

# Weekly policy update from London Chamber of Commerce and Industry

*A round-up of key policy changes from the past seven days – 5 August 2024*

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## *Government lays out reforms to planning system*

- The Government has unveiled its proposed [reforms](#) to the planning system, a key pledge from the election campaign.
- In a [statement](#) to the House of Commons, Housing, Communities and Local Government Secretary Angela Rayner stated mandatory planning targets would be introduced for local authorities and metro mayors, with the aim of building 1.5 million new homes over the next five years.
- A consultation has been launched on reforming the National Planning Policy Framework (NPPF). The Government says that these proposed changes to the NPPF will:
  - Make the standard method for assessing housing needs mandatory, requiring local authorities to plan for the resulting housing need figure, planning for a lower figure only when they can demonstrate hard constraints and that they have exhausted all other options
  - Reverse other changes to the NPPF made in December 2023
  - Implement a new standard method and calculation for local plans
  - Broaden the existing definition of brownfield land, set a strengthened expectation that applications on brownfield land will be approved and that plans should promote an uplift in density in urban areas
  - identify grey belt land within the Green Belt, to be brought forward into the planning

system through both plan and decision-making to meet development needs

- Improve the operation of ‘the presumption’ in favour of sustainable development, to ensure it acts as an effective failsafe to support housing supply, by clarifying the circumstances in which it applies; and, introducing new safeguards, to make clear that its application cannot justify poor quality development
- Deliver affordable, well-designed homes, with new “golden rules” for land released in the Green Belt to ensure it delivers in the public interest
- Make wider changes to ensure that local planning authorities are able to prioritise the types of affordable homes their communities need on all housing development and that the planning system supports a more diverse housebuilding sector
- Support economic growth in key sectors
- Deliver community needs to support society and the creation of healthy places
- The consultation includes some proposals to reform the Nationally Significant Infrastructure Projects (NSIPs) regime as well
- The NPPF consultation can be found [here](#) and will close on **24 September 2024**. If you have any views you wish to be represented in LCCI’s response, please contact the Policy Team on [policy@londonchamber.co.uk](mailto:policy@londonchamber.co.uk).
- In addition, Ms Rayner stated that the Government will:
  - Introduce new flexibilities in the Affordable Homes Programme for the GLA
  - Increase the flexibilities on how councils can use their Right to Buy receipts, as well as reviewing Right to Buy more widely, which includes looking at eligibility criteria and protections for new homes. A consultation will be brought forward in the autumn
  - Ensure that the third round of the Local Authority Housing Fund will be going ahead, with £450m to councils to acquire and create homes for families at risk of homelessness
  - Introduce Awaab’s Law into the social rented sector, with more detail and secondary legislation to implement this in due course
  - Make it easier to build laboratories, digital infrastructure, and gigafactories to make batteries for electric vehicles
  - Establish a [New Towns Taskforce](#) to lead on the Government’s manifesto commitment to develop new towns. The Taskforce, chaired by Sir Michael Lyons, will be responsible for drawing up a ‘New Towns Code’, and setting the requirements for potential sites
- The Government has set out its proposed housebuilding targets for each region and local authority. In London, the Government has proposed lowering the target from 98,882 new homes per annum to 80,693, a reduction of 18%.

- A minority of boroughs saw an increase in their housing targets – Kensington and Chelsea, Westminster, Hammersmith and Fulham, Islington, Wandsworth, Bexley, Lambeth, Richmond upon Thames, and the City of London.

### *Date for International Investment Summit*

- The UK will host a major International Investment Summit on 14 October 2024, the Government has announced.
- The summit will see business leaders invited to hear from the Government on opportunities for them to invest. More information can be found [here](#).

### *New remit for Low Pay Commission*

- Business and Trade Secretary Jonathan Reynolds has [announced](#) that the Government is reforming the remit of the Low Pay Commission (LPC). The LPC is an independent body which makes recommendations to government for the minimum wage rates.
- Mr Reynolds has said that the LPC will now be required to take into account the cost of living when making its wage recommendations.
- The Government have also instructed the LPC to narrow the gap between the minimum wage rate for 18–20-year-olds and the National Living Wage. This will be the first step towards achieving a single adult rate.
- Government has asked the LPC to report back by the end of October, and the rates will increase in April 2025.

### *Interest rates lowered for first time in more than four years*

- The Bank of England's Monetary Policy Committee (MPC) has voted to lower Bank Rate by 0.25 percentage points, to 5%. This is the first cut in interest rates since March 2020.
- At its meeting ending on 31 July 2024, the MPC voted by a majority of 5-4 to cut rates. Four members preferred to maintain Bank Rate at 5.25%.
- The MPC stated that the “impact from past external shocks has abated and there has been some progress in moderating risks of persistence in inflation.” However, they also said that monetary policy will need to remain restrictive until the risks to inflation returning sustainably to the 2% target have dissipated further.
- GDP growth has been stronger than expected, though monetary policy continues to weigh on

activity in the real economy, “leading to a looser labour market and bearing down on inflationary pressures.”

If you have any queries, please contact the LCCI Policy Team at [policy@londonchamber.co.uk](mailto:policy@londonchamber.co.uk).

