



# Library Note

## **Queen's Speech 2016: Economic Affairs, Energy, Environment, Local Government and Transport Day 4: 25 May 2016**

The House of Lords is due to debate the Queen's Speech over four days between 19 and 25 May 2016. This briefing is one of four prepared by the House of Lords Library to cover the themes of each day of debate. This briefing provides information on the following:

- Finance Bill;
- Chief Executive of the Financial Conduct Authority;
- Draft Energy Bill;
- Wildlife Bill (Law Commission Bill);
- Wild Animals in Circuses Bill;
- Local Government Finance;
- Preventing Homelessness;
- Planning;
- Buses Bill;
- High Speed Rail; and
- Railways Bill

This briefing has been prepared in advance of the Queen's Speech based on Government commitments and speculative reports about what legislative proposals may be included; it does not constitute official information about the Government's intentions or provide a complete list of bills to be announced.

Available separately are further briefings for each day's debate on the Queen's Speech. For further reading or more detailed information, Members are encouraged to contact the Library's Research Desk.

Heather Evennett | Charley Coleman | Mary Santo | Edward Scott | Samuel White  
12 May 2016  
LLN 2016/025

**Table of Contents**

- I. Economic Affairs ..... 1
  - 1.1 Finance Bill ..... 1
  - 1.2 Chief Executive of the Financial Conduct Authority..... 2
- 2. Energy..... 4
  - 2.1 Draft Energy Bill ..... 4
- 3. Environment..... 7
  - 3.1 Wildlife Bill (Law Commission Bill)..... 7
  - 3.2 Wild Animals in Circuses Bill ..... 8
- 4. Local Government..... 9
  - 4.1 Local Government Finance ..... 9
  - 4.2 Preventing Homelessness ..... 10
  - 4.3 Planning..... 12
- 5. Transport..... 16
  - 5.1 Buses Bill ..... 16
  - 5.2 High-speed Rail (Carry-over Bill) ..... 17
  - 5.3 Railways Bill ..... 20

## I. Economic Affairs

### I.1 Finance Bill

The Finance Bill is introduced annually following the Budget and gives legal effect for the tax measures announced by the Government.<sup>1</sup> According to former Clerk of the House of Commons, Robert Rogers (Lord Lisvane), and the former Reading Clerk of the House of Lords, Rhodri Walters:

The Finance Bill is a substantial document, often running to 250 or more clauses with many schedules. Its provisions combine changes to levels and types of taxation with much detailed administration of the tax system, which makes for greater complexity. It also provides for the renewal for the financial year just starting of taxes already in force.<sup>2</sup>

The Finance (No.2) Bill was published on 24 March 2016.<sup>3</sup> HM Treasury explained that the Finance Bill “incorporates changes announced at Budget 2016, Autumn Statement 2015 and Summer Budget 2015”.<sup>4</sup> These include: increasing the personal allowance to £11,500 and the higher rate threshold to £45,000; introducing a new personal savings allowance; reducing corporation tax to 17 percent in 2020; introducing measures to tackle tax avoidance; and establishing the Office for Tax Simplification on a statutory basis.<sup>5</sup>

On 11 April 2016, the House of Commons held a second reading debate on the Finance Bill.<sup>6</sup> On the same day, MPs approved a programme motion and a carry-over motion which will allow the Finance Bill to be considered in the 2016–17 session.<sup>7</sup> As of 3 March 2016, the committee stage of the Finance Bill has yet to be announced.<sup>8</sup> For a detailed explanation of the Commons stages of the Finance Bill, please see House of Commons Library, [The Budget and the Annual Finance Bill](#), 21 March 2016.

### Lords Scrutiny of the Finance Bill

According to Rogers and Walters, the financial privilege of the House of Commons means that:

*Bills of aids and supplies*, principally Finance Bills, which authorise the Government’s taxation proposals, and Supply Bills, which authorise Government Spending, originate in the Commons and are not amended by the Lords.<sup>9</sup>

Once the Finance Bill has completed its Commons stages, it then goes to the House of Lords. The Lords will hold a second reading debate—which comprises a general economic debate—and will then go through its remaining stages formally.<sup>10</sup>

---

<sup>1</sup> Robert Rogers and Rhodri Walters, *How Parliament Works*, 2015, p 239.

<sup>2</sup> *ibid*, p 239.

<sup>3</sup> UK Parliament, ‘[Bill Stages—Finance \(No.2\) Bill 2015–16](#)’, accessed 3 March 2016.

<sup>4</sup> HM Treasury, ‘[Finance Bill 2016 Legislates New Tax Changes](#)’, 24 March 2016.

<sup>5</sup> *ibid*.

<sup>6</sup> [HC Hansard, 11 April 2016, cols 99–150](#).

<sup>7</sup> UK Parliament, ‘[Bill Stages—Finance \(No.2\) Bill 2015–16](#)’, accessed 3 March 2016.

<sup>8</sup> *ibid*.

<sup>9</sup> Robert Rogers and Rhodri Walters, *How Parliament Works*, 2015, p 235.

<sup>10</sup> House of Commons Library, [The Budget and the Annual Finance Bill](#), 21 March 2016, p 7; and Robert Rogers and Rhodri Walters, *How Parliament Works*, 2015, p 240.

The House of Lords Economic Affairs Finance Bill Sub-Committee has examined aspects of the Finance Bill since 2003, and began to consider draft finance bills from 2013 onwards.<sup>11</sup> On 9 December 2015, the Government published the draft Finance Bill 2016.<sup>12</sup> The Finance Bill Sub-Committee launched an inquiry into the draft Bill on 14 January 2016 to investigate “whether the measures proposed in the draft Bill contribute to the simplification of the personal tax system and their impact on the compliance burdens of individual taxpayers”.<sup>13</sup> Regarding these issues, the inquiry focused on three aspects of the draft Bill: proposed changes to the taxation of savings and dividends, such as the introduction of a new personal savings allowance; allowing HMRC to undertake Simple Assessments of an individual’s tax liability; and establishing the Office of Tax Simplification (OTC) in statute.<sup>14</sup>

The Committee’s report identified areas of general concern regarding the implementation of tax policy. The report criticised a lack of consultation on tax policy changes and suggested that the “complexity of the tax system and the compliance burden placed on many individual taxpayers is growing”.<sup>15</sup> In addition, the report argued that the Government’s changes to the taxation of savings and dividends presented a “mixed picture” for tax simplification, and stated that “we are disappointed by the absence of consultation on these substantial reforms which affect millions of taxpayers”.<sup>16</sup> The report welcomed the introduction of ‘Simple Assessments’ which would allow HMRC to assess an individual’s tax liability. However, it expressed concern about the:

Quality of third party data on which such assessments would be based and about taxpayer awareness of their obligation to check and, if necessary, dispute their assessments within a short 30-day time limit.<sup>17</sup>

Observing that Simple Assessments are part of a move towards digital tax accounts, the report also noted that there were concerns over HMRC’s ability to implement new IT systems successfully.<sup>18</sup> Moreover, the report welcomed the establishment of the OTC as a permanent office of HM Treasury but expressed concerns over its independence and resourcing.<sup>19</sup>

## 1.2 Chief Executive of the Financial Conduct Authority

On 26 February 2016, the House of Commons Treasury Committee published a report on the appointments it scrutinises, such as members of the Monetary Policy Committee.<sup>20</sup> The report argued that there should be pre-appointment hearings by the Treasury Committee for the Chief Executive of the Financial Conduct Authority (FCA) and that the independence of the FCA “can and should be entrenched by a statutory veto on appointments and dismissals to the

<sup>11</sup> House of Lords Economic Affairs Finance Bill Sub-Committee, [The Draft Finance Bill 2016](#), 4 March 2016, HL Paper 108 of session 2015–16, p 3.

<sup>12</sup> HM Revenue and Customs, [‘Finance Bill 2016: Draft Legislation Overview Documents’](#), 9 December 2015.

<sup>13</sup> House of Lords Economic Affairs Finance Bill Sub-Committee, [‘Inquiry Into the Draft Finance Bill 2016 Launches’](#), 14 January 2016.

<sup>14</sup> *ibid.*

<sup>15</sup> House of Lords Economic Affairs Finance Bill Sub-Committee, [The Draft Finance Bill 2016](#), 4 March 2016, HL Paper 108 of session 2015–16, p 3.

<sup>16</sup> *ibid.*, p 4.

<sup>17</sup> *ibid.*, p 4.

<sup>18</sup> *ibid.*, p 4.

<sup>19</sup> *ibid.*, p 5.

<sup>20</sup> House of Commons Treasury Committee, [The Treasury Committee’s Scrutiny of Appointments](#), 26 February 2016, HC 811 of session 2015–16, p 1.

post of Chief Executive of the FCA”.<sup>21</sup> Members of the Committee also tabled an amendment to the Bank of England and Financial Services Bill (now Act) to implement this recommendation.<sup>22</sup> However, the chair of the Treasury Committee, Andrew Tyrie, withdrew this amendment after discussions with the Chancellor of the Exchequer, George Osborne.<sup>23</sup> On 19 April 2016, in a letter to Mr Tyrie, the Chancellor wrote:

During the passage of the Bank of England and Financial Services Bill, we have considered the role of the Treasury Select Committee in scrutinising the appointment of the Chief Executive of the Financial Conduct Authority. This scrutiny is important and welcome. I will therefore ensure that appointments to the Chief Executive of the FCA are made in such a way to ensure the TSC is able to hold a hearing, after the appointment is announced but before it is formalised [...]<sup>24</sup>

The letter included a commitment:

In a future Bill, to make a change to the legislation governing appointments to the FCA CEO to make the appointee subject to a fixed, renewable 5-year term. This would not apply to Andrew Bailey, who I recently announced as the new head of the FCA, but would first apply to his successor.<sup>25</sup>

On the same day the Government tabled an amendment to the Bank of England and Financial Services Bill that required a person appointed as Chief Executive to appear before the Commons Treasury Committee before they begin their term of office.<sup>26</sup> The provisions can be found in section 18 of the Bank of England and Financial Services Act 2016.

---

<sup>21</sup> House of Commons Treasury Committee, [The Treasury Committee's Scrutiny of Appointments](#), 26 February 2016, HC 811 of session 2015–16, p 17.

<sup>22</sup> House of Commons Treasury Committee, [Many Public Appointments Need More Rigorous Scrutiny, say MPs](#), 26 February 2016.

<sup>23</sup> [HC Hansard, 19 April 2016, col 818](#).

<sup>24</sup> HM Treasury, [Letter from Chancellor George Osborne to the Chair of the Treasury Select Committee, Andrew Tyrie](#), 19 April 2016.

<sup>25</sup> *ibid.*

<sup>26</sup> [HC Hansard, 19 April 2016, col 805](#).

## 2. Energy

### 2.1 Draft Energy Bill

The Department of Energy and Climate Change (DECC) published a draft Energy Bill on 21 January 2016 which included a number of proposals for changes to the energy market.<sup>27</sup> If introduced, this new legislation would be the second Energy Bill of the 2015–20 parliament, following the introduction of the Energy Bill in the 2015–16 session. The Secretary of State for Energy and Climate Change, Amber Rudd, stated in the foreword to the new draft Energy Bill that the Government’s objective was to ensure energy costs to consumers were as low as possible through increasing competition among suppliers.<sup>28</sup> The draft Bill included the following measures:

- Supporting an increase in the supply of smart meters, as part of the ongoing roll-out of these devices, which are intended to give households and businesses greater control of their energy usage. The role of the Secretary of State under the draft Bill would include dealing with the outcomes of the smart meter roll-out.
- Giving powers to the Gas and Electricity Markets Authority—Ofgem’s governing body—to support the introduction of faster ‘next-day’ switching between suppliers.
- Enabling Ofgem to require that suppliers calculate electricity consumption data during the settlement process using the same half hourly ‘settlement periods’ used by generators and larger consumers. The majority of domestic and smaller non-domestic consumers currently have their energy consumption settled on a non-half-hourly basis. DECC stated that this change to the recording process was something that was to be made possible through a greater use of smart meters.
- Enabling Ofgem to introduce competitive tendering for some onshore transmission assets.<sup>29</sup>

The House of Commons Energy and Climate Change Committee, following pre-legislative scrutiny of the draft Bill, published a report stating that the draft legislation included “important and necessary provisions” that had the potential to increase competition and reduce costs.<sup>30</sup> However, the Committee recommended that amendments to the legislation were necessary, including to ensure that there would be transparency regarding the use of new powers by the Government and Ofgem, and the industry would be able to challenge the decisions that would be made by officials. The Committee’s specific recommendations may be summarised as follows:

- Further to the introduction of next-day switching and the use of half hourly settlement periods, the energy industry should have the right of appeal to the

<sup>27</sup> Department of Energy and Climate Change, [Draft Legislation on Energy](#), January 2016, Cm 9180.

<sup>28</sup> *ibid*, p 4.

<sup>29</sup> *ibid*, pp 33–6.

<sup>30</sup> House of Commons Energy and Climate Change Committee, [Pre-Legislative Scrutiny of the Government’s Draft Legislation on Energy](#), 4 May 2016, HC 776 of session 2015–16.

Competition and Markets Authority on the merits of any change to the industry code.

- That Ofgem should produce an impact assessment for the proposed changes to the industry code.
- The proposal for competitive tendering for onshore transmission assets could have a different impact in Scotland compared with England and Wales, an issue that the Government needed to address.
- Any decision taken by Ofgem on whether and how to tender an asset should be subject to a project-specific impact assessment.
- That the Government should ensure that the current planning regime in Scotland should not delay the development of competitively tendered projects.
- The Government should ensure that it meets its smart-meter programme deadline for roll-out of 2020.<sup>31</sup>

At the time of writing, the Government has yet to publish a response to the Committee's report.

The Government's target for the roll-out of smart meters is for every home and business in the country to be offered a smart meter by the end of 2020.<sup>32</sup> According to the Government's initial estimates, this would require 53 million devices to be installed by energy suppliers in 30 million homes and businesses over the 2015–20 period.<sup>33</sup> In March 2015, the House of Commons Energy and Climate Change Committee published a report in which it stated that it was disappointed with the rate at which Government's smart meter policy was being delivered.<sup>34</sup>

In March 2016, DECC reported that:

- In the quarter ending December 2015, a total of 402,600 smart meters were installed in domestic properties by the large energy suppliers, representing a 20 percent increase in smart meter installations compared to the previous quarter.
- Small energy suppliers installed 285,000 smart meters in domestic properties during 2015.
- As at 31 December 2015, there were 2.32 million smart meters operating in smart mode across domestic properties in Great Britain. 285,000 smart and

---

<sup>31</sup> House of Commons Energy and Climate Change Committee, [Pre-Legislative Scrutiny of the Government's Draft Legislation on Energy](#), 4 May 2016, HC 776 of session 2015–16, p 3.

<sup>32</sup> Conservative Party, [Conservative Party Manifesto 2015](#), 13 April 2015, p 57.

<sup>33</sup> Department for Energy and Climate Change, [2010 to 2015 Government Policy: Household Energy](#), 8 May 2015,

<sup>34</sup> House of Commons Energy and Climate Change Committee, [Smart Meters: Progress or Delay?](#), 26 March 2015, HC 665 of session 2014–15.

advanced meters were operating in smart mode or with advanced functionality in smaller non-domestic sites.<sup>35</sup>

The current arrangements for the roll-out of smart meters are that energy suppliers are responsible for the planning and delivery, within a regulatory framework established by the Government.<sup>36</sup> DECC is responsible for the smart metering programme business case and for ensuring that consumers are aware of the benefits of smart metering.<sup>37</sup> Other provisions put in place include regular ministerial governance meeting with the energy industry and consumer groups.

In 2015, the Competition and Markets Authorities, following its investigation of the British energy market, found that there were features the UK's energy supply market that resulted in an adverse effect on competition.<sup>38</sup> In March 2016, the Competition and Markets Authority published a report outlining a provisional decision on remedies.<sup>39</sup> Further information is provided in the House of Commons Library briefing [Competition and Markets Authority Energy Market Investigation](#), 5 May 2016.<sup>40</sup>

---

<sup>35</sup> Department of Energy and Climate Change, [Smart Meters: Great Britain—Quarterly Report to End December 2015 \(Experimental National Statistics\)](#), 31 March 2016.

<sup>36</sup> [House of Commons, Written Question: Energy: Meters](#), 16 March 2016, 30830.

<sup>37</sup> Department of Energy and Climate Change, [Smart Meters: Great Britain—Quarterly Report to End December 2015 \(Experimental National Statistics\)](#), 31 March 2016.

<sup>38</sup> *ibid*, p 1.

<sup>39</sup> Competition and Markets Authority, [Energy Market Investigation: Provisional Decision on Remedies](#), 17 March 2016.

<sup>40</sup> House of Commons Library, [Competition and Markets Authority Energy Market Investigation](#), 15 April 2016.

## 3. Environment

### 3.1 Wildlife Bill (Law Commission Bill)

A bill on wildlife law is expected to be introduced when parliamentary time allows, following recommendations from the Law Commission on 10 November 2015. The Department for Environment, Food and Rural Affairs (Defra) asked the Law Commission to examine wildlife law for its eleventh programme of law reform, effective from July 2011.<sup>41</sup> The Law Commission published an initial report in February 2014 which addressed the control of invasive non-native species. These recommendations were given effect through the Infrastructure Act 2015.<sup>42</sup> The Commission published its final report and a draft bill on 10 November 2015.<sup>43</sup>

The Law Commission argues that wildlife law needed reform because:

In the last two centuries wildlife legislation has developed in a piecemeal fashion, often in reaction to specific pressures on domestic legislation, whether local or international. The result is that the current legislation governing the control, exploitation, welfare and conservation of wild animals and plants in England and Wales has turned into a complex patchwork of overlapping and sometimes conflicting provisions.<sup>44</sup>

The Law Commission explains that its terms of reference excluded the altering of protection levels afforded to particular species. This was because:

[...] decisions on the level of protection that a particular species should be afforded are policy decisions that would be usually taken on the basis of sound scientific advice. The Law Commission does not have the political mandate, nor the necessary scientific expertise, to make such decisions.<sup>45</sup>

As a consequence, the Law Commission argued that these considerations “significantly curtailed” its ability to simplify a number of existing provisions. The Commission therefore recommended that:

[...] before introducing legislation giving effect to our recommendations, Defra and the Welsh Government should consider whether the new regulatory framework could be further rationalised by minor alterations to species protection levels, which would have little or no effect in practice but make the law more uniform and therefore easier to understand and comply with.<sup>46</sup>

In answer to an oral question asking when the Law Commission’s recommendations might be introduced in a bill, Chris Grayling, Leader of the House of Commons, replied:

Of course, we cannot give advance billing of what will be in the Queen’s Speech on 18 May, but I have spoken to the ministers involved and they tell me that they are

---

<sup>41</sup> Law Commission, [‘Wildlife Law’](#), accessed 6 May 2016.

<sup>42</sup> *ibid.*

<sup>43</sup> Law Commission, [Wildlife Law: Volume 1 Report](#), 10 November 2015. The *Volume 2 Report: Draft Legislation*, the Report Summary and the Impact Assessment can be found at: [Law Commission, ‘Wildlife Law’](#), accessed 6 May 2016.

<sup>44</sup> Law Commission, [Wildlife Law Report Summary](#), 10 November 2015, p 2.

<sup>45</sup> *ibid.*, p 3.

<sup>46</sup> *ibid.*

looking at the issue carefully and hope to respond over the course of this year. Law Commission Bills are usually given a parliamentary slot when time allows, but I am afraid that I cannot commit to an exact timetable.<sup>47</sup>

Prior to this, on 13 January 2016 in answer to a written question on a specific clause recommended by the Law Commission<sup>48</sup> the Government said that Defra would be responding to the Law Commission's report by the end of 2016.<sup>49</sup>

### 3.2 Wild Animals in Circuses Bill

The 2015 Conservative Party manifesto included a commitment to ban wild animals in circuses.<sup>50</sup> The Coalition Government had published the draft Wild Animals in Circuses Bill, on 16 April 2013. The effect of the draft bill would have been to make:

[...] it an offence for any circus operator to use a wild animal in performance or exhibition in a travelling circus in England. The Government propose to give circus operators until 1 December 2015 to remove any wild animals from their circus before the offence comes into force.<sup>51</sup>

A final bill was never formally introduced although the draft Bill was scrutinised by the House of Commons Environment, Food and Rural Affairs Committee.<sup>52</sup> The then Government responded to the Committee's report in October 2013.<sup>53</sup>

In response to an oral question on 5 May 2016, Elizabeth Truss, Secretary of State for Environment, Food and Rural Affairs, confirmed that the banning of wild animals in circuses is "a manifesto commitment and [the Government] are committed to doing it".<sup>54</sup>

Further background information on wild animals in circuses can be found in the House of Commons Library briefing, [Wild Animals in Circuses](#), 29 April 2016.

<sup>47</sup> [HC Hansard, 17 March 2016, col 1100.](#)

<sup>48</sup> Clause 23 relating to licensing and exemptions relating to the hunting of certain birds.

<sup>49</sup> [House of Commons, Written Question: Nature Conservation, 13 January 2016, 21159.](#)

<sup>50</sup> Conservative Party, [Conservative Party Manifesto 2015](#), 13 April 2015, p 55.

<sup>51</sup> [HC Hansard, 16 April 2013, col 27WS.](#)

<sup>52</sup> House of Commons Environment, Food and Rural Affairs Committee, [Wild Animals in Circuses](#), 9 July 2013, HC Paper 553 of session 2013–14.

<sup>53</sup> House of Commons Environment, Food and Rural Affairs Committee, [Wild Animals in Circuses: Government Response to the Committee's Fourth Report of Session 2013–14](#), 22 October 2013, HC Paper 746 of session 2013–14.

<sup>54</sup> [HC Hansard, 5 May 2016, col 303.](#)

## 4. Local Government

### 4.1 Local Government Finance

The Government intends to reform the current business rate retention system, and is reportedly considering whether primary legislation may be needed to enable this. The current business rate retention system was introduced in April 2013.<sup>55</sup> Local authorities in England currently retain up to 50 percent of business rates revenue paid locally. The remainder is retained by central government and used to provide grant funding for local authorities. Local authorities also receive 50 percent of growth in business rate receipts arising from new or expanding businesses.

In his speech to the Conservative Party Conference in October 2015, the Chancellor of the Exchequer, George Osborne, announced that, by the end of the 2015–20 parliament, local authorities would be able to keep 100 percent of the business rates raised locally.<sup>56</sup> The Government stated in March 2016 that the Department for Communities and Local Government (DCLG) and the Local Government Association were working with local authorities, businesses and other parties regarding implementing this commitment.<sup>57</sup> The *Local Government Chronicle* reported in November 2015 that DCLG was considering whether reform of business rates might require primary legislation.<sup>58</sup> The 2016 Budget stated that the Government would launch a consultation on business rate retention in the summer of that year.<sup>59</sup> Further information on business rates and on proposals for reform are provided in the House of Commons Library briefings [Business Rates](#) and [Reviewing and Reforming Business Rates](#).<sup>60</sup>

Devolution deals have already given some areas the ability to keep 100 percent of the actual growth in business rates above a pre-determined baseline.<sup>61</sup> For example, 100 percent retention of business rates has been part of recent devolution deals for Greater Manchester, the Greater London Authority and Liverpool.<sup>62</sup>

The House of Commons Communities and Local Government Committee launched [an inquiry into the Government's proposals](#) for business rates retention during the 2015–16 session. The Committee held an evidence session in April 2016 with local authority and combined authority representatives on the issue of business rate retention pilots.<sup>63</sup> Two ongoing pilots, running in Manchester and Cambridgeshire, were discussed. Of the two, the one in Manchester was the closest to achieving 100 percent retention. The Greater Manchester Combined Authority Treasurer, Richard Paver, stated that, while a natural follow-on of the city devolution process, for business rate retention to be attractive to local authorities, it would have to result in no overall loss of income.<sup>64</sup> The Liverpool City Region Chair, Joe Anderson, stated that, in the case

---

<sup>55</sup> Local Government Association, [Business Rate Retention: The Story Continues](#), March 2015, p 4.

<sup>56</sup> Conservative Home, '[George Osborne's Speech in Full](#)', 5 October 2015.

<sup>57</sup> [House of Lords, Written Question: Local Government Finance, 21 March 2016, HL6886](#).

<sup>58</sup> *Local Government Chronicle*, [Exclusive: Business Rates Reform will Need New Legislation](#), 17 November 2015.

<sup>59</sup> HM Treasury, [Budget 2016](#), HC 901 of session 2015–16, p 47.

<sup>60</sup> House of Commons Library, [Business Rates](#), 5 April 2016 and [Reviewing and Reforming Business Rates](#), 18 March 2016.

<sup>61</sup> [House of Commons, Written Question: Non-Domestic Rates, 14 March 2016, 29793](#).

<sup>62</sup> House of Commons Communities and Local Government Committee, '[Business Rates Pilots Examined with Regional Representatives](#)', 11 April 2016. Further information on the current devolution deals is provided in the House of Commons Library briefing, [Devolution Deals: Budget 2016 Update](#), 6 May 2016.

<sup>63</sup> House of Commons Communities and Local Government Committee, [Oral Evidence: Business Rates, 11 April 2016](#), 22 March 2016, HC 665 of session 2015–16.

<sup>64</sup> *ibid*, Q192.

of Liverpool, the city was likely to be £51 million worse off if it was unable to benefit from the support grant.<sup>65</sup> The witnesses also gave evidence on how the pilots might cope with appeals made by rates payers against business rates decisions.

Alongside announcements regarding business rate retentions, the 2016 Budget also included changes to the Small Business Rate Relief, exempting 600,000 businesses from business rates.<sup>66</sup> The Government has stated that local authorities would be compensated in full for the loss in income resulting from this.

## 4.2 Preventing Homelessness

In December 2015, the Department for Communities and Local Government (DCLG) issued a press release stating that the Parliamentary Under Secretary of State with responsibility for government policy on homelessness, Marcus Jones, would:

[...] work with homelessness organisations and across government departments to explore options, including legislation, to prevent more people from facing a homelessness crisis in the first place.<sup>67</sup>

Responding to a parliamentary question on 24 March 2016, Mr Jones repeated this commitment, stating that the Government would “work with homelessness organisations to consider other options, including legislation, to ensure those at risk of homelessness get earlier and more effective support”.<sup>68</sup>

In December 2015, the House of Commons Communities and Local Government Committee launched an inquiry into the causes of homelessness and the Government’s policy.<sup>69</sup> At the time of writing, the Committee has yet to publish its report. In its written submission to the enquiry, DCLG stated that it would seek to do more to tackle homelessness through legislation and through the ministerial working group on preventing and reducing homelessness, established by the Coalition Government, which last met in January 2015.<sup>70</sup> On the issue of prevention, DCLG stated the following:

We will work with local authorities, homelessness organisations and across government departments to consider options, including legislation, to prevent more households becoming homeless. In doing so we will look to learn from other countries who have innovated in the way they deal with homelessness, such as Wales.<sup>71</sup>

<sup>65</sup> House of Commons Communities and Local Government Committee, [Oral Evidence: Business Rates, 11 April 2016](#), 22 March 2016, HC 665 of session 2015–16, Q210.

<sup>66</sup> [House of Lords, Written Question: Non-Domestic Rates, 7 April 2016, HL7161](#).

<sup>67</sup> Department for Communities and Local Government, [‘Radical Package of Measures Announced to Tackle Homelessness’](#), 17 December 2015.

<sup>68</sup> [House of Commons, Written Question: Homelessness, 24 March 2016, 31943](#).

<sup>69</sup> House of Commons Communities and Local Government Committee, [‘Homelessness Inquiry: Scope of the Inquiry’](#), accessed 11 May 2016.

<sup>70</sup> House of Commons Communities and Local Government Committee, [Written Evidence Submitted by Department for Communities and Local Government](#), March 2016, p 2, para 10; and Department for Communities and Local Government, [Ministerial Working Group On Preventing And Reducing Homelessness: Minutes of Meeting, 20 January 2015](#), January 2015.

<sup>71</sup> House of Commons Communities and Local Government Committee, [Written Evidence Submitted by Department for Communities and Local Government](#), March 2016, p 10, para 47.

The House of Lords debated the issue of homelessness on 4 February 2016, during which the question was put in regard to what form possible future legislation might take.<sup>72</sup> Responding to the debate on behalf of the Government, the Parliamentary Under Secretary of State for Communities and Local Government, Baroness Williams of Trafford, stated that the Government was still in discussion with charities and was “not ruling [...] out” legislation.<sup>73</sup>

In 2016, the homelessness charity Crisis published a report entitled *The Homelessness Legislation: An Independent Review of the Legal Duties Owed to Homeless People*.<sup>74</sup> The panel that conducted this review of existing legislation recommended that new legislation in England was necessary as this could strengthen the existing duty for local authorities to provide the advice and support to prevent ‘non-priority need’ households becoming homeless.<sup>75</sup> The report argued that England should have regard to the different legislation in force in Wales and Scotland intended to prevent single people—who would tend to be classified as being in ‘non-priority need’—from becoming homeless.<sup>76</sup> The report also recommended that local authorities in England should act more swiftly to prevent homelessness than the current requirement to act 28 days before homelessness is imminent.<sup>77</sup> On 10 May 2016, Crisis published a further report advocating such reforms entitled [No One Turned Away: Changing the Law to Prevent and Tackle Homelessness](#).

The 2015 Autumn Statement included an announcement that, as part of the funding settlement for DCLG, central funding for preventing homelessness would be protected in real terms.<sup>78</sup> In addition, £40 million of extra funding was to be provided for support to the victims of domestic violence.<sup>79</sup> In regard to local government, the Government stated that there was to be more devolution of funding to local authorities and an ending of management fees for temporary accommodation.<sup>80</sup>

The 2016 Budget included the provision of £115 million intended to support the homeless and to reduce rough sleeping.<sup>81</sup> The Treasury also stated that it would “support wider work to reform and refocus the system on preventing homelessness”.<sup>82</sup> The £115 billion would consist of:

- £100 million invested to deliver at least 2,000 places in what the Government has described as “low-cost ‘second stage’ accommodation”, intended for people leaving hostel accommodation or refuges.
- £10 million over two years to support initiatives to prevent and reduce rough sleeping, particularly in London. The Government cited the example of the [No Second Night Out](#) initiative as being the type of project it would be looking to support with this money.<sup>83</sup>

---

<sup>72</sup> [HL Hansard, 4 February 2016, col GC44](#).

<sup>73</sup> [ibid, col GC52](#).

<sup>74</sup> Crisis, [The Homelessness Legislation: An Independent Review of the Legal Duties Owed to Homeless People](#), January 2016.

<sup>75</sup> [ibid](#), p 4.

<sup>76</sup> [ibid](#), pp 16–19.

<sup>77</sup> [ibid](#), p 4.

<sup>78</sup> HM Treasury, [Spending Review and Autumn Statement 2015](#), November 2015, Cm 9162, p 42.

<sup>79</sup> [ibid](#), p 98.

<sup>80</sup> [ibid](#), p 42.

<sup>81</sup> HM Treasury, [Budget 2016](#), 16 March 2016, HC 901 of session 2015–16, p 126.

<sup>82</sup> [ibid](#), p 39.

<sup>83</sup> [ibid](#).

- An increase in funding for the Rough Sleeping Social Impact Bond announced in the 2015 Autumn Statement, from £5 billion to £10 billion.

Alongside these spending announcements, the Budget stated that the Government would continue the work of Operation Adoze to support immigration officials, local authorities and outreach workers to connect EU migrants who are rough sleepers with services that might enable them to return to their home country.<sup>84</sup>

Recent statistics on homelessness in England have been published by DCLG:

- [Homelessness Statistical Release: Statutory Homelessness in England—October to December 2015](#), 23 March 2016.
- [Housing Statistical Release: Homelessness Prevention and Relief—England 2014/15](#), 9 July 2015.

## 4.3 Planning

### Compulsory Purchase Order Reforms

The March 2016 Budget contained a statement by the Government that it would further examine reform to compulsory purchase orders (CPO), with the objective “of making the CPO process clearer, fairer and quicker”.<sup>85</sup> On 21 March 2016 the Government published details of a consultation on “further reform of the compulsory purchase system”.<sup>86</sup> The consultation closes on 15 May 2016. The Government had previously consulted on technical changes to CPOs which will be given effect through the Housing and Planning Bill of session 2015–16.<sup>87</sup>

In the March 2016 consultation document the Government stated that its proposals are aimed at achieving a “clearer, fairer and quicker” system by:

- Setting out a clearer way to identify market value when agreeing levels of compensation.
- Putting mayoral development corporations on the same footing as new town and urban development corporations for the purposes of assessing compensation.
- Simplifying the process by enabling transport and regeneration bodies to make combined orders.
- Repealing redundant legislation.

---

<sup>84</sup> HM Treasury, [Budget 2016](#), 16 March 2016, HC 901 of session 2015–16, p 39.

<sup>85</sup> HM Treasury, [Budget 2016](#), March 2016, HC 901 of session 2015–16, p 38.

<sup>86</sup> Department for Communities and Local Government and HM Treasury, [‘Further Reform of the Compulsory Purchase System’](#), 21 March 2016.

<sup>87</sup> Department for Communities and Local Government and HM Treasury, [‘Improving the Compulsory Purchase Process’](#), 29 October 2015. Section 8 of the House of Commons Library’s briefing to support the second reading of the Housing and Planning Bill, Bill 75 of session 2015–16, contains further details of the provisions in the Bill as introduced (House of Commons Library, [Housing and Planning Bill 2015–16](#), 22 October 2015).

- Ensuring that compensation due to those with an interest in the land arising from minor tenancies is calculated on the same basis as others who are in lawful possession but have no further interest in the land.
- Ensuring that those claimants who suffer the greatest inconvenience (ie occupiers) receive the greater share of loss payments.
- Building on Housing and Planning Bill proposals to further encourage prompt payment of advance payments of compensation by setting the penalty interest rate for late payment.
- Ensuring that claimants in properties with rateable values higher than the current threshold are not systematically excluded from issuing blight notices in areas of the country with high land values, such as London.
- Providing for consistent powers for all acquiring authorities to temporarily use land for the purposes of delivering their scheme.
- Providing for a new legislative requirement to bring compulsory purchase orders into operation within a certain period.<sup>88</sup>

A number of the specific questions the Government is seeking responses to ask whether the respondents agree that primary legislation would be required. For example: “Question 1: Do you agree with the proposal to codify the ‘no scheme world’ valuation principle in legislation?”<sup>89</sup>

### **Garden Cities, Towns and Villages**

The March 2016 Budget contained a statement by the Government that it would seek to support those areas which wished to establish garden villages. This would be done by:

- Providing capacity support for local authorities.
- Introducing new legislation that will speed up and simplify the process for delivering new settlements.
- Announcing planning incentives to support areas seeking to bring forward new settlements, in return for commitments to significant housing delivery.<sup>90</sup>

To this end the Government stated that it would “legislate to make it easier for local authorities to work together to create new garden towns” and that:

[...] the Government will provide technical and financial support to areas that want to establish garden villages and market towns of between 1,500 to 10,000 homes. The Government will shortly announce what planning and financial flexibilities will be offered

<sup>88</sup> Department for Communities and Local Government and HM Treasury, [Consultation on Further Reform of the Compulsory Purchase System](#), March 2016, pp 5–6.

<sup>89</sup> Department for Communities and Local Government and HM Treasury, [Consultation on Further Reform of the Compulsory Purchase System](#), March 2016, p 10.

<sup>90</sup> HM Treasury, [Budget 2016](#), March 2016, HC 901 of session 2015–16, p 124.

to local authorities that submit proposals for settlements that deliver a significant number of additional houses.<sup>91</sup>

On 16 March 2016, the Department for Communities and Local Government published the [Locally-Led Garden villages, Towns and Cities](#) policy paper. The policy paper sets out how the Government can support local areas that wish to establish new garden villages, towns and cities:

The first part of the prospectus invites expressions of interest by 31 July 2016 for new ‘garden villages’ of between 1,500 to 10,000 homes.

The second part of the prospectus invites expressions of interest on a rolling basis in new garden towns and cities of more than 10,000 homes.<sup>92</sup>

In the policy paper the Government states that it is:

[...] committing [itself] to legislate to update the New Towns Act 1981 to ensure we have a statutory vehicle well-equipped to support the delivery of new garden cities, towns and villages for the 21st century.<sup>93</sup>

In answer to a written question, the Government has said that it aims to “introduce legislation to update the New Towns Act 1981 at the earliest legislative opportunity”.<sup>94</sup>

## Planning Conditions

The March 2016 Budget contained a statement by the Government that it would “legislate to ensure that pre-commencement planning conditions can only be used with the agreement of the developer”.<sup>95</sup> The Government wrote that this would be aimed at minimising delays caused by the use of planning conditions.<sup>96</sup>

On 31 July 2014, the Coalition Government published a ‘technical consultation on planning’.<sup>97</sup> The consultation closed on 29 September 2014 and the Coalition Government published its responses to the various elements of the consultation from 4 November 2014 to 5 March 2015. The Coalition Government’s response to the part on planning conditions was published on 5 March 2015.<sup>98</sup> Writing specifically about pre-commencement planning conditions, it wrote that:

Having carefully considered the responses, the Government intends to introduce amendments to secondary legislation to require additional justification of all pre commencement conditions. Whilst the Government accepts there is already an existing statutory requirement to justify the imposition of all conditions, we agree with the

---

<sup>91</sup> HM Treasury, [Budget 2016](#), March 2016, HC 901 of session 2015–16, p 38.

<sup>92</sup> Department for Communities and Local Government, [‘Locally-Led Garden Villages, Towns and Cities’](#), 16 March 2016.

<sup>93</sup> *ibid*, p 5.

<sup>94</sup> [House of Commons, Written Question: New Towns, 12 April 2016, 33622](#).

<sup>95</sup> HM Treasury, [Budget 2016](#), March 2016, HC 901 of session 2015–16, p 125.

<sup>96</sup> *ibid*.

<sup>97</sup> Department for Communities and Local Government, [‘Technical Consultation on Planning’](#), 31 July 2014.

<sup>98</sup> Department for Communities and Local Government, [Improving the Use of Planning Conditions Government Response to Consultation](#), 5 March 2015.

majority of those respondents who represent development interests that additional justification should be required for these conditions. The Government intends to make justification a requirement for pre-commencement conditions initially, and to keep under review whether there is a case to apply the measure more broadly.<sup>99</sup>

The Coalition Government's decision was given effect through The Town and Country Planning (Development Management Procedure) (England) Order 2015, SI 2015/595.

Although it does not provide further detail of the above proposed legislation mentioned in the 2016 Budget, the House of Commons Library's briefing [Planning Reform Proposals](#), 6 April 2016, provides an overview of the current Government's planning proposals.

### **National Infrastructure Commission**

The National Infrastructure Commission (NIC) was established “on an interim basis on 5 October 2015” to “look at the UK's future needs for nationally significant infrastructure, help to maintain UK's competitiveness amongst the G20 nations and provide greater certainty for investors by taking a long term approach to the major investment decisions facing the country”.<sup>100</sup> The NIC's terms of reference are published on Gov.uk.<sup>101</sup>

On 7 January 2016, HM Treasury and the NIC announced a consultation on the governance, structure and operation of the commission.<sup>102</sup> The consultation closed on 17 March 2016. In the consultation document the Government said that it:

[...] intends to legislate that it must lay National Infrastructure Assessment (NIA) before Parliament, and to place a duty on HM Treasury to respond on behalf of the Government within a specific timeframe. In this response, agreed collectively by ministers, HM Treasury would have to detail how the recommendations will be taken forward or, in areas where the Government disagrees with the commission, what other measures it proposes to meet the identified needs or what its alternative assessment is.<sup>103</sup>

---

<sup>99</sup> Department for Communities and Local Government, [Improving the Use of Planning Conditions Government Response to Consultation](#), 5 March 2015, p 7.

<sup>100</sup> National Infrastructure Commission, '[About Us](#)', accessed 9 May 2016.

<sup>101</sup> National Infrastructure Commission, '[National Infrastructure Commission: Terms of Reference](#)', 30 October 2015.

<sup>102</sup> HM Treasury and the National Infrastructure Commission, '[National Infrastructure Commission](#)', 7 January 2016.

<sup>103</sup> HM Treasury, [National Infrastructure Commission: Consultation](#), 7 January 2016, Cm 9182.

## 5. Transport

### 5.1 Buses Bill

On 27 May 2015, the Cabinet Office’s briefing on the Queen’s Speech 2015 noted that the Government would publish a Buses Bill to “provide the option for combined authority areas with directly elected Mayors to be responsible for the running of their local bus services”.<sup>104</sup> In July 2015, the Government stated the Bill would be published during the 2015–16 session.<sup>105</sup> To date, the Bill has not been published. On 13 April 2016, the Parliamentary Under Secretary of State for Transport and Minister for Buses, Andrew Jones, confirmed:

Work continues on the drafting of the Bill. Its introduction will depend on the Parliamentary timetable, but we are working towards introducing the Bill in the next session.<sup>106</sup>

The provisions and aims of the Bill have evolved throughout the year.<sup>107</sup> From September 2015 to October 2015, the Government ran “Bus Reform Workshops” in five locations across the country, which the Minister for Buses explained, were to help shape the content of the Bill and “ensure that policy is developed with significant input from local authorities, the bus industry and passenger representatives”.<sup>108</sup>

In addition, the Department for Transport asked KPMG to provide insight into the local bus market in England outside of London. The KPMG report, published in January 2016, identified three key areas of interest: market trends, stakeholder objectives and alternative ways in which the Government can influence market outcomes.<sup>109</sup> The Society of Motor Manufacturers and Traders has suggested in its *Transport News Brief* that the report “is expected to have a big influence on the Buses Bill content”.<sup>110</sup>

In February 2016, the Government stated that the “one clear aim” of the Buses Bill was to increase bus passenger numbers.<sup>111</sup> At a recent reception at the All Party Parliamentary Group for Road Passenger Transport reception the Minister for Buses, confirmed that the Bill would provide for open data, new partnerships, and franchising.<sup>112</sup>

### Open Data

The Bill would contain a requirement that “operators make data about routes, fares and times open and accessible”.<sup>113</sup> Responding to a recent parliamentary question, Andrew Jones, Minister for Buses, explained that the Bill would not specify the format in which the data must be provided, but would give the Secretary of State the powers to make secondary legislation to

<sup>104</sup> Cabinet Office, [The Queen’s Speech 2015](#), 27 May 2015, p 100.

<sup>105</sup> [HC Hansard, 16 July 2015, col 1069](#).

<sup>106</sup> [House of Commons, Written Question: Bus Services, 8 April 2016, 32814](#).

<sup>107</sup> See Cabinet Office, [The Queen’s Speech 2015](#), 27 May 2015, p 100; Department for Transport, [Bus Reform Workshops Summary: Moving Britain Ahead](#), November 2015, p 4; and Buses Bill Policy Team, [Buses Bill Update](#), December 2015.

<sup>108</sup> House of Commons Transport Committee, [Correspondence Between Andrew Jones MP and Louise Ellman MP Regarding the Buses Bill Dated 3 September and 2 October 2015](#), 13 October 2015.

<sup>109</sup> KPMG, [Local Bus Market Study](#), January 2016.

<sup>110</sup> Transport News Brief, [What to Watch out for in the Buses Bill](#), 17 February 2016.

<sup>111</sup> Department for Transport, [The Buses Bill](#), 11 February 2016.

<sup>112</sup> Department for Transport, [The Case for the Buses Bill](#), 24 February 2016.

<sup>113</sup> *ibid.*

mandate the provision of data. The format would be determined after discussions with industry.<sup>114</sup>

## New Partnerships

The Bill would provide for “new arrangements for local authorities and bus operators to enter into partnership with one another”, to enable them to “agree their own standards for all services in their area”.<sup>115</sup> These could, for example, allow for a focus on frequency and reliability along a particular route, set emissions standards, or introduce common ticketing, marketing and branding rules over wider geographical areas.<sup>116</sup> The Department for Transport has suggested that Oyster-style ticketing, as used in London, could be rolled out across the country.<sup>117</sup> The Minister for Buses noted a case for “more radical change” in some areas, such as those areas that would like to implement a single fare structure across different transport modes and operators, but currently have a fully de-regulated bus market.<sup>118</sup>

## Franchising

The Department for Transport has confirmed that the Bill would “honour the Government’s devolution deal commitments to give local authorities the choice to use new powers to franchise bus services in their areas”.<sup>119</sup> An update from the Buses Bill policy team in December 2015 explained that this would result in the replacement of the deregulated bus market, within certain areas, with a new system where the local transport authority would plan and specify the services to be delivered. Bus operators would then bid to provide those services.<sup>120</sup> The policy team explained that these powers would achieve the same outcome as the current Quality Contract Scheme (QCS) process but would be “clearer and simpler to use”.<sup>121</sup> Andrew Jones, Minister for Buses, described the QCS as having “proved more time consuming, costly and challenging than anybody could ever have imagined”.<sup>122</sup> He emphasised that the Buses Bill would be an enabling bill to provide new choices about how local authorities could improve bus services; local areas would decide whether or not to take up these new powers.<sup>123</sup>

## 5.2 High-speed Rail (Carry-over Bill)

The 2015 Queen’s Speech included a commitment to “continue to legislate for high-speed rail links between the different parts of the country”.<sup>124</sup> The background briefing produced by the Cabinet Office explained that the High Speed Rail (London–West Midlands) Bill, would “provide the Government with the legal powers to construct and operate phase I of the High Speed 2(HS2) railway”.<sup>125</sup>

---

<sup>114</sup> [House of Commons, Written Question: Bus Services, 24 March 2016, 31967.](#)

<sup>115</sup> Department for Transport, [‘The Case for the Buses Bill’](#), 24 February 2016.

<sup>116</sup> *ibid.*

<sup>117</sup> Department for Transport, [‘New Buses Bill to Deliver a Better Deal for the Public’](#), 11 February 2016.

<sup>118</sup> *ibid.*

<sup>119</sup> *ibid.*

<sup>120</sup> Buses Bill Policy Team, [Buses Bill Update](#), December 2015, p 1.

<sup>121</sup> *ibid.*

<sup>122</sup> Department for Transport, [‘New Buses Bill to Deliver a Better Deal for the Public’](#), 11 February 2016.

<sup>123</sup> Department for Transport, [‘The Case for the Buses Bill’](#), 24 February 2016. For information regarding devolution deals that have been agreed, see House of Commons Library, [Devolution to Local Government in England](#), 5 April 2016, especially p 14.

<sup>124</sup> Cabinet Office, [‘Queen’s Speech 2015’](#), 27 May 2015.

<sup>125</sup> Cabinet Office, [The Queen’s Speech: Background Briefs](#), 27 May 2015, p 48.

The High Speed Rail (London–West Midlands) Bill was introduced into the House of Commons on 25 November 2013 and received its second reading on 28 April 2014.<sup>126</sup> On 29 April 2014, the Commons agreed to a carry-over motion which provided for the Bill to be suspended at the end of the 2013–14 session and at the end of the 2014–15 session and resumed in the following sessions of Parliament.<sup>127</sup> The Bill will therefore be amongst legislation considered in the 2016–17 session.

The Bill is a hybrid bill, meaning that it has elements of both a public and private bill. Following second reading, hybrid bills are committed to a specially convened committee to allow those affected by the Bill to petition against aspects to which they object. In the Commons, this stage of the Bill took almost two years to complete. After the committee has reported, a hybrid bill is considered in committee, on report and debated at third reading on the floor of the House.<sup>128</sup> The Bill received its second reading in the House of Lords on 14 April 2016 and was committed to a select committee.<sup>129</sup>

High Speed 2 is a project to build a high-speed rail line from London to Manchester and Leeds, via Birmingham, the East Midlands, Sheffield and Crewe. The planned line would begin operation in 2026 and be completed by 2032. In November 2015, the Government put the total cost of the HS2 project, in 2015 prices, at £55.7 billion (including rolling stock). The project is currently split into three phases:

- Phase 1 from London Euston to Birmingham Curzon Street and Lichfield with intermediate stations in West London (at old Oak Common) and at Birmingham Airport;
- Phase 2a from the West Midlands to Crewe; and
- Phase 2b serving Manchester, the East Midlands, South Yorkshire and Leeds.

The House of Commons Library have produced a number of briefings which detail the background to the High Speed Rail 2 project and the ongoing arguments both for and against HS2.<sup>130</sup>

## Phase 1

The High Speed Rail (London–West Midlands) Bill was introduced in the House of Lords on 23 March 2016 and received second reading on 14 April 2016.<sup>131</sup> The Bill is large and complex and, if passed, would give both parliamentary and planning approval to phase one of the High Speed 2 (HS2) rail project. The Bill includes sections to authorise works for the construction and maintenance of phase one of HS2, and includes details about planning matters, the

<sup>126</sup> [HC Hansard, 28 April 2014, cols 557–669.](#)

<sup>127</sup> [HC Hansard, 29 April 2014, cols 771–4.](#)

<sup>128</sup> For further information about hybrid bills please see, House of Commons Library, [Hybrid Bills: House of Commons Background Paper](#), 11 December 2013.

<sup>129</sup> [HL Hansard, 14 April 2016, cols 360–434.](#) The membership of the Select Committee was agreed by the House of Lords on 5 May 2016, [HL Hansard, 5 May 2016, cols 1522–6.](#)

<sup>130</sup> For further information see, House of Commons Library, [High Speed 2 \(HS2\) Phase 1](#), 31 March 2016.

<sup>131</sup> [HL Hansard, 14 April 2016, cols 360–434.](#)

deregulation of works on HS2, railways matters and the compulsory acquisition of land and rights in land.<sup>132</sup>

The Bill has been the subject of several committee reports over the course of its passage. These include the House of Commons Transport Committee; the House of Commons Environmental Audit Committee; the House of Commons Treasury Committee; the House of Commons Public Accounts Committee; and the House of Commons Public Administration and Constitutional Affairs Committee. The House of Lords Economic Affairs Committee considered the case for HS2 in the report, *The Economics of High Speed 2*, in March 2015, which concluded:

We fully support investment in rail infrastructure and welcome the Government's commitment to it. But the project has to be developed against a background of financial restraint and it is not at all clear that HS2 represents the best, most cost-effective solution to the problems it is intended to solve [...] The lengthy passage of the enabling legislation for the first phase of the construction provides an opportunity to examine the case for HS2. There should be no embarrassment in being prepared to revise the project: the objectives and cost are too important.<sup>133</sup>

Responding to the Lords Committee in July 2015, the Government stated that it was “confident that the case for HS2 is clear and robust”, and that it would “have a transformational effect, supporting growth and increased productivity across the country, particularly in the North” and “improve connectivity, free up space on our crowded rail network, promote regeneration, boost local skills, generate tens of thousands of jobs and help secure the UK's future prosperity”.<sup>134</sup>

## Phase 2

The Secretary of State for Transport, Patrick McLoughlin, has confirmed that Phase 2a will be delivered by 2027.<sup>135</sup> The Government has announced its intention to deposit a hybrid bill in 2017, stating: “we are aiming for royal assent in 2019”.<sup>136</sup>

In relation to Phase 2b, the Secretary of State for Transport has commented, “We continue to make good progress on our plans for the rest of HS2 Phase Two serving Manchester, East Midlands, South Yorkshire and Leeds and will make a decision on the route in autumn 2016”.<sup>137</sup>

---

<sup>132</sup> For further information see, House of Lords Library, [High Speed Rail \(London–West Midlands\) Bill: Briefing for Lords Stages](#), 6 April 2016.

<sup>133</sup> House of Lords Economic Affairs Committee, [The Economics of High Speed 2](#), 25 March 2015, HL Paper 134 of session 2014–15, p 5.

<sup>134</sup> Department for Transport, [House of Lords Economic Affairs Committee: The Economics of HS2—Government Response](#), July 2015, p 4.

<sup>135</sup> [HC Hansard, 30 November 2015, cols 23–4](#).

<sup>136</sup> Department for Transport, [High Speed Two: East and West: The Next Steps to Crewe and Beyond](#), 30 November 2015, Cm 9157, p 71, para 5.46.

<sup>137</sup> HM Treasury et al, [‘HS2 route from Birmingham to Crewe to open 6 Years Early - Chancellor Confirms’](#), 30 November 2015. For further discussion of these proposals and information regarding Phase 2a and 2b, see House of Commons Library, [High Speed 2 \(HS2\) Phases 2a, 2b and Beyond](#), 31 March 2016.

### 5.3 Railways Bill

On 8 March 2016, the Competition and Markets Authority (CMA), which has a statutory duty to promote competition for the benefit of consumers,<sup>138</sup> published a report entitled *Competition in Passenger Rail Services in Great Britain*.<sup>139</sup>

Responding to the report, on 17 March 2016, the Secretary of State for Transport, Patrick McLoughlin, noted that the CMA report, had recommended that open access operators could benefit passengers if reforms were made, including “fairer charges and robust protections for taxpayers and investment”.<sup>140</sup> While charges were the responsibility of the industry regulator, the Office of Rail Regulation, he expressed his hope that changes to charges would be “made as soon as possible”.<sup>141</sup> He then flagged the possibility of legislation, noting that he “will now explore options for potentially implementing the CMA’s recommendations, including legislation if required”.<sup>142</sup>

The CMA report came as a result of a policy project launched by the CMA in January 2015 to consider the role of competition in passenger rail services, and the extent to which rail services might be “enhanced to the benefit of passengers, the industry and the country as a whole—by introducing a greater degree of competition”.<sup>143</sup>

The report suggested a number of options for reform, and steps required, in order to implement four “general recommendations” that the CMA considered “key to enabling full realisation of the benefits of greater on-rail competition”.<sup>144</sup> These recommendations were:

- Further reducing the level of specification of franchise contracts wherever possible.
- Reforming the structure of access charges so that charges are more cost-reflective.
- Improving incentives for Network Rail in its ‘system operator’ function to manage traffic and capacity more efficiently and to become more responsive to customer demands.
- Encouraging the use of smart ticketing so that real passenger journeys are tracked within the system and potential distortions by the ORCATS system are removed.<sup>145</sup>

---

<sup>138</sup> Enterprise and Regulatory Reform Act 2013, section 25(3).

<sup>139</sup> Competition and Markets Authority, [Competition in Passenger Rail Services in Great Britain](#), 8 March 2016.

<sup>140</sup> Competition and Markets Authority, ‘[CMA to Examine Scope for Greater Rail Competition for Passengers](#)’, 22 January 2016; and [House of Commons, Written Statement: Rail Reform, 17 March 2016, HCWS624](#). Open Access Operators refers to those services provided by a non-franchised passenger train operator which has been approved by the industry regulator the Office of Rail Regulation (ORR).

<sup>141</sup> [House of Commons, Written Statement: Rail Reform, 17 March 2016, HCWS624](#).

<sup>142</sup> *ibid.*

<sup>143</sup> Competition and Markets Authority, [Competition in Passenger Rail Services in Great Britain](#), 8 March 2016, p 4.

<sup>144</sup> *ibid.*, pp 222–3.

<sup>145</sup> *ibid.*

On publication of the report, a press release by the CMA noted:

Currently, the benefits of competition in passenger rail services are secured primarily by the award of franchises to operators through competition 'for' the market. Although the report notes that this process has delivered positive results, the CMA's report has identified a range of benefits that could arise from allowing other operators to run competing services against the existing franchise operators.<sup>146</sup>

---

<sup>146</sup> Competition and Markets Authority, ['Press Release: CMA Signals Route for Greater Rail Competition'](#), 8 March 2016.

House of Lords Library Notes are compiled for the benefit of Members of the House of Lords and their personal staff, to provide impartial, politically balanced briefing on subjects likely to be of interest to Members of the Lords. Authors are available to discuss the contents of the Notes with the Members and their staff but cannot advise members of the general public.

Any comments on Library Notes should be sent to the Head of Research Services, House of Lords Library, London SW1A 0PW or emailed to [purvism@parliament.uk](mailto:purvism@parliament.uk).