HS2 Ltd response to Residents' Commissioner's report 11

In this letter, High Speed Two (HS2) Ltd CEO, Mark Thurston, responds to the eleventh Residents' Commissioner's report published in April 2019.

The Residents' Commissioner's report explains what activity has taken place since the previous report and looks in particular at HS2 property schemes and complaints process.

The Residents' Commissioner acts as an impartial monitor, ensuring that HS2 Ltd is open and transparent in it's communications with residents affected by HS2.

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Scottish Income Tax shortfall offset by UK Funding

The Scottish Government raised £941 million less than expected in devolved income taxes in 2017/18, new figures from HMRC reveal today.

Scotland's economy grew more slowly than the rest of the UK, hitting tax receipts and leaving the Scottish Government with a shortfall in funding.

Because of the risk sharing mechanism in the jointly agreed fiscal framework, the shortfall will be offset by a £737 million increase to the block grant funded by the UK Government. It means the Scottish Government will have to manage a reduction in funding in 2020/21 of £204million.

Scottish ministers are responsible for deciding how to respond. They have powers to borrow up to £1.75billion and a £700million reserve to smooth funding pressures across financial years.

Chief Secretary to the Treasury Liz Truss said:

> The 2016 Scotland Act was a major new act of devolution that helps make the Scottish Parliament one of the most powerful devolved parliaments in the world.
>
> This helps to realise all the benefits of the Union as it provides Scottish ministers with substantial powers over taxes and spending for Scotland while still being supported by the broad shoulders of the UK.
>
> But with those new powers, Scottish ministers should take responsibility and focus on the decisions necessary to get Scotland's economy growing faster to avoid shortfalls in tax receipts.

Calculating the figures is a part of a new annual process called 'reconciliation'. It was jointly agreed by the Scottish and UK Governments when a new fiscal framework was created alongside the Scotland Act 2016. 2017/18 is the first year in which powers over income tax rates and thresholds were fully devolved to the Scottish Government so this is the first time the reconciliation has operated.

The Scottish Fiscal Commission currently forecasts reconciliation over the first three years will see a c.£1 billion reduction in funding for the Scottish Government, although this is a much larger shortfall than the Office for Budget Responsibility currently expects of around £300million.

Alongside this, public spending statistics published today show spending in Scotland rose to £10,881 per head in 2017/18 from £10,606 the previous year. This compares to the UK average in 2017/18 of £9,350 per head.

Notes to editors:

What is reconciliation?

As set out in the Scottish Government's fiscal framework, income tax outturn published in HMRC's Annual Report and Accounts for 2017-18 will be used to determine the Scottish Government's funding in 2020-21 through a reconciliation process.

Under this reconciliation process, the block grant will be increased by £737m and the Scottish Government’s income tax revenues will be reduced by £941m.

What is income tax devolution?

The Scotland Act 2016 devolved additional tax powers to the Scottish Government. In April 2017, the Scottish Government gained the power to set the rates and bands for non-savings and non-dividends (NSND) Income Tax in Scotland.

How is the Scottish Government funded?

The Scottish Government is partly funded by the UK government block grant, and partly self-funded through raising revenue from devolved taxes and borrowing.

The block grant is determined by the longstanding Barnett Formula, block grant deductions in relation to tax devolution and block grant additions for welfare devolution. Alongside this, the Scottish Government retains all revenues from devolved taxes and sets borrowing levels within agreed limits.

What is the income tax reconciliation for 2017-18?

The reconciliation covers both income tax revenues and the block grant deduction.

Initially, the Scottish Government’s income tax revenues are forecast by the Scottish Fiscal Commission and the income tax block grant deduction is based on Office for Budget Responsibility income tax forecasts for the rest of the UK.

Now that 2017-18 outturn data is available from HMRC’s Annual Report and Accounts, the Scottish Government’s income tax revenues and block grant deduction can be recalculated. The difference between the forecasts and the outturns are applied to the Scottish Government’s funding in 2020-21.

The two reconciliation components will have the following effects, as summarised in the table below:

1. Block grant deduction: The outturn is lower than forecast so this will increase the Scottish Government’s block grant by £737m in 2020-21.

2. Scottish income tax: The outturn is lower than forecast so this will reduce Scottish Government self-funding by £941m in 2020-21.

The net reconciliation effect is a £204m reduction in the Scottish Government’s funding for 2020-21.

—	2017-18 (£m)
Block grant deduction: based on OBR forecast 2016	-11,750
Block grant deduction: based on HMRC outturn 2019	-11,013

Reconciliation effect	+737
Scottish income tax: SFC forecast 2016	11,857
Scottish income tax: HMRC outturn 2019	10,916
Reconciliation effect	-941
Net reconciliation effect	-204

Highways England's M25 Junction 10/A3 Wisley Interchange improvement application accepted for examination

Yesterday, Wednesday 17 July, The Planning Inspectorate accepted for examination, an application by Highways England for proposed improvements to M25 J10/A3 Wisley Interchange to allow free-flowing movement in all directions located in the M25 Junction 10, near Wisley, Surrey and A3 between Cobham/Byfleet and Ripley/Ockham.

The application was submitted on 19 June 2019 and the decision to accept the application was made in accordance with section 55 of the Planning Act 2008 (as amended). (The Planning Inspectorate has 28 days from the day after the date of receipt of an application to decide whether or not to accept it).

The decision and a copy of the application documents can be viewed at the project page on the Inspectorate's National Infrastructure Planning website; https://infrastructure.planninginspectorate.gov.uk/projects/south-east/m25-junction-10a3-wisley-interchange-improvement/

The Planning Act 2008 (as amended) sets high standards for applications and places a strong duty upon developers to involve the local community, local authorities and other stakeholders in the development of their proposal, ahead of submission.

Sarah Richards, Chief Executive of The Planning Inspectorate said: "After careful consideration, we have decided the application submitted by Highways England meets the required tests set out in the legislation to be accepted for examination."

"This does not mean that consent will be given for the project to go ahead. The Examining Authority can now begin to make arrangements for the formal examination of the application".

It is now for the relevant Highways improvement team to publicise the fact that its application has been accepted to proceed to examination and invite people who are interested in the proposal to register with the Planning Inspectorate as an Interested Party by making a Relevant Representation.

Interested Parties in an application can:

- Say what they agree or disagree with in the application and why
- Comment on what other people have said in their representations
- Attend a Preliminary Meeting and say how they think the application should be examined
- Request that an open floor hearing is held
- Attend an open floor or issue-specific hearing
- Request to speak at a hearing.

Sarah Richards said.

“A major priority for us over the next few weeks is to ensure that the people and communities who may be affected by this proposal have the opportunity to give us their views.”

Ends

Journalists wanting further information should contact the Planning Inspectorate’s Press Office, on: 0303 444 5004 or 0303 444 5005 or email: press.office@planninginspctorate.gov.uk

More information on this application, including details of the developer’s website, is available in National Infrastructure’s Programme of Projects

Notes to editors:

The Planning Inspectorate is an agency of the Ministry for Housing, communities and Local Government (MHCLG) and operates within the policy framework prescribed in the Planning Act 2008, secondary legislation and the National Policy Statements.

The process in a snapshot

There are six key stages within the process. The summary below provides examples of when and how people have an opportunity to provide evidence to the Planning Inspectorate. Pre-application

Key activities:

- Project development / developer’s pre-application consultation and publicity.
- Environmental impact assessment preparation and scoping, where required.

Public involvement:

- Have their say on the proposal to the developer through their pre application consultation Acceptance by the Planning Inspectorate on behalf of the Secretary of State

Key activities:

- The Secretary of State has 28 days from the day after receipt to decide whether or not an application should be accepted for examination

Public involvement:

- Details will be posted at the Planning Inspectorate’s website on how to register as an interested party – once an application has been accepted for examination and publicised by the developer.
- Opportunity to legally challenge a decision not to accept an application.

Pre-examination

Key activities:

- Single Inspector or a Panel of three or more Inspectors appointed.
- Preliminary Meeting called and held.
- Procedure and timetable set for examination.

Public involvement:

- Register to say what you agree or disagree with in the application
- Submit your representation
- View application documents submitted by the developer on the Planning Inspectorate website
- Attend the Preliminary Meeting
- Say how the examination should be conducted.

Examination

Key activities:

- A maximum of six months to carry out the examination

Public involvement:

- Submit more detailed comments in writing
- Comment on what other people have said
- Request and attend an open-floor hearing
- If being held, request to speak at open-floor and / or issue specific hearing(s)
- Comment on the local authority’s Local Impact Report – detailing the impact of the scheme on the local area.

Decision

Key activities:

- A maximum of three months for Planning Inspectorate to issue a recommendation to the relevant Secretary of State, with a statement of reasons.

- The relevant Secretary of State then has a further three months from receiving the recommendation in which to issue the decision.

Post decision

Key activities:

- Six weeks for any legal challenge.

Public involvement:

- Opportunity to challenge.

Women in Finance Charter continues to drive change at highest level

Over 350 financial services organisations have now signed up to the Women in Finance Charter, with today's signatories bringing the total coverage of the Charter to over 800,000 people.

The Treasury's Women in Finance Charter asks financial firms to commit to taking action to support the progression of women into senior roles, including setting their own gender targets.

The 21 newest signatories include investment firms Allianz Global Investors and Natixis, and business-banking tech company Tide.

Alongside this, new research from New Financial finds that the Women in Finance Charter is leading to greater engagement on gender diversity at the highest levels in those organisations which have signed up to it. Women in Finance Champion, Dame Jayne-Anne Gadhia, said:

> I'm delighted to see the Charter continue to grow. It's the businesses that address their culture and understand the power of diversity that really succeed. The top quarter of businesses on gender diversity are 21% more likely to have above-average profits than the bottom quarter. So this is not just the right thing to do socially, it's the right thing to do for business.

The Economic Secretary to the Treasury, John Glen, said:

> It's great to see so many financial organisations signed up to the Charter, but we can't be complacent.
>
> We need to make sure this is translated into meaningful change

> across the sector. So it’s reassuring that people are already seeing the Charter as a driver for change in their companies, including on wider diversity issues too.
>
> Signing the Charter is just the first step, and I encourage all signatories to continue this work so we can create a fairer, more equal industry.

Yasmine Chinwala, partner at New Financial and co-author of the report, said:

> It is very encouraging that signatories believe the Charter is driving change both within their organisations and at industry level. The data shows the Charter has influenced signatories to take a new approach to improving diversity. It is vital that signatories continue to use the Charter to stimulate discussions at the highest levels, and maintain focus on increasing female representation.
>
> Two-thirds of the signatories surveyed believe being a Charter signatory will drive permanent sustainable change in their company and across the financial services industry, with the majority of the rest expecting to see a shift in their own organisation over the next five years.
>
> The research also found that this is not just a ‘women’s issue’ but a business issue, with nearly all respondents seeking ways to involve men in their Charter commitments. Four-fifths of respondents are also seeking to improve their wider diversity as well as their gender balance, most commonly focusing on ethnicity, LGBT+, disability and socio-economic background.

Notes to editors

The newest signatories are:

- Allianz Global Investors
- Artemis Investment Management LLP
- Big Society Capital
- Campbell & Fletcher Recruitment
- Connect IFA

- Fiduciam Nominees
- Form3
- HBB Bridging Loans
- iPipeline
- Jane Smith Financial Planning
- Julian Hodge Bank
- LDNfinance Solutions
- Morningstar
- Natixis
- Parker Fitzgerald
- People risk management
- Pepper (UK)
- Seedrs
- Tide Platform
- VIBE Financial Services
- Whitehelm Capital

This report was produced by New Financial in collaboration with HM Treasury, supported by Virgin Money (now owned by CYBG) and City of London Corporation.