gently back on the extent to which the changes will be disruptive, but I would also make the point, which we can come back to, about the amount of money that we are injecting into the system to assist with the implementation of them.

As I set out in my Statement to the House on the revised National Planning Policy Framework, more than £100 million in total is being injected into the system to help these changes to bed in. In particular, there are historic planning capacity and capability challenges. There are other construction, workforce et cetera challenges that we might get to. I in no way discount the pitfalls that lie ahead and the challenges entailed, but, as I have said, we think this a stretching but achievable target if every element of the plan is put in place. We are working quickly to ensure that that is the case.

Q87 **Lord Bailey of Paddington:** Do you agree that the definition of grey-belt land suggests that the majority of sites that will be released will be relatively small?

**Matthew Pennycook MP:** I do not follow the logic, Lord Bailey. Could you perhaps set out why you think the definition implies that those sites would be small?

**Lord Bailey of Paddington:** It is because of the nature of sustainable sites that already exist. You made a point or we talked about how they could be connected to existing conurbations or would be remote. This all suggests that they would be relatively small sites.

**The Chair:** There was a suggestion previously that they would be enclosed sites.

**Matthew Pennycook MP:** I do not think the definition necessarily implies that they would be small sites, no.

**William Burgon:** No, we do not expect them to be exclusively small sites. On the contrary, we would expect a range of site sizes. I cannot do better than to point to the oral evidence you had from the witness Philip Barnes, the planning director for Barratt. He provided commentary on its intentions, as a major housebuilder that focuses on larger sites, to submit applications on the grey belt. We also hope for and look forward to seeing applications from SME developers, but we expect a variety of sizes of site. We do not want to see applications from only the large developers, and the Minister might want to add more on the SME position, depending on where the questions go.

**Matthew Pennycook MP:** I come back to the fact that, through plan-making, in some instances a local authority will be able to meet the majority of its need through brownfield. It would need to release only a handful of grey-belt sites, which might all be small. In other instances

where grey belt is required to meet more of that need, it might have to look to larger sites. The authority will appraise that through the locally led assessment, and we will support that through guidance.

**The Chair:** That is a very interesting invitation. We are going to ask two more questions. If there is time left over, and there might be because we are doing well on time—I know you have a limit—we might take advantage of that offer to ask about the SME construction sector and construction skills, in which we have taken an interest in our other inquiries. At the moment, we will plough on with the questions related to this inquiry, but that was a helpful invitation, which we might take up.

**Q88 Lord Bailey of Paddington:** I will wrap two questions together. How will you ensure that sustainability objectives will not be used as an excuse to prevent sites being developed? How will you mitigate the challenges likely to be posed, because a lot of these sites will be small? Even if you do not accept that the sites will be small, those that are relatively small would get strong community voices against development on them. That sustainability objective would become a much bigger issue on the green belt when it is obviously not for brownfield sites. These two issues—smaller sites and sustainability—mean that many local communities will strongly object. How will you mitigate that, because it could stop large numbers of sites from being viable? They will just not move forward.

**Matthew Pennycook MP:** I reiterate that we do not accept that all these sites will exclusively be small. Objections based on sustainability will be taken into account by the local planning authority when coming to a determination on a particular application. If necessary, they will be tested at appeal by the Planning Inspectorate. Perhaps I failed to follow the thread of your question, but I would not necessarily assume that that provides an enhanced route to object and ultimately stop planning applications coming forward on these sites vis-à-vis others, through the planning system.

**William Burgon:** Sustainability and sustainable development is a central thread of planning policy and was before the changes that we made to the grey/green belt and the other amendments. With the changes, which we alluded to earlier, that we made to the definition of grey belt to make sure that that sustainability thread runs through it, we are making sure that we are consistent with the wider policy position, maintaining sustainability as a central objective of planning policy.

**Matthew Pennycook MP:** It is worth touching on how, through the decision-making route and the presumption for sustainable development, we are ensuring that the changes we have made bite and bite effectively, where areas are not delivering or do not have an up-to-date plan. However, we have put safeguards in place to ensure that the development that comes forward is of sufficiently high quality and is well designed, but only in terms of the requirements that are already in the framework, that exist and that should be read across in the balance of considerations when a decision-maker makes a determination.

**Q89 Lord Mair:** You mentioned land values earlier, Minister. I want to ask you more about the concept of benchmark land value. As we understand it, annexe 4 in the draft NPPF referred to this, but I think you are acknowledging that more work is required. Can you say more about benchmark land values? What is their primary purpose, and what is your proposed timeline to establish a benchmark land value regime?

**The Chair:** As I think this all comes together, could you tie that into what you said about viability? Now that there will not be a viability test for grey belt, what is the role of benchmark land values in the calculus? I do not understand any more, but you might be able to explain.

**Matthew Pennycook MP:** It is a complex policy area, so I will try to be as clear as I can about it. Annexe 4, as proposed in the July consultation, has been dropped. We wanted to test benchmark land values across the country to see whether that would be a way to—what is the best way to phrase it?—dampen speculation on this new category of land that is being released and has not yet been priced. That is an important factor to consider.

On the changes we are making to the golden rules and that variation, as I said, I have tried to bring home the judgment we made about having more locally sensitive rates by applying that 15-percentage-point premium to local affordability levels. On the other side of the ledger, we are shutting down site-level viability assessments as a result. Applicants face a very clear choice: do they think that they can bring forward a deliverable, viable site on this basis or not?

Once we have, as we intend, refreshed or revised the PPG on viability next year, we will look, as I said in an earlier answer, to allow some exemptions to that blanket prohibition on viability for previously developed land and for large, more complex, mixed-tenure sites where viability challenges will be more acute. Eventually—this perhaps adds to my previous answers in a helpful way—we want to supplement this development management period, for want of a better phrase, with a system where golden rules are locally developed. So we will have locally sensitive golden rules or viability tests going forward, which will account for local variations in land values even better than the 15 percentage points nationally applied. We think that will account for those variations across the country but provide certainty so that sites can come forward through this route. I hope that is helpful.

**Lord Mair:** I want to ask a bit more. Like the chair, I do not fully understand the purpose of benchmark land values anymore. Can you elaborate on that?

**William Burgon:** Benchmark land values are currently used in viability assessments, which, as we have just been discussing, are a way of looking at a particular application and assessing whether it ultimately holds to its commitments, for example as part of a Section 106 agreement—the affordable housing provision and the precise tenure mix.

Those are usually set by the local authority and fed into the viability assessment.

In the summer, as the Minister described, we considered using a nationally set benchmark land value as a way of having the 50% affordable target for golden rules, but tightening up the viability that would be applied to that. In the summer, we said 50%, but we recognised that land values vary. Therefore, there will need to be viability, but we would like that to be tighter. That is the best way I have to describe it.

As the Minister said earlier in response to Baroness Warwick, the position we arrived at, which is stronger in output, is to allow the upfront target to be sensitive to land value. That is why we have done the 15% premium on the local target rather than a 50% national position. That is responsive to variation, so we can go even tighter on viability and, for now, have a moratorium on viability, so do nothing until we do the guidance.

Then, as the Minister said, for schemes that are more complex or have remediation requirements that require viability—previously developed land, large and complex sites—we will look at how we open that up, what position we put around that, and, for more run-of-the-mill applications—a developer would probably say that there is no such thing, but the committee will get my drift—the more stringent rules that apply to viability there.

**Lord Mair:** Do I understand that you are moving away from the concept of national benchmark land values and that local authorities will have more say in the setting of benchmark land values?

**William Burgon:** It was not right to move to a national benchmark land value at this point in time, and we think that the system that we have arrived at is the right one. We will be considering the full suite of options that are open to us in the viability guidance that we intend to publish in the spring, so I do not want to say more than that at this time.

**The Chair:** I was going to invite you to say a little more about that, although it is slightly off-topic. Have you said already what you are aiming to achieve by revising the viability guidelines?

**Matthew Pennycook MP:** No, we have not.

**The Chair:** You would not like to say it today.

**Matthew Pennycook MP:** Not at this time.

**The Chair:** I just thought I would give you the opportunity, because it would be of great interest if you did.

Q90 **Viscount Hanworth:** You are talking almost as if land values already exist in a definitive way. Would you deny that? It seems to me that part of the issue is a matter of discovery. Particularly under the impact of new

policies, there is a need to discover what the market might generate.

**Matthew Pennycook MP:** That is a fair challenge. I come back to the point—I do not mind being candid about this—that grey belt in particular is a new designation of land that we have brought forward through the revised framework. It has not been priced yet. There are downsides, which is why we want to explore refreshing viability, to allowing it to be priced on current viability rules. That is why we are looking to refresh viability guidance in the new year.

**Viscount Hanworth:** My designated question is a little different. It appears that the implementation of the grey belt policy, or housebuilding policy more generally, will require some extra resources. Can you give us an assessment of this? There surely must be a division between the diversion of these resources to central agencies, such as the Planning Inspectorate, and local agencies. Can you give us some feel of this? I had a figure of £46 million to be devoted locally, but £100 million has also been mentioned. Can you assign this money?

**Matthew Pennycook MP:** Yes, we can, and I think it is set out in the relevant documents that we released last week. It is £100 million in total injected into the system, and the budget of £46 million was allocated for planning capacity and capability support more generally, including the 300 graduate and apprentice planners we want to bring forward. That was one of our manifesto commitments.

Specifically on green-belt review, Will will correct me if I am wrong, but £14 million of that is allocated specifically to support local authorities with green-belt reviews and implementing on the basis of the guidance. We want to bring forward those reviews as part of planned development.

**William Burgon:** On the £14 million being allocated to the authorities that will need to top up their plans in the coming weeks, some of those authorities will need to do green-belt reviews as part of that process.

**Viscount Hanworth:** I have a figure of 300 extra personnel. Those are local planning officers, are they not?

**Matthew Pennycook MP:** If you recall, we made a specific commitment through taxation changes to bring 300 extra apprentice planners into the system. There is a wider debate, which I am happy to return to for the committee at some point, on how we plan for the planning system. I do not think we are particularly effective in ensuring that enough planners are being trained and brought on-scheme. We have lost significant numbers of planners to the private sector. We relied for many years on Australian and New Zealand planners, but I do not think they are coming over in those numbers we used to have.

There is a real capacity and capability challenge in local planning departments, bound up with historic cuts to core funding on the part of local authorities. Planning departments shed officers in some cases as a result of that. In terms of what the system needs, it is a real challenge to

be doing some of this local plan work—green-belt reviews and so on—which is why we are injecting that funding.

**Viscount Hanworth:** Can I ask about their skills? They are not necessarily architecturally trained.

**Matthew Pennycook MP:** They are not in-house local authority architects. We are talking about qualified and trained planning officers.

**Viscount Hanworth:** So the system is thoroughly depleted and has to be—

**Matthew Pennycook MP:** Yes, it is thoroughly depleted.

**Viscount Hanworth:** So I imagine that you will evolve the plans as you discover the deficiencies.

**Matthew Pennycook MP:** I am straying outside my brief, but when you confront the challenges of the housing and planning system that we have inherited, you bump up against the fact that the state has been hollowed out in several areas that impact directly on the functioning of that system.

Q91 **Lord Bailey of Paddington:** Slightly cheekily, I want to concentrate on the 300 graduates that we have coming through. In my experience of the planning system and the people in it, it is the culture that needs to change as much as the policy. Culture outperforms policy every time. If you train new planners in the old way, will we not get more of the same? Is there some element of the training that will be adjusted to make these planners more relevant to the world that we are in now as opposed to the world that we used to train planners for?

**Matthew Pennycook MP:** I am not sure I accept that the culture of planning departments is the root of the problem across the country. There are very specific challenges. The previous Government carried out a review into this about resource skills, capacity and capability, and whether the system has what it needs. We have been very clear in our expectations of planners and the value that we place on them. I wrote in the summer to the Planning Inspectorate and to RTPI to make clear our expectations in this regard.

We have published a working paper, as you know, on how we can modernise planning committees. Some of that means not removing local democratic oversight of applications, particularly the most controversial or significant applications, but ensuring that trained planning officers are trained and focused on decisions that do not necessarily need to come back to planning committees.

I have sat on a planning committee and can tell your Lordships that on a very technical reserved matters application, for example, councillors are rarely engaging with the detail at that level. In many instances they are returning to re-litigating the outline decision. Do we need them to be



doing that, or can we get more timely decisions and a more streamlined process for ensuring that those types of applications—

**The Chair:** Just to help Lord Bailey with his question, do we need to have so many detailed, reserved matters coming back at all?

**Matthew Pennycook MP:** Can those decisions be taken by trained planning officers deploying the expertise that they have? That is what we are seeking initial views on through the working paper.

**Lord Bailey of Paddington:** That is the question I am puzzling over. I did not say that they were the root of the problem. I said that culture outperforms policy every time. I want to understand whether it will be reflected in how we train planners. If we train planners the way we always have done, we will get what we have always had. On thing we can all agree on is that we are in very different circumstances than we have been in historically. If we are going to ask the political end of this equation—councillors in planning committees, et cetera—to modify their behaviour, it would be helpful to them and to the entire situation if planners arrived with a fresh view of how the world is and how it is going to be rather than how it was. Will that be reflected literally in the syllabus, in the things that they are taught?

**The Chair:** I think we have got the point. Just wrap up on it.

**Matthew Pennycook MP:** I do not accept the premise of the question: that we have a fundamental problem with culture in planning departments. A large part of the problem in many local authorities is adequate resourcing—I know it is in my own—such that we have planning officers able to take decisions in a timely manner.

Q92 **Baroness Janke:** I agree with you. In my experience, the capacity issue is quite desperate in many local authorities. There are many existing permissions where no building has been going on. Have you considered incentives, any form of levy or sanctions for situations where there is permission but land is being land-banked and no building has gone on for many years? Are you looking at that feature at all?

**Matthew Pennycook MP:** I will bring Will in, because he will have some useful insights. We have to be nuanced in how we talk about how land is used by developers. In its recent housebuilding study, the CMA was fairly clear about land-banking. The term as understood by the public is not what we see happening. We certainly see land-trading, in particular extensive land-trading from the large-volume private developers which can effectively navigate our very complex and uncertain system. That is why they survive housing downturns, while SMEs, which we may come back to, are driven out with every downturn. We get a more and more homogenised housing market for that reason.

We should be careful in talking about land-trading, but there are definitely sites across the country that are being sat on or not built out at the pace we would like. There are a variety of reasons for that. In some cases, there are straight and understandable viability issues. We may

come to this, but the increasing build cost across the country, although it is one factor among many, is placing considerable strain on sites' viability. There can be reasons why sites are legitimately not coming forward. Where sites are deliverable and viable, we expect them to come forward. We announced last week as part of the changes to the framework several measures that we are taking in that regard, bringing into force some of the provisions which the previous Government enacted through the Levelling-up and Regeneration Bill on commencement notices.

We are keeping this issue under review, because developers have been very clear in response to our challenge—we want to build 1.5 million homes over the Parliament and are making bold reforms to the planning system and other changes—that they are willing to match that ambition and want to step up delivery. We expect them to do so and hope they will. If that does not happen, we will have to return to build-out more generally, in addition to the measures we have announced, because we need sites that are viable and deliverable—I use those words very carefully—to be built out at pace by developers. Where they are legitimately facing constraints, we want to be able to provide support.

That is why, for example, we established the new homes accelerator, which will look at large sites across the country that are consented or near-consented to see whether there are challenges that central government might help to unblock, whether it be statutory consultees or planning capacity and support for challenges in local planning departments where additional support from the centre might help bring development forward. When there are real constraints that we can provide support on, we will look to do that, but if a site is deliverable and viable, we expect it to be built out. That is why we have taken some of the measures that we have, alongside the framework.

**William Burgon:** On the logistics for the measures the Minister just mentioned, we confirmed that we would take those forward last week when we published the NPPF, in particular on commencement notices but also on the ability where build-out is not occurring for the local authority in future to refuse to determine applications from the developer concerned. Those provisions were contained in the Levelling-up and Regeneration Act. We will publish technical consultations on them in the new year and seek to have the consultations responded to and the relevant regulations laid, assuming that we decide to take those measures forward, in 2025.

**The Chair:** We are all very happy to be straying into broader areas of planning and housing and not just the green belt and the grey belt. Do any Members have questions related to the grey belt and the green belt that they have not yet asked? I would very much like us to have a couple of minutes at least on SMEs.

Q93 **Lord Mawson:** I am very interested in how we enable integrated development. One of the challenges in my experience of areas such as the grey belt is that sometimes things can arrive from Mars and are not

integrated into the wider, older communities around them. How will we ensure that that happens, so that they become real, connected places rather than just sore thumbs in the middle of an area?

**Matthew Pennycook MP:** We could—I say this generously—delve into umpteen interesting areas of policy on the basis of that question. This is why we want to move quickly away from grey-belt development through a decision-making route, although we are allowing it because we want to see land come forward quickly, and move into a world where grey belt is allocated and released via the local development plan process, so that local authorities can look in the round at how sites are integrated, how infrastructure is brought forward and relates to the area as a whole, and how, in terms of design and quality, on the basis of the National Model Design Code authorities can ensure that development coming forward is sympathetic to and in line with other developments taking place across the whole plan area.

Q94 **Viscount Hanworth:** To go back to my earlier question, I would like to ask a question on the basis of ignorance. How do we train planners, and who trains them? Do we have sufficient capacity to rapidly increase the numbers that we train?

**Matthew Pennycook MP:** It is a complex question, and I am happy to write to the committee to set out the answer in a bit more detail. There are a number of elements of the system. You will know that organisations such as the RTPI certificate planners. The Planning Advisory Service, which the department has a close working relationship with, does some of the support for the planning system. However, given that it is a fairly technical area, it may be useful for me to set out to the committee in writing, which I am happy to do, further detail about the planning pipeline, how planners are trained, where we have perhaps historically relied on sources of planners, and why there is a challenge currently.

**William Burgon:** Planners come into the profession from a range of degree and non-degree backgrounds that are not necessarily specific. The department supports a number of programmes to make sure that we are attracting the right talent and supporting it into local authorities in particular. Referencing the Minister's points on capacity earlier, I think we are deeply conscious of the drain, even over the past five or six years, of local authority planning capacity, which is why we are keen to invest so much in those graduate routes of entry and the support for that. As the Minister has committed to write, we will make sure that we provide our thoughts on that.

**Matthew Pennycook MP:** To return slightly to the point that Lord Bailey made, to the extent that we talk down the planning profession and do not give it the status it requires, we will deter people from seeing it as a profession that is valued and that they want to pursue.

Q95 **Lord Mawson:** How do we ensure that councillors have the capabilities and knowledge to navigate what is quite a complicated system? That is important. If you sit on a committee, it is quite complicated when you do

it for the first time. In my experience, very good planning officers are sometimes undermined by games that go on in planning committees, often with people who do not understand the environment and how it works. How do we deal with that, Matthew? It is two sides of a coin.

**The Chair:** Just to intervene slightly, local electors choose councillors.

**Matthew Pennycook MP:** There are two points I would mention from the working paper on planning committees that we have published. First, we know that lots of excellent training goes on across the country, but it is not mandatory and does not take place in all parts of the country. So as part of that consultation we are looking at whether the training of councillors should be mandatory to ensure that all councillors who sit on committees have a basis of knowledge and expertise.

An additional proposal that we have floated and which we are keen to get views on is allowing strategic planning committees to be established for—I say this in the context of being a London MP—opportunity areas, other large sites, complex sites. A smaller number of councillors with a lot of expertise would be able to sit on those committees and take decisions, rather than it going to a wider set who are not familiar with a site and all the particular dynamics around it. Again, we are testing views on those areas, because it is a point well made.

**The Chair:** Time has come to an end. We are not going to get an answer on SMEs, but—

**Matthew Pennycook MP:** We are happy to write to you on SMEs, if that is useful.

Q96 **The Chair:** During the time I have chaired this committee, we have had a number of inquiries into housing or housing-related matters, and we are struck constantly by the catastrophic decline in the number of SMEs, not because we have a nostalgic affection for small businesses but because it enhances the oligopolistic power of large builders, which, frankly, benefit from the complexity of the planning system because it is a barrier to entry. We think that real, negative public goods—public bads—arise from this.

We would be deeply interested in hearing the Government's response to the question of what can be done to stimulate small builders and to encourage them to grow so that some of them can offer a genuine level of competition, as well as what can be done to introduce new capital into the industry, because that is also important if we want to build more homes. I appreciate that that is not on today's agenda, and our time has come to an end in any event, but if at some stage you were able to give thought to that and to write to us with the Government's views, we would find it very helpful, because we consider it a most serious issue.

**Matthew Pennycook MP:** I am more than happy to write to set out what we are doing in the very short term to address some of the barriers that SME housebuilders face on access to land and on finance, but the point I want to make just before closing is that we will bring forward next

year a long-term housing strategy that gets at issues such as how we can diversify the housebuilding market and address some of the other structural, systemic challenges that are holding back our capacity as a country to build the homes that our people need at the scale, volume and speed that they need.

**The Chair:** That brings us to the end of this evidence session. We are very grateful to the Minister for time he has given and to Mr Burgon and for the answers that they have provided us with. With that, I wish everyone a very happy Christmas.