CABINET.

TOWN AND COUNTRY PLANNING LEGISLATION.

MEMORANDUM BY THE LORD PRESIDENT OF THE COUNCIL.

We are committed in the King's Speech to lay before Parliament this session proposals to deal with the problems of compensation and betterment in relation to town and country planning, to improve the procedure for the acquisition of land for public purposes, and otherwise to promote the best use of land in the national interest.* The framing of the proposals needed to this end has now reached a stage where approval by the Cabinet is required, so that urgent drafting of the necessary legislation may proceed. Unless this can begin at once, there is grave danger that the promise in the King's Speech will not be fulfilled.

2. At their meeting on the 17th August, 1945,† the Lord President's Committee invited me to convene a small group of Ministers to guide and supervise interdepartmental consideration of problems relating to the control of land use. This group was later formally constituted as a Sub-Committee of the Lord President's Committee, consisting of the following Ministers, with myself in the chair:

Chancellor of the Exchequer,
President of the Board of Trade,
Secretary of State for Scotland,
Minister of Health,
Minister of Agriculture and Fisheries,
Minister of Town and Country Planning,

and it was agreed that recommendations should be submitted by this Sub-Committee directly to the Cabinet.‡ After giving general guidance on major points, the Sub-Committee referred to an Official Sub-Committee the task of preparing a detailed scheme for legislation dealing with compensation and betterment and related planning problems, and the officials later submitted a detailed report, which was considered at a meeting of the Ministerial Sub-Committee on the 31st October.§

3. At this meeting, agreement was reached upon the attached proposed Heads of Legislation‖ (explanatory notes to which I also attach); and, except on two points to which I refer below, this agreement was unanimous. On these two points—which are both of major importance—the Chancellor of the Exchequer asked that his position should be reserved.

4. The first point concerns the amount of the payment to be made as compensation for the statutory restriction of land to its existing use (Head II). The Ministerial Sub-Committee originally decided that compensation should in general be limited to 50 per cent. of the "market valuation" of such development value as had accrued up to the 31st March, 1939, and the officials prepared their detailed proposals on this basis, with provision for a higher rate of compensation in certain clearly-defined cases of obvious hardship. When these proposals came

* Hansard, Commons, 15th August, 1945, Col. 56.
† L.P. (45) 27th Meeting, Minute 5, Conclusion (1).
‡ L.P. (45) 31st Meeting, Minute 2.
§ C.B. (45) 3rd Meeting.
‖ Appendix "A."
before Ministers, it was pointed out that, assuming the figure of 50 per cent. had been selected because it was a reasonable overall average, then if (as was proposed) higher payment was to be made in certain cases—and as much as 100 per cent. in the case of "dead-ripe" land—there was a strong case for reducing below 50 per cent. the payment to be made in respect of the remaining claims. On these grounds it was therefore decided that the basic rate of compensation should be amended to 40 (see Head (4)(iii) of Appendix "A").

5. From this decision the Chancellor of the Exchequer dissents, and puts forward the following case:

(a) No data are available for arriving by calculation at the percentage that should properly be paid: the 50 per cent. (or the 40 per cent.) is no more than a guess at the amount that should be paid after excluding the element of floating value. The element of floating value may well be larger than is here allowed for: in which case even a 40 per cent. payment is unduly high.

(b) If a decision on the percentage to be paid could be deferred, data might be obtained (by valuation over a period of, say, the next five years) on which a more exact assessment of the element of floating value could be made, leading to a truer percentage, which might prove to be lower than 40 per cent. If this were so, the saving to the Exchequer might be substantial.

(c) In any case, to announce now that compensation will be paid at 40 per cent. might lead to charges of confiscation—especially as there is at present no substantial evidence to justify payment at that figure, such as might be available if the course at (b) above were adopted.

6. While recognising the force of these arguments, the other members of the Sub-Committee nevertheless felt bound to reject them, for the following reasons:

(a) To make no mention of any specific rate of payment in the Bill would lead to a great and undesirable uncertainty in land transactions, and there were also serious political objections.

(b) The Chancellor's objections would be met, at least in part, by reducing the payments from 50 per cent. to 40 per cent.

7. The second point of disagreement relates to the time at which compensation should be paid, and the opposing points of view are set out at Appendix "B." The Sub-Committee agreed with the majority view of the Official Sub-Committee: namely, that payment should be made on a fixed date, to be fixed by the Treasury, being a date not later than three years after the Act became law. The Chancellor of the Exchequer, however, would prefer that payment should be made only as and when development value may be frustrated by refusal of permission to develop by the Planning Authority.

8. I therefore ask the Cabinet:

(1) To endorse the Heads of Legislation that were unanimously approved by the Ministerial Sub-Committee;

(2) To decide the two matters still at issue, set out at paragraphs 4 to 7 above, viz.:

(a) should the Bill fix the percentage at which compensation is to be paid, and if so, should the figure be 40 per cent.?

(b) should compensation be payable at a fixed date or as and when permission to change the use of land is refused?

(3) To authorise the Minister of Town and Country Planning to proceed with the preparation of a draft Bill in the light of such decisions as may be reached on (1) and (2) above, and to submit the Bill for final approval in due course.

H. M.

Privy Council Office, S.W. 1,
9th November, 1945.
APPENDIX "A."

COMPENSATION AND BETTERMENT.

PROPOSED HEADS OF LEGISLATION.

I.—Statutory Restriction of Land to Existing Use.

(1) All land, whether developed or undeveloped, to be subject to a statutory restriction to existing use, unless the consent of the Planning Authority is given for a change of use in any particular case; the definition of "existing use" to include the following:

(i) In the case of agricultural land, the definition of "existing use" to cover the broad range of agricultural uses (of which there are already several statutory definitions) and the owner to be assumed to have a right to repair or rebuild existing agricultural buildings and to erect in addition such buildings as may be necessary for the farming of the land, subject to reasonable control of siting and design.

(ii) In the case of land occupied by buildings, other than agricultural buildings, the owner to be assumed to have:

(a) the right to keep the existing building, maintain it in repair, or make such minor structural alterations or improvements (including additions (e.g., the addition of a garage or further room to a house) or extensions up to a maximum of 10 per cent. of the existing floor space) as may be necessary on grounds of domestic convenience or for the running of a business;

(b) the right to rebuild to the same cubic capacity, height, floor space, &c, and to use the new building for the same purpose as the old.

(iii) As regards the use of buildings, the owner to be deemed to be restricted to using the building or any substituted building for the same purpose or the same main purpose or class of purpose (e.g., any form of retail trade would be regarded as one use).

(iv) In the case of mixed users, such as a shop with dwelling accommodation above, the owner to be assumed to be entitled to a reasonable adjustment of the proportions of the various users as may be necessary on grounds of business or convenience up to a maximum of 10 per cent. of the floor space.

Notes.

1. The effect of these provisions will be to take "development rights" out of private hands. They thus carry into effect the intention underlying the main recommendation of the Uthwatt Committee, relating to development rights in undeveloped land outside town areas, but extend the conception to all land, so that the whole country will be brought under a single scheme. This will provide an effective basis for future planning operations.

II.—Compensation for the Imposition of the Statutory Restriction to Existing Use.

(2) Compensation for the imposition of the statutory restriction to be payable only in cases in which development value (i.e., value over and above the value of the land for its existing use) was inherent in the land on the 31st March, 1939, and only in respect of such development value.

(3) Any owner of any interest in land to be entitled, within six months from the passing of the Bill (subject to extension of the period in certain cases), to submit a claim for compensation on the ground that, by reason of the imposition...
of the restriction to existing use, the value of his interest in that land, calculated
as in (4) below, has been reduced by more than:

(i) £20 per acre, or
(ii) 10 per cent, of the value of the interest as restricted to existing use,
whatever is the greater.

(4) Compensation to be payable as follows:

(i) Where the owner can show that, before the war-time building control
came into operation, he had either signed a contract for the erection
of a building or submitted to the bye-law authority detailed construc­
tional plans for development which had not been forbidden on planning
grounds, he shall be entitled to 100 per cent, of any development value
which inhered in the land on the 31st March, 1939, calculated by
taking the difference between—

(a) the basic value—i.e., the value of the land on a March 1939 basis
of value, assuming it to have been restricted in perpetuity to its
present existing use; and
(b) its market value on a March 1939 basis.

(ii) Where the owner can show that the interest in the land in respect of
which he is claiming compensation was purchased by him (or if he
acquired by inheritance, by the person from whom he inherited) on or
after the 1st April, 1929, and that the price which was then paid
exceeded the 1939 basic value of the land, calculated as at (i) (a)
above, he shall be entitled to claim the amount of the excess as
additional compensation; except that—

(a) where changes have since taken place in the unit of land, or in
the nature and extent of the interest, or in the condition of the
land (including buildings), &c., the amount of the purchase
price on which this calculation is based will be adjusted
accordingly;
(b) in cases where the purchase took place at a price above the value
at (i) (b) above (whether the purchase was before or after
that date) that value will, for the purpose of this calculation,
be substituted for the purchase price.

(iii) In all other cases, compensation to be at the rate of 40 per cent, of the
difference, if any, between the two valuations at (i) (a) and (b);
owners falling within (ii) to be allowed to claim under this provision
if they deem it to be more favourable to them.

(5) For the purpose of the valuation at (4) (i) (b), there should be excluded
any element of value due to a possible use of the land for certain defined purposes,
which may be classed broadly as anti-social (e.g., the use of land in certain areas
for noxious trades, or the erection of buildings on land subject to flooding) on the
ground that such a use could reasonably have been disallowed without compen­
sation under Section 19 of the Town and Country Planning Act, 1932.

(6) The unit of land for the purpose of each claim to be at the option of the
owner; but where the unit is a part only of the owner’s holding of land, deduction
to be made from the valuation at (4) (i) (b) in respect of disturbance and any
injurious affection to other land of the owner that would result from the develop­
ment of that part of the land in respect of which compensation is claimed.

(7) Provision to be made for an appeal to the Official Arbitrator should an
owner and the Government valuer fail to agree on the valuations at (4) (i).

(8) Compensation to be payable on a date to be fixed by the Treasury, being
a date not later than [3] years after the date upon which the Act becomes law, or
the date for payment of value payments under the War Damage Act, whichever is
the later; and as from that date the owner to be entitled to interest upon any
compensation not so paid.

(9) Where developers were in process of developing an area of land when
war broke out, and the completion of the development was stopped owing to the
war, then, if the Minister is satisfied that there is no planning objection to the
completion of the development (or some part of it), and is satisfied that the owner
will complete the development (or some part of it) as soon as the supply of labour and materials permit, he may direct that no compensation should be paid, and that a licence to develop should be issued without payment of Betterment Charge.

Notes.

2. The proposed basis of compensation for the loss of development rights is as follows:

(1) Where land was on the point of being developed when war broke out, the owner will receive compensation at the rate of 100 per cent. of the 1939 development value, or, alternatively, will be given a straightforward permission to continue the development if there is no objection on planning grounds.

(2) Where an owner bought land since March 1929 at a price which included a payment for development rights, he will be able to claim in compensation the amount of the purchase price attributable to the development rights, with the March 1939 value as a ceiling.

(3) In all other cases, compensation will be at the rate of 40 per cent. of the 1939 development value. Owners falling under (2) will have the option of claiming the 40 per cent. if it is more advantageous to them.

(4) In order to avoid a flood of trifling claims that would choke the administration, no claim will be admitted unless the development rights were worth either £20 per acre or were more than 10 per cent. of the existing-user value, whichever is the greater.

3. The aim of these provisions is to pay compensation that is fair, without being excessive, for depriving owners for the future of the right to reap increased values on development or redevelopment of their land. The Uthwatt Committee estimated that if compensation were paid on the basis of 100 per cent. of the "market value" of each separately owned parcel of land, owners as a class would receive between two and three times as much as the total development rights as a whole were in fact worth. The global method of compensation recommended by the Uthwatt Committee (following the precedent of the Coal Act, 1938, which nationalised coal royalties) would be extremely difficult to apply to development values in land and would lead to hardship and glaring anomalies. Moreover, many years would be needed to collect the information necessary for an accurate calculation of the global sum and, meanwhile, the effect of the legislation might be held up. The above provisions will give broadly the same amount of compensation to owners but will, it is believed, avoid major hardship.

4. No estimate can be made of the total amount of compensation involved. It will undoubtedly be heavy, but after a few years the income from betterment ought to be sufficient to meet a substantial part, at any rate, of the interest charges.

5. It is proposed that compensation should be payable at a date to be fixed by the Treasury. The Bill would provide that this date should not be earlier than the date for making value payments under the War Damage Acts but, subject to that, would be not later than three years from the passing of the Act. The Chancellor of the Exchequer dissents from this last proposal, however, and desires that payment should only be made as and when an owner is refused permission to develop. The respective arguments for "as and when" payment and for "fixed date" payment (the majority view) are set out in Appendix B.

6. If the proposal of the Chancellor of the Exchequer for "as and when" payment of compensation is accepted, the compensation proposals set out above will need reviewing. In particular, a detailed scheme will also need to be drawn up for recording the compensation, apportioning it on any change of unit, and distributing it when it falls due for payment.

III.—Planning Requirements.

(A) The Preparation of Plans.

(10)—(a) Local Planning Authorities (combined where necessary as under present law) to be required within 3 years from the passing of the Act to prepare "Outline Plans" showing their proposals for the future planning of their areas.
(b) These plans to be submitted to the Minister for approval after being made public and being the subject, where necessary, of a public enquiry.

(e) The Minister to have power to give directions as to the matters to be included in the Outline Plan, either on specific points or generally on the principles which should govern its preparation and its contents.

(d) Local Planning Authorities to be required to prepare more detailed plans of particular parts of their area as and when a more intensive development or redevelopment of any part is to be taken in hand; such plans also to be subject to the approval of the Minister, who will have power to issue directions regarding the "planning standards" to which development should conform.

(E) The Execution of Plans.

(I) The Granting of Consents for Change of Use.

(a) to enable permission for a different use to be granted in all appropriate cases;

(b) to enable the Minister to give a "block" consent to certain classes of development by means of a Ministerial Order—corresponding very closely to the General Interim Development Order made under the existing Planning Acts (S.R. & O. 349/45).

(12) Subject as above, the power to give or refuse consent to rest primarily with the appropriate Local Planning Authority, but the Minister will be given power to revoke or modify consents; to require particular applications or applications of a particular class to be referred to him for decision; and to direct Local Planning Authorities to notify him of particular applications or of particular classes of applications received, and, where necessary, of the decisions given on them.

(II) The Control of Existing Use.

(13) The Local Planning Authority to be empowered to exercise control within the range of existing use on the lines already provided in the Town and Country Planning Act, 1932.

(14) In defined circumstances, the owner to be entitled to compensation or to be given a right to require the Local Authority to buy his property if the exercise of their powers renders it sterile.

(III) Compulsory Purchase of Land.

Powers.

(15) Powers to be provided for compulsory purchase of land, with the consent of the Minister of Town and Country Planning, for the following purposes:—

(a) to enable any feature of an approved Outline Plan or Development Plan to be carried out;

(b) to ensure that land is made available for any development that is in accordance with an approved plan;

(c) during the period prior to the settlement of the Outline Plan, for any purpose which, in the opinion of the Minister, is immediately necessary in the public interest, having regard to the planning requirements of the area.

Price.

(16) The purchase price on compulsory acquisition to be assessed on the assumption that the land was subject, at the time of purchase, to a perpetual restriction to existing use, and while Part II of the Town and Country Planning Act, 1944, remains in operation to be related to a 1939 standard of values, with such supplementary payments as that Act provides.
Power of Local Planning Authorities to carry out Development.

Local Planning Authorities to be given a general power of development, with the consent of the Minister, for carrying out or securing the object of an approved plan.

Notes.

7. The object of legislation on the subject of compensation and betterment is to enable the use of the land resources of the country to be guided and directed on sound planning principles. The planning machinery provided by existing legislation is lengthy, cumbersome and rigid, and not readily adaptable to a process of positive planning. The above proposals provide for an improved procedure for the preparation and execution of plans, and for their progressive modification to meet changing circumstances. They include, in particular, extended powers of compulsory purchase of land to enable the plans to be carried out and a discretionary power to the Minister to permit Local Authorities to carry out development in appropriate cases.

IV.—Betterment.

18. In all cases where planning permission is given for any change in the use of any land or buildings outside the definition of existing use in paragraph (1) and the permission so given raises the value of the land above its value for existing use, the person carrying out that change to be required to obtain from the Land Commission a licence to proceed with the development for which permission has been granted and to pay a Betterment Charge in respect of such increase in value as results from the permission.

19. The licence only to be issued to a person who is himself going to carry out the development, who will be required to show that he has a sufficient legal interest in the land to enable him to develop.

20. Transfer of the licence to another person to be permitted only with the approval of the Land Commission, but such approval not to be unreasonably withheld.

21. Applicant to have a right of appeal to the Minister against the Betterment Charge only in cases where land has already been purchased in anticipation of future requirements, e.g., for a proposed factory extension.

22. Penalties to be provided for developing without obtaining a licence.

23. The Land Commission to be given power to accept payment of the Betterment Charge by instalments, or on the basis of an annual charge, or by such other methods as appear to them to be appropriate in any particular case.

Notes.

8. The State having purchased all rights of development or redevelopment (which will be vested in a Land Commission), any person who desires to develop particular land and has planning permission to do so, will be required to obtain a licence from the Land Commission and pay (or give security for) the Betterment Charge. Put shortly, he will have to buy from the State the right to develop. In practice, the amount will be related, so far as possible, to the value of the land for the purpose to which the developer intends to use it; it will be, in effect, the value of the licence to the applicant and will be fixed by negotiation in much the same way as the rent or premium on a lease is fixed in ordinary transactions. The Land Commission will thus be left with a wide discretion, but they will be subject to direction by the Minister of Town and Country Planning, who will be required to consult the Treasury and will be answerable to Parliament. It will be a duty of the Land Commission to see that necessary development is not held up, and in fixing the Betterment Charge, therefore, they will have to take particular care to see that it is not fixed so high that it undermines the profitability of the proposed enterprise and destroys the incentive to develop.

9. In order that the Land Commission should have data available for fixing the appropriate Betterment Charge, arrangements will be made, if necessary, for "open market sales" from time to time.
10. Opposition may be expected in Parliament to the proposal to leave to the Land Commission a complete discretion as to the charge to be imposed. Close examination of the position, however, has shown that it is neither practicable nor desirable to provide a rigid statutory formula for the calculation of the Betterment Charge. Nor is it thought that there should be any general right of appeal, except in the special case of a person who has already bought land specifically for the extension of an existing use—e.g., a factory extension. In such a case, provision is made for an appeal to the Minister.

V.—Application to Minerals.

(24) The universal restriction to existing use to be drafted so as to prohibit the working of surface or underground minerals otherwise than with planning consent (to which any necessary conditions may be attached) and the payment of a Betterment Charge where appropriate.

(25) "Current workings" to be given a statutory right to continue for a limited period or until stopped by ad hoc notice. Such workings to be defined so as to include land already being worked with such adjoining land as may be appropriate.

Notes.

11. The proper allocation of land for mineral working and the imposition, in appropriate cases, of conditions for "after-treatment," of the land are an important aspect of planning. This provision will give the State the right to control future mineral working in the same way that the above provisions will secure the right to control other forms of future development. The exemption of "current workings" is necessary in order to avoid any hold-up in production on the introduction of the new system.
APPENDIX “B.”

TIME FOR PAYMENT OF COMPENSATION.

The following extract from the First Report of the Official Sub-Committee on Compensation and Betterment* sets out the respective arguments for “as and when” payment and “fixed date” payment, referred to in paragraph 5 of the Notes in Appendix “A”:—

Time for Payment.

36. At the Meeting of Ministers on the 28th August, 1945,† it was recognised that, as the valuation process would take several years, immediate payment of compensation was out of the question; and Ministers adopted the only alternative proposal then before them, namely, that payment should only be made if and when application for permission to develop is refused. This was the proposal in the White Paper‡ issued by the Coalition Government. In the course of preparing a detailed scheme, however, the majority of the Committee have come to the conclusion that to make the payment of compensation dependent upon the refusal of planning permission will lead to serious administrative difficulties without any corresponding financial advantage, and may even endanger the whole policy of planning. We recommend, therefore, the Treasury dissenting, that all compensation in respect of development rights accrued up to the 31st March, 1939, should be paid off on a fixed date, whether or not the owner of the land has applied for permission to develop.

The Treasury view.

37. The Treasury representative is of opinion that the previous decision should remain—i.e., that compensation should be paid only when permission to develop is refused to an owner who can show that he is able and willing to develop, and that there is a demand for such development. The considerations put forward in support of this view are as follows:—

(a) The amount of compensation cannot be estimated in advance. Therefore, under the proposal for a “fixed date” payment, the Government would be committed to the payment, over a relatively short period, of an amount of compensation of unpredictable, but certainly of very considerable, magnitude. As regards undeveloped land, intelligent guesses have been made. As regards developed land, no one has even hazarded an opinion of what amount is involved.

(b) If the compensation claim is met in full at the outset, irrespective of whether development would actually be refused, it would be almost impossible to establish any control over the relation of the compensation charge to the produce of the betterment charge. The Government must retain the power, if circumstances so necessitate, of controlling the giving or withholding of planning consents in the light of the financial working out of the compensation and betterment scheme.

(c) The payment of compensation involves the issue of either cash or negotiable securities, carrying an annual burden of interest charges, against something which is not a revenue-earning asset at the moment but is merely the present value of a future earning capacity. The issue of compensation should therefore be as near in time as possible to the realisation somewhere else of the development, the refusal of which in a particular place is the occasion for the payment of compensation.

(d) So far as the recipients of compensation are disposed to spend money which has come to them in advance of expectation, the scheme would add to the inflationary pressure likely to be experienced in the early reconstruction period.

(e) The Treasury appreciate that postponement of compensation has a bearing on the percentage of development value as at 1939 which can be regarded as true value. Therefore, if a satisfactory basis is devised

* C.B. (45) 6.
† C.B. (45) 1st Meeting, Minute 5.
‡ White Paper on the Control of Land Use (Cmd. 6537), paragraph 34.
for restricting compensation, in the main, to occasions when development would have taken place but for planning refusal, it would become justifiable to pay a higher percentage than the 50 per cent. at present proposed.

The majority view.

38. The following are the arguments on which the view of the majority—namely, that all compensation should be paid on a fixed date—is based:

(a) Such payment—i.e., payment irrespective of any application for planning consent—must in any case be made, as was recognised in the White Paper,* wherever any area of land is zoned against development, e.g., as agricultural land or as a green belt. But, in fact, green belts for London and for three or four other great cities will account for a considerable proportion of the undeveloped land in respect of which compensation is payable.

(b) As regards the remainder, the proposal for "as and when" payment will not in practice spread out the payment of compensation to any material extent. If payment of compensation is made dependent on a planning refusal, then the very great majority of those who claim that there was development value in their land at the 31st March, 1939, will forthwith apply for planning permission to develop, so that, on refusal, compensation would be payable. (N.B.—We are satisfied that in practically all such cases the check suggested in paragraph 37 above, namely, that the owner should be required to show that he is able and willing to develop and that there is a demand for such development, could be overcome without difficulty; nor are we able to suggest any more effective check.)

(c) Furthermore, and this, in our view, is of great importance, claims put up in this form would inevitably choke the administrative machine. Under the proposal for "fixed date" payment, claims for compensation would be based solely on the existence of development value at the 31st March, 1939, would go direct to the Land Commission, and if, owing to their number, there were some delay in payment, no great harm would result. Under the "as and when" proposal, on the other hand, all such claims, although in fact claims for compensation, would take the form of applications for planning permission, and would go to the Planning Authority, who would have to consider them seriously from the planning point of view. The result would be that genuine applications for permission to develop would be swamped by a mass of quasi-bogus applications from owners who have no desire to develop and no expectation of obtaining permission to do so: and the whole machinery of development would be most seriously clogged.

(d) We have left to the last the proposition which in fact lies at the root of the Treasury arguments at (a), (b) and (c) in paragraph 37 above—namely, that the administrative machinery of planning must be so designed that if, at any future period, it should be found that the outgoings of compensation are getting out of balance with the incomings of betterment, there can be such a material increase in the number of grants of permissions to develop carrying betterment charge as to bring the two sides of the account back into step. We are, on the one hand, strongly of opinion that extravagant planning—planning without regard to its long-range financial results—is bad planning; but we submit that sufficient safeguards against this are provided by the complete power embodied in the Acts of 1943 and 1944 to the Minister to overrule the decisions of Local Planning Authorities, and in the provisions of Section 7 of the Act of 1944 which, in effect, require the consent of the Treasury to be given to plans for the redevelopment of "blitzed" areas and the development of satellite towns. But to say, as the Treasury argument does in effect say, that decisions and plans are to be governed by their short-range financial out-turn, and that because decisions in the first period of three or four years have involved more compensation that the betterment they have produced, therefore the decisions in the next period must be governed by quite different

* White Paper on Control of Land Use (Cmd. 6537), paragraph 34.
considerations, seems to us to reintroduce into planning the precise evil which rendered the Act of 1932 largely ineffective and against which the whole of the Uthwatt proposals were directed. In rejecting a proposal on somewhat similar lines, the Uthwatt Committee observed that: "We are satisfied that it would be destructive of any true policy or programme of national planning."

39. To sum up, therefore, the view of the Committee, the Treasury dissenting, is that if planning is to be soundly administered on the basis of a long-term programme for the proper use of our land resources, the payment of compensation to landowners for development values must be treated as a separate transaction and divorced from planning operations. To effect such a divorce was the main object of the Uthwatt Committee. If it is not effected, the grant or refusal of planning permission must inevitably be swayed by the consideration whether or not refusal will entail compensation; and the attempt to cure the main defect of the Act of 1932 is in effect abandoned. Moreover, since, in the view of the majority, to make compensation dependent on the refusal of planning permission would not result in any material reduction in the total disbursements in the early years after payments become general, it has little or no financial attraction. For the same reason, since in any case the payment of compensation must, they submit, be postponed for at least two years, it could have little effect upon coming inflationary pressure; nor would it help in those early years in balancing betterment income and compensation expenditure, even if there is any real danger that, after a comparatively short period betterment income will not at any rate suffice to meet loan charges. They consider that the financial dangers can only be reduced, short of abandoning planning as a policy, by revising the basis of compensation or by postponing the date on which payments begin. They do not recommend the former, but to meet the latter they propose above that in general no compensation should be paid for at least three years after the passing of the Bill; if need be the moratorium could be extended and payment could also if necessary be spread over a number of years.
