

Levelling Up, Housing and Communities Committee

Oral evidence: Levelling-up and Regeneration Bill, HC 309

Monday 13 June 2022

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Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Florence Eshalomi; Ben Everitt; Darren Henry; Kate Hollern; Andrew Lewer; Mary Robinson; Mohammad Yasin.

Questions 1 - 111

Witnesses

I: Rt Hon Michael Gove MP, Secretary of State, Department for Levelling Up, Housing and Communities; Rt Hon Stuart Andrew MP, Minister for Housing, DLUHC; Simon Gallagher, Director of Planning, DLUHC.

Examination of witnesses

Witnesses: Rt Hon Michael Gove MP, Rt Hon Stuart Andrew MP and Simon Gallagher.

Chair: Welcome, everyone, to this afternoon's session of the Levelling Up, Housing and Communities Committee. This afternoon, we have a one-off session looking at the Levelling-up and Regeneration Bill and other matters relating to the Department's work. It is our pleasure to welcome the Secretary of State and also the Housing Minister this afternoon to give evidence to us. You have Simon Gallagher with you as well, one of your officials. Welcome to all three of you.

Before we move into questions, I will just ask members of the Committee to put on record any specific interests they have that may be relevant to this inquiry. I am a vice-president of the Local Government Association.

Mohammad Yasin: I am a member of the Bedford town deal board.

Florence Eshalomi: I am also a vice-president of the LGA.

Ian Byrne: I employ a councillor in my office.

Kate Hollern: I also employ a councillor in my office.



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Bob Blackman: I am a vice-president of the LGA and now employ three councillors in my office, thanks to the local elections.

Mary Robinson: I am on my town board and also employ a councillor on my team.

Chair: Sorry, Ben, I thought you did not have any interests.

Ben Everitt: I do have an interest because, for the same reason as Bob, I now employ a councillor in my office.

Chair: I will remember that next time.

Andrew Lewer: I am a vice-president of the LGA and should probably mention for today, as it is quite wide-ranging, that I am chairman of the all-party parliamentary groups for SME house builders, the APPG for the private rented sector and the devolution all-party parliamentary group, which involve the National Residential Landlords Association and the LGA.

Darren Henry: I am on the towns deal executive in my constituency and I employ a councillor in my team.

Andrew Lewer: I am on my town board as well.

Ben Everitt: I chair the all-party parliamentary group for housing market and housing delivery.

Q1 **Chair:** Hopefully nobody has anything else; otherwise we will never get round to the questions. Thank you, all three of you, for coming.

Perhaps we will just begin by looking at some housing policy issues. Secretary of State, your predecessor said the other day that “the housing crisis is like a snowball, rolling on and getting bigger and bigger” and that the window of opportunity to fix it is starting to close. He also said that we may have reached a maximum number of 240,000 and that the numbers may go backwards. What was your response to those comments?

Michael Gove: The right hon. Member for Newark is, as ever, very acute. While I do not like using the C word—crisis—promiscuously, it is nevertheless the case that we have significant housing challenges in this country. A historic lack of supply compared to the level of population growth has been one factor. Before the pandemic, we had reached a record high of 244,000 completions, and the number of first-time buyers in that year was also at a record high. Since then, of course, a number of economic headwinds have made life more difficult, undoubtedly.

Q2 **Chair:** There is one thing we are not quite certain on. We asked the Minister, Kemi Badenoch, when she was responding in the Queen’s Speech debate, whether the target of 300,000 a year was still in place.

Michael Gove: Yes.

Chair: It is.



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Michael Gove: It is. Will we meet it? We will do everything that we can, but there are a number of factors that are going to make it, and have made it, more difficult.

Q3 **Chair:** I wanted to have a look at the right to buy. Clearly, the Prime Minister made a speech last week, which I am sure you were fully aware of and involved in the preparation of. It talked about extending the right to buy to housing association tenants.

First of all, could we just make clear whether the proposals are voluntary? Eddie Hughes used the word “voluntary” in the Chamber during the debate last week. Are housing associations going to be compelled to join this scheme or asked to join it if they wish?

Michael Gove: Seduced.

Q4 **Chair:** Could we have a little bit more about the form of seduction?

Michael Gove: When we had the voluntary right to buy pilot in the West Midlands, 44 housing associations chose to participate. Most of those were housing associations of significant size in the West Midlands. I will be talking to housing associations across the country, making clear that it is our intention to ensure that funding is available so that they see replacement stock, one for one and like for like. I hope that, on that basis, our direction of travel will be embraced.

My intelligence so far is that, while housing associations, quite rightly, have a number of questions that they want to ask and detail that they want to work out, they are not opposed in principle. Quite the opposite—they welcome, in principle, the direction of travel.

Q5 **Chair:** Will there be any sticks as well as carrots in the offer to housing associations? In other words, if a housing association says, “We do not want to participate in this scheme”, is it going to be told, “Social housing grant will be withheld from you,” or something like that?

Michael Gove: I do not anticipate or contemplate doing anything like that at all, no.

Q6 **Chair:** Just coming back to the like-for-like replacement, presumably that means the Government covering the cost of any discounts that are applicable.

Michael Gove: Yes.

Q7 **Chair:** Does it also mean making up the difference between the market value of the home sold and the cost of replacing it?

Michael Gove: Yes. It means that we will be in a position to ensure that housing associations do not see a detriment to their balance sheets as a result of this.

Q8 **Chair:** So, if a house is sold, the housing association will be able to build the same sort of home—in other words, if it was a three-bedroom family



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home, another three-bedroom family home—in a similar location, and to cover the costs of building it.

Michael Gove: That is the aim.

Q9 **Chair:** Where is the money coming from?

Michael Gove: From across Government.

Q10 **Chair:** Yes, I assumed it was coming from the Government, so I am not sure that I am any the wiser now we have the answer, but whereabouts in Government?

Michael Gove: We will be saying more about how we propose to ensure that we have the funding necessary to deliver the programme. One thing that I should say is that the overall numbers who will benefit in any given year will be capped. One of the things that we have to judge is exactly how many people in any given year we can fund to enjoy the voluntary right to buy.

Q11 **Chair:** So, at this stage, the Treasury has not agreed to the funding.

Michael Gove: The Treasury has agreed that it will be funded.

Q12 **Chair:** But not that it will find extra money.

Michael Gove: You will have to watch this space.

Q13 **Chair:** So, at this stage, it is just coming out of your Department's budget.

Michael Gove: No, it is not coming out of our Department's budget. It is coming from within the overall spending review envelope. We will be saying more about the precise means in due course.

Q14 **Chair:** And we do not know when "in due course" is.

Michael Gove: By definition, we had better crack on, because we cannot necessarily have the conversations with housing associations that we would like to have without them having a greater degree of assurance on funding. That is entirely understandable on their part, but I am not in a position yet to say exactly how it will be funded.

Q15 **Chair:** But it is not going to come out of the social housing budget.

Michael Gove: It is not anticipated or contemplated that it should have to do so, no.

Q16 **Chair:** In terms of the overall housing target of 300,000, do you accept, as the Committee reported before, that it is really very unlikely that we will ever hit 300,000 consistently without a bigger social housing programme? I know that, the other day, you said that you wanted to see more social housing built. We called for about 90,000, but we said that that could well cost around £10 billion a year. You agree that you would like to see the numbers, but you have not agreed yet to the necessary



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funding, have you?

Michael Gove: No, that is true, but it is a very fair point. Again, fair play to the private sector. It was the driving force behind the target of 240,000-plus. Historically, when Conservative Governments have hit 300,000, it has been with the private sector and social housing, together, contributing to hitting that target.

Q17 **Chair:** So you want to see that total number of social housing being built increased.

Michael Gove: Yes, definitely.

Q18 **Chair:** That is helpful. It will be interesting to see when, at some stage, you come forward with a spending profile that demonstrates how that will happen.

Michael Gove: No, quite. There is more to do.

Q19 **Andrew Lewer:** How can it be a right to buy if it is going to be arbitrarily capped by other financial circumstances every year? If it is going to be capped, how are you going to avoid some absolutely vast bureaucracy of trying to decide an equitable division between different parts of the country and how many types of houses are allocated to which sorts of people? How would all that be possible without just adding to regulatory burdens in central Government?

Michael Gove: It will not be easy. The first thing to say is that, with the voluntary right to buy pilot, there were restrictions placed on some of the types of home that could be bought. Homes that, for example, had been built in rural areas with a requirement as a result of their building that they be reserved for affordable housing were excluded. There were various other types of dwelling that were excluded as well. They had a ballot system for the voluntary right to buy pilot. Again, we will talk to housing associations about what we think might be the most appropriate way, given the level of funding, by which people could be prioritised and by which people could be put on a waiting list, so that, while you may not be able to exercise your right this year, there will be a pipeline of homes that will be sold and, on that basis, your right will be exercised in due course.

Q20 **Ian Byrne:** Secretary of State, has there been an impact assessment on this policy of the consequences and potential future risks to social housing?

Michael Gove: We have not conducted a full equalities impact assessment yet. We will do, as ever, when we bring forward policy. The Prime Minister explained last Thursday that, on the basis of the pilot—and there had been a full evaluation of that pilot—we felt that it was now appropriate to roll it out nationally.

As the Chair, Andrew and you have quite rightly pointed out, there is still additional detail that requires to be furnished to the House, to the



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Department and to housing associations. Until we have worked through all of that detail, which we are aiming to do in short order, you cannot really do the full impact assessment. If, for the sake of argument, you and others were to think that we were not funding it appropriately, that would lead you to different conclusions about what an impact assessment fairly or unfairly says when the time comes.

Q21 Chair: Will we get the impact assessment before we get any legislation come through the House?

Michael Gove: Yes. Because of the nature of the change required and of any legislation required, it would come a wee while ahead.

Q22 Bob Blackman: Housing associations fall into many different categories, as you will know, Secretary of State. There are the volume social housing providers and, clearly, the right to buy is absolutely right for those, but there is a number of very small charitable organisations, many of which will cater for elderly and vulnerable people.

One of the risks raised with me, quite directly, when we originally considered this policy was the problem of the children of an elderly vulnerable person wanting to exercise the right to buy a property at a discounted rate, because it would then become an investment property. What will be done to protect against that type of what I would call predatory right to buy?

Michael Gove: There are two very important points there. The first one—and you are right—is that, by definition, there will be some housing association properties, because of the nature of their location, the circumstances under which they were built, and the nature of the housing association, that would not be appropriate. I would not want to see the right forever whittled away, but there will be housing associations, particularly in rural areas, where the exercise of a right to buy would not be appropriate. It was striking that, in the pilot in the West Midlands, while 44 housing associations did sign up, they were the larger ones in the area.

On the second one, it is an interesting question with which I am still grappling, because we have seen examples in the past of individuals being induced, supported or subsidised to exercise the right to buy, and then that property has been acquired by individuals in different circumstances—I will not go into individual cases—who have not necessarily been the first intended beneficiaries.

That is one of the things that I want to talk to housing associations about, because I very much agree with you that we want to extend the right to buy to many more people, but we do need to have appropriate safeguards. As Andrew says, that might involve an element of bureaucracy, but it is just hard work that we need to undertake in order to help.

Q23 Chair: Secretary of State, before I move on, you mentioned rural areas. That is, presumably, because, if you sell a property, it may not be



possible to build back a similar property in the same area or the same village. Would the same apply to parts of urban areas as well, where you could not, because of land constraints, build back anything to replace it?

Michael Gove: It might. One of the aims of the Bill is to make it easier for brownfield development and urban regeneration to take place. There are other things that we are doing in that area, but I can conceive of circumstances where it would be difficult because you might have a matrix of factors at work—everything from an area being a conservation area through to a limited land supply and other factors applying as well.

Q24 **Darren Henry:** Secretary of State, the Institute for Government has said that the 12 missions in the Bill that have been established are not ambitious or clear enough to meet the change that is really required for levelling up. Given that the levelling-up problems have been established over decades, why have the Government not been more ambitious for tangible results?

Michael Gove: The Institute for Government report was interesting. I do not agree with all of its conclusions, obviously, but some of the points that it is making are actions that we are taking account of. One thing that it clearly pointed out is that there should be an individual Government Department responsible as the lead Department for each mission, and we are doing that. My Department is responsible for four out of the 12, the Department of Health will lead on the health inequality mission, and so on, so we are taking forward that ambition.

One of its other points is on regular reporting. You can put the flag in 2030, but along the way you need to have regular reporting of progress towards it, and we are, across Government, putting in place the instruments required to show that.

The IfG argued that some of our missions were too ambitious and some not ambitious enough. That is a matter for Parliament and the public to decide. All I would say is that, if we succeed in meeting all of the missions, we will undoubtedly have levelled up the country.

Q25 **Darren Henry:** I must press you again. As has already been mentioned by the Chair in connection with housing, the Bill does not provide funds for levelling up, so is it not the case that, to achieve the aims of levelling up, you need to get that fund from the Treasury?

Michael Gove: The spending review was significant in the amount by which it increased not just our Department's but other Departments' budgets. There are funding resources within all departmental budgets—education, for example, on improving primary school provision, or health on dealing with the public health issues that bedevil health inequalities—that are capable of giving us the tools needed to deliver, but the economic difficulties that the country is facing at the moment, as well as the inflationary problems that we face, only make the challenge at once more difficult and more important.



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I do not want to trespass too much on the territory of economics Ministers, but everyone here will recognise that the cost of living pressures bear more heavily on poorer individuals and poorer parts of the country, and therefore levelling up becomes more important. At the same time, by definition, with the cost of everything from the materials that we will need to improve the quality of existing homes and to build new ones becoming more expensive, through to the pressures on the take-home pay of public sector workers and so on, it becomes more difficult.

None of us can escape those responsibilities, but, as I say, I am setting that against the fact that, at the time of the spending review, significant additional resources were found for the areas that constitute our missions.

Q26 **Darren Henry:** I do not know if I am any the wiser after that, but I will move on. How will Ministers be accountable for the missions if they can change the missions and the metrics involved?

Michael Gove: The essential answer is that we are always accountable to Parliament, but the fanfare accompanying the levelling-up White Paper and the way in which we return, again and again, to the scale of the missions and the need to meet to them means that, were we either to fail or to radically alter, it would be obvious for all to see. There will also be accountability at the ballot box for all of us in due course, and the public will decide whether the missions were rightly chosen and effectively fulfilled. If we backslide, that will be pretty obvious.

Q27 **Darren Henry:** Given that the missions touch on devolved matters, how will the levelling-up missions work with the existing devolution deals?

Michael Gove: There are two things to say. First, we are working with a variety of local leaders to give them more powers. One of the missions is to ensure that every area that wants one can have an enhanced devolution deal by 2030.

Secondly, there is a very important question about how these missions mesh with the work of the devolved Administrations in Scotland, Wales and Northern Ireland. We propose to appoint levelling-up directors, who will be very senior civil servants, to ensure that we work as effectively as we can.

One very good thing is that there has been a broad welcome for the missions from local government in Scotland, Wales and Northern Ireland. Indeed, there has been a particular welcome for some of the funding streams, like the levelling-up fund, which now mean that UK Government can support local government on the ground in Scotland, Wales and Northern Ireland to deliver some of the investment in, for example, pride in place, which is so important.

Q28 **Andrew Lewer:** The Levelling-up and Regeneration Bill describes three levels of devolution that are available to people, the biggest of which requires a Mayor. The people of Bristol have just voted to say that they do not like a Mayor. Does this not seem an excessive interpretation of



Eric Pickles's notorious guided localism to not only tell people what local government model they should have, but attach funding to it?

Michael Gove: In Bristol, I do not know the reasons for the particular decision. I think it was the case that all of the opposition parties together were agitating, because, in effect, it was a Labour Mayor—by all accounts a very good Mayor, but that is not for me to say. All of the opposition parties thought, "Let us change the system." Also, some people would have thought, "Well, we have a Mayor for Bristol, but we also have a Mayor for the West of England Combined Authority, so do we really need two?"

My view is that the mayoral combined authority model works and is successful. I do not think anyone would now say that we do not need a Mayor for London. In Tees Valley, the West Midlands or Greater Manchester, even if people might disagree with the individuals concerned, I do not think that they would say that that model should go.

If you strengthen the hand of local government by having a directly accountable figure who has a clear mandate and a clear term, you are more likely to get a system similar—and I know that many people disagree with me—to that which you have, for example, in the United States, where you can have a governor who is elected on the basis of local performance, rather than the ebb and flow of national politics.

All of us have colleagues who are local councillors. One of the concerns that local councillors sometimes raise, understandably, is that, however strong they are in local performance, they can face tough electoral times because of the national climate. In America, you can have states that are traditionally Democrat, for example New Hampshire, but have a Republican governor, because the Republican governor is elected and re-elected on the basis of their specific performance as a local leader. Having people make decisions based on what people do locally rather than what is happening nationally, and reinvigorating local government, is a good thing, but we have to persuade.

Q29 **Chair:** One of the tests of whether levelling up is working would be whether Departments across the board reposition their spending more in favour of the levelling-up areas.

Michael Gove: Yes, that is fair. I would single out for praise, at the risk of annoying some of my other Cabinet colleagues, the Department for Education and DCMS. Very shortly after the levelling-up White Paper was published, Nadine at DCMS made it clear that additional Arts Council spending would all occur outside London and the south-east, and Nadhim at the DfE has made it clear that additional funding will be available for the education investment areas that are, for the most part but not all, outside the south-east. That is a clear indication of their determination to lean in.

Q30 **Chair:** As part of the annual report that you are doing, will these figures



be included?

Michael Gove: Yes. We will show the impact of our spending and our other policies in spatial and geographic terms. One of the welcome changes over time has been that, when a fiscal event occurs, there is a distributional analysis. As well as that distributional analysis occurring on a socioeconomic basis, it should occur, and indeed it will, on a geographical basis.

Q31 **Chair:** So that is both the revenue and capital.

Michael Gove: Yes.

Chair: That is very helpful.

Q32 **Bob Blackman:** Secretary of State, the White Paper that preceded the Bill listed 12 missions, of which only one, which you mentioned already—pride in place—covers planning effectively. How will the planning changes you are proposing support levelling up as a whole, given that only one of the missions relates to it?

Michael Gove: It is fair to say that, while not absolutely central to them, planning touches on some of the other missions as well. In a minor way, there can be some planning considerations that relate to health outcomes—for example, if it were appropriate, planning powers covering the location of fast food outlets. It is a marginal thing, but it covers many more.

The essence of it is that, if we are effectively to see levelling up, one of the critical things that we need is the regeneration of great cities other than London.

Q33 **Bob Blackman:** If I could just interrupt you, as a London MP, I and my fellow London MP would like to see regeneration in large parts of London as well.

Michael Gove: I could not agree more. There is work to be done at Barking Riverside, but it is the case that Manchester, Stoke, Newcastle and Sunderland will achieve everything of which they are capable only if the capacity is there. Some of what we are doing through Homes England's work is designed to do that, but there are also powers within the Bill, for example on compulsory purchase, that are designed to make it easier to assemble the brownfield land necessary to get the regeneration to take place.

The argument is made, and I agree, that, as well as rebalancing the economic geography of the country—and it is cities that will be in the van of that—you need to make sure that the pressure begins to be taken off some parts of the south-east. The planning proposals are intended to ensure that communities can exercise a greater degree of control over what happens in their areas in planning terms in order to be part of that rebalancing.



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It cannot happen overnight, but it is a way of communicating to people in Parliament and beyond that levelling up is both about strengthening the economic geography of the north, the midlands and the south-west, and about relieving some of the pressures that would otherwise exist and grow on infrastructure in the south-east.

- Q34 **Bob Blackman:** The original "Planning for the future" White Paper was described as radical and encouraged quite a lot of opposition, to put it mildly. Policy Exchange commented that the Levelling-up and Regeneration Bill that has been published "contains the residue" of the White Paper and is not all that radical. How do you respond to the criticism that this is potentially a lost opportunity?

Michael Gove: There are two things that I would say. First, overall, it is reasonable, not radical. There was one particular aspect of the planning White Paper that excited a fair degree of opposition, and that was the principle of growth zones. A very good intellectual argument was made for it, but, understandably, in the House of Commons and beyond, people felt that that meant that there was an absence of democratic control.

We need to re-establish democratic support for development, which you do through providing the right incentives, but taking away democratic control is more likely to fuel a greater degree of resentment and hostility towards new development overall.

Secondly, at various times, people have talked about very radical planning reform. When people talk in those towns, individuals and communities feel, "I am going to be disempowered." Allowing people to feel that they have control through a plan-led system over the nature of development will unlock more development than the ultra-radical solutions that some people put forward. It may be that I am too small-c conservative, but that just goes with the grain of experience.

- Q35 **Bob Blackman:** Ministers, for example, accepted the proposals. I cannot remember where John Penrose is seated, but he and I put forward street votes, for example, to allow for gentle densification, but, equally, then allowing people to have a say, literally street by street. Do you envisage that being part and parcel of this whole process?

Michael Gove: I do. I want to try to build up a mosaic of elements, all of which help us encourage communities to welcome more development. Street votes, properly implemented, ensure that there is democratic control; mean that more dwellings are available; and increase the value of existing properties in the right circumstances, so it is a win, win, win. We are bringing in other changes that are also intended to incentivise development. While the legislation does not contain a huge sword that slices the Gordian knot of constraints, it incrementally drives incentives for development, and many a mickle makes a muckle.

- Q36 **Bob Blackman:** Planning tends to be quite long term, in the sense of the political role. The aim of this is that, by 2030, we will achieve these



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levelling-up processes. What impact is planning going to have on achieving these levelling-up proposals in the time between now and 2030?

Michael Gove: It will have potentially significant and growing impact, but you cannot take it apart from some of the other things that we are doing and that I hope will contribute to urban regeneration, like the work of Homes England or the leadership that will be shown by individuals in local government, who will be, I hope, given the tools to make that difference.

There are some aspects of planning or of land use allocation that do not relate to housing but that do relate to levelling up. They relate to things like offshore wind or other forms of energy generation and nationally significant infrastructure projects.

I want to make sure that we can take a more streamlined approach towards those, because there are some very big infrastructure investments that can have a profoundly beneficial effect on levelling up but which, at the moment, tend to be snarled in process. Again, I would not say that the process of simplifying all of those constraints is going to be easy, but we can make a high-level argument for why it is necessary.

Q37 **Bob Blackman:** A lot of the planning proposals within the legislation either rely on secondary legislation or are going to be subject to further consultation. Given the progress of the Bill—and we will see it during this parliamentary Session, but then there will be further consultation and secondary legislation—it may not be in place before the next general election, when this Parliament has ceased to be, effectively. Given the pressure to try to achieve levelling up, why no action immediately?

Michael Gove: We are pressing ahead as quickly as we can with the legislation, but, as you quite rightly brought out in the previous set of questions, it is not just planning on its own that will contribute to levelling up. This is a Levelling-up and Regeneration Bill, but there are other things that are going on elsewhere and across Government, from the levelling-up fund and the UK shared prosperity fund to the activity that other Government Departments are undertaking, which we talked about.

If you are viewing levelling up through an optimistic or a pessimistic lens, looking at and placing too much emphasis on the Bill alone as the tool that will drive levelling up would be a mistake. It is vital, but it is only part of the suite of tools.

Q38 **Bob Blackman:** One of the concerns here is that your Department or your Ministers may just fall back on existing planning legislation, which would not then require any further parliamentary scrutiny. Can you give us a commitment that we are going to see secondary legislation that will be subject to parliamentary scrutiny before it is implemented?

Michael Gove: Yes. In this Parliament, it would be very difficult to get away with anything other than that.



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Q39 **Bob Blackman:** You are absolutely right, but I want to get it on the record. Finally from me, I have received a lot of correspondence relating to the Oxford-Cambridge corridor and the planning that is going to exist around there. Previously, we have had proposals for a million homes to be developed along there. What is the current position on that proposed development?

Michael Gove: We are talking to all of the local authorities involved, but some of the figures that have been bandied around about housing growth related to the Ox-Cam arc have been both inflated and unhelpful. Oxford and Cambridge are jewels in the UK's crown. They will grow. There will be some uncomfortable conversations about how that growth manifests itself, but anyone who thinks that we are going to try to constrain that is wrong. But the idea that you create a ribbon development between Oxford and Cambridge as intense as that which has been suggested is overstated.

Q40 **Andrew Lewer:** Just to illustrate Bob's point about the importance of scrutinising this, given the complexity of it, there does not appear to be any exemption at the moment from infrastructure levy for discounted market homes or some other preferred models of housing that other elements of the Government, not least the Prime Minister the other day, seem to be favouring.

Just to be super-nerdy for a moment, there seems to be a conflict between clause 113 and sections 204W to 204Y within there in terms of provision for that. Is this the sort of thing where you will provide for some detailed scrutiny of this sort of legislation to ensure that these potential traps are resolved?

Michael Gove: Yes, completely. The point was also made by Geoffrey Clifton-Brown on Second Reading that our proposed way of constructing the levy might work against our commitments to improved housing quality and beauty as well. I am convinced that the levy is the way to go, but I am open-minded about how we construct it.

Q41 **Chair:** Would those discussions be at a local level for councils to decide, or will this be part of national guidance about how the levy should operate?

Michael Gove: My preference at this stage is national guidance about how the levy operates, and then the levy being fixed locally. My approach, as I hope the Committee recognises, is to be open-minded wherever possible. The fewer exceptions to clarity at a national level about how the policy works, the better, from my point of view, but, if there are hard cases that the Committee or others bring to our attention that need to be taken account of, we will.

Q42 **Mohammad Yasin:** This Bill allows that, if there is a conflict between local plan policies and the national development management policies—NDMP—then the latter will prevail. Does this undermine the primacy of local planning—a concept that, as you know, is now firmly embedded in



the planning system?

Michael Gove: I do not believe so. There has been a lot of debate about this and it is the case already that national policy supersedes local discretion in a number of areas. There is a national policy on greenbelt protection and on other suites of environmental protection. There is a national policy on protections afforded to particular sites. It is not the case that Breckland Council, for the sake of argument, can decide to dispense with greenbelt protection, ignore SSSIs or turn itself into a mini-Houston, as it were.

These policies already exist at a national level and are laid out in the national planning policy framework. Our concern has been that many local plans take longer to adopt, to design or to execute than they should, because quite a lot of national policy is replicated at a local level. Having clarity about what national policy is and laying it out through the national development management policies will, we believe, make local plan-making quicker and allow more space for the community to concentrate on those things that really matter in the concerned locality.

Q43 **Mohammad Yasin:** This Bill does not direct you to consult before making, revoking or modifying an NDMP to the same extent as for national policy statements. Why is this the case?

Michael Gove: We will be publishing a prospectus on what the new national planning policy framework will look like in July while the Bill is going through Committee, and that will give parliamentarians an opportunity to make judgments about whether the protections we are putting in place are sufficient.

Q44 **Mohammad Yasin:** Secretary of State, how well do you know my constituency?

Michael Gove: I have visited Bedford on a number of occasions.

Q45 **Mohammad Yasin:** Of course, you do not know the area better than local residents, do you?

Michael Gove: No. Bedford is a beautiful place. I particularly enjoyed visiting it at a campaign for Mr Richard Fuller, who was, sadly, to my mind, defeated, but I know that his successor is an equally effective Member.

Q46 **Mohammad Yasin:** That is very kind of you, but the reason I am asking these questions is that this Bill will gradually stop public participation in future developments and give more powers to the Secretary of State. How can you or future Secretaries of State know the area better than local people, who will have no say in future development?

Michael Gove: No, they will. They will have a stronger say. Everything in the Bill and in the planning reforms we are taking forward will make it easier for local people to be involved. Digitising the planning system will mean that it will be easier to access that information. The greater weight



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that we are giving to neighbourhood planning is explicitly designed to have that involvement.

All that we are doing is saying that there is some stuff that local people do not need to argue over or ask for, because it is already delivered. On the protection of the greenbelt, as I say, there is no need to relitigate that case—done and dusted, message received, there at the national level. Let us concentrate on the specificity here. If we are thinking about traffic management around Bedford Free School, that is a local issue that local people will decide.

Q47 Mohammad Yasin: My other concern is that this Bill will allow local planning authorities to amend their own development management policies without the need for public examination. Do you agree with that?

Michael Gove: I do not think so.

Simon Gallagher: The Bill maintains the principle that local plans should be scrutinised in public examination by an independent planning inspector, that people will have the representational rights to come in on that one, and that those plans will be tested. It also enshrines that there will be two rounds of consultation, now known as regulation 18 and 19 consultations. These will continue. They are provided for under the regulations and we were careful to set out that it will follow in the detail precisely how those work. I hope that we can and have set out our ambition to improve both the extent and the depth of that consultation.

As the Secretary of State was explaining, one of the problems that we and a number of local authorities have found is that the number of people who are able to engage with a local plan at present, because they tend to be 500-page PDF files, is very limited. We think that we can collectively, as a sector, do better and get those digitally accessible to a broader range of the community for meaningful engagement. On plan-making, this will be absolutely maintained and improved. We will have the same rounds of engagement as we have at present.

Q48 Chair: Simplification of the process and digitisation are things that the Committee called for some years ago, so it is good to see the Government catching up. Just to be absolutely clear, the consultation is on the local plan. Are we going to have the same level of consultation on the supplementary plans and design codes?

Simon Gallagher: Yes. One of the objectives of design codes is that they are locally popular, which is going to require a degree of engagement. Supplementary plans are created as one of the vehicles by which there would be opportunity for proper engagement, or legal force design codes. One of the problems with design codes at the moment is that they are often produced as supplementary planning guidance, which has no legal force.

One thing we have done in the Bill, subject to Parliament's views, is to create something that is a legal device, a supplementary plan, which



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must be consulted on. Design codes must be provably popular and we are using the Office for Place to champion the best means of that community engagement.

Q49 **Chair:** On the national development management policies, Secretary of State, you may consult; you do not have to. Why not?

Michael Gove: Well, we will.

Q50 **Chair:** Why do the words “will consult” not appear?

Michael Gove: It is an Office of Parliamentary Counsel habit to normally say “may” when talking about the powers that Ministers exercise, and “will” is when duties of a particular kind are placed on Ministers and others.

Chair: I am not sure that that answer totally convinced me.

Michael Gove: I will have to work harder next time.

Q51 **Chair:** Maybe a thought about changing the wording a little might be reassuring.

Michael Gove: We can consider it, absolutely.

Q52 **Chair:** Why does it say in the Bill that, if there is a conflict between the local plan policies and the national development management policies, the national policies override the local? That looks like a very centralising measure.

Michael Gove: It is no more than a restatement of the existing position. I used the admittedly fanciful example of a local authority that wanted to dispense with greenbelt protection, but national policy in those areas does override local discretion.

Q53 **Chair:** I am told that this is new in the way it is written into legislation. We have had very interesting legal advice from Paul Brown QC and Alex Shattock from Landmark Chambers, and it might be helpful if the Committee wrote to you with some of the questions that they have raised, which are pretty serious accusations of a centralisation that these measures are bringing about.

Michael Gove: Of course, I would be more than happy to explain the position and, indeed, any distance that these proposals place between themselves and the existing practice. I do not believe that they do significantly, but I am very happy to engage with the advice that the Committee has sought, and with others as well.

Simon Gallagher: Just to add to that, the Secretary of State referred a few minutes ago to the national planning policy framework prospectus that we were going to publish in July. We intend to set out in that how we can use these powers most effectively. That will give us the basis for proper engagement. I accept that, on the face of the Bill, it is a bit hard



to read our intentions, so we need a little bit more detail and explanation out there, which will help.

Q54 Florence Eshalomi: I just wanted to look at the proposal for the infrastructure levy, which, as you know, has received mixed reviews from the sector. The Bill includes a framework looking at the infrastructure levy, where the rates and thresholds could apply differently between local authorities depending on the area and the type of site. Essentially, if it is a greenfield or brownfield site, it looks at different factors.

It also introduces the possibility that thousands of different levy rates could be introduced right across England, and there could be some complexity in this. Do you foresee any issues with that?

Michael Gove: It is already the case that the way in which local authorities and others capture land value uplift when planning permission is granted is complicated. The interplay between section 106 agreements, the community infrastructure levy and the rules—entirely right, in my view—on social housing as a proportion of new development given effect to through section 106 agreements is already complicated.

The infrastructure levy proposals simplify it to a significant extent, but also give local authorities the opportunity to reflect specific circumstances in the locality. As Mohammad pointed out, they will often know best in these circumstances, and so the position that we take on the threshold and on the rate—the idea that local authorities should decide that—is the right balance.

Q55 Florence Eshalomi: Coming back to the level of housing, I would agree with my colleague Bob Blackman in terms of the pressures that we face in London and, if I am right, right across the country. In my constituency and my borough, we have a housing waiting list of over 30,000 people. We currently see that almost 50% of total affordable housing supply is funded via section 106. Some people feel that section 106 is not the right way, but it does deliver on that.

The Government have said that they will put a mechanism in place to ensure that that continues going forward, but this commitment is not detailed in the Bill. How are you going to ensure that this commitment is honoured and that we still see those levels of affordable housing that my constituents need and that colleagues right across this room need for their constituents?

Michael Gove: There are two very good points there. Local authorities will be able to say how much of the levy should be devoted to either the building of affordable housing on the site where planning permission has been granted or what other commitments the developer has to enter into.

At the moment, one of the concerns that I have about section 106 agreements is that, as we touched on in the Second Reading of the Bill, first, there is an inequality of arms sometimes between major developers



and local authorities, and the major developers have negotiating heft and muscle.

Secondly, as we have sometimes seen, as developments are carried forward, the developer sometimes stresses that the viability of the scheme is under threat as a result of the obligations into which they had entered. We hope that, by using the levy and getting rid of the viability rules or let-outs, we will hold people to their obligations.

Q56 Florence Eshalomi: Would you not feel that that could see a risk of some developers sticking the minimum affordable housing requirements, based on some of those old current supply levels, as opposed to them being a bit more ambitious and responding to the demand? If we are honest, that demand continues to grow on a daily basis right across the country. You will see developers not wanting to honour that commitment in terms of building the houses that we genuinely need. That is the issue that we will face.

Michael Gove: That is exactly the issue we face at the moment and what the levy is designed to counter.

Simon Gallagher: One of the key features of the levy is that it is a non-negotiable, mandatory payment set on gross development value. We have set out a bit in the policy paper we published alongside the Bill, but we are going to set out more details shortly that will give us a bit more.

One of the key points is that, by becoming mandatory, there is no way of arguing your way out of that payment, and then it is for the local community to decide how they want to spend and use those receipts and prioritise affordable housing, which many will do. We have said that we want to design a system that ensures that we continue to deliver at least as much affordable housing as we do at present.

Q57 Florence Eshalomi: Again, going back to that mandatory payment, as it is set out, there is no clear differentiation of that payment being secured against housing. It could go towards transport, parks, education or health. How do we make sure that there is still an infrastructure to make sure that we are building the housing that we need?

Michael Gove: Ultimately, by making it mandatory and by the local authority being able to insist upon a certain proportion of affordable housing, the local authority can police and control that. At the moment, we have a situation—and please tell me if you think that this is wrong—where some local authorities will find that they are outgunned in the section 106 negotiations, and then the developer will come back and say, “By the way, we cannot even deliver what we said we were going to deliver in the first place.”

We have to be careful because we respect local decision-making, but you can get a situation at the moment where section 106 money and CIL money is spent on stuff that is not the infrastructure that local people would expect to see, including affordable housing, alongside existing



developments.

I absolutely understand your concerns. They are absolutely reflective of what is wrong at the moment. We thought about the levy in order to overcome them. We will also be taking a test and learn approach towards the levy in order to make sure that it does deliver, because there is no fundamental conflict between the problems that you identify and the solutions that we want to create.

Q58 Florence Eshalomi: I agree with that, but, just sticking on housing, you will be aware that onsite delivery is the approach that most boroughs, not just London boroughs, take because it allows for mixed development. Again, it is not quite clear in the Bill how much scope local authorities will have under the infrastructure levy to mandate onsite affordable housing levels.

Michael Gove: I agree with you that onsite delivery and tenure-blind development is the way to go. We hope that local authorities will be able to use the powers that the levy brings them to meet that requirement.

Stuart Andrew: They have a right to require as well. They can require that affordable housing should be part of—

Q59 Florence Eshalomi: Those local authorities that are really ambitious and want to build will, but others will not, because there will be no requirements. I just feel that we may slip in terms of the affordable housing that we genuinely need to see.

Simon Gallagher: Just to repeat what the Minister said, we are building into this—as I said, we need to set out more detail, because some of it will be in the regulations—a right for local authorities to require, as part of a development, a certain share of affordable housing. That is one of the mechanisms that we will use to deliver the same proportion of or at least as much affordable housing.

Q60 Ben Everitt: Secretary of State, while we are on the infrastructure levy, it seems that there is an opportunity here within the Levelling-up and Regeneration Bill to solve a few tricky bureaucratic issues that we have. Would there be a chance to put a standard definition for affordable housing into legislation? At the moment, we do struggle with several interpretations of definitions of that. I am thinking in particular, when looking at things like exemptions from the infrastructure levy, that it is trickier when you are looking through the lens of, say, social housing providers and housing associations. Is this something that the Department could consider?

Michael Gove: Yes. You are right that affordable housing covers a multitude of types of development and tenure. I am open-minded. I am trying to think of whether there are problems that might exist as a result of that—laws of unintended consequences and so on—but let us give it some thought.

Q61 Ben Everitt: Undoubtedly, there will be, but I guess it is the opportunity



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to solve more of the current problems.

Michael Gove: Yes, quite.

- Q62 **Ben Everitt:** In particular, in looking to increase housing stock by the section 106 payments, as Flo has just been talking about, which are fundamental to some smaller providers building more stock, if there were exemptions in there relating to a specific definition of affordable housing, it would be much easier.

Michael Gove: I absolutely see that, yes.

- Q63 **Chair:** The intention is to make affordable housing exempt from the levy, is it not?

Michael Gove: Yes.

Chair: Then it is back to, "What is affordable housing?"

Michael Gove: Understood.

- Q64 **Mary Robinson:** Under the previous iteration of CIL, parish and town councils could benefit, because there was a percentage—between 15% and 25%—that could incentivise them to be part of this and to take on the housing in their area. Are you convinced now that they will have the same incentive to do so under a discretionary scheme?

Michael Gove: I should stress that it is not discretionary for the developer, and our hope is that the amount yielded from the developer will be greater and, therefore, that the incentive for local communities will be greater as well, because there is more direct benefit to them as a result of embracing development.

Again, it is a difficult issue, because the point has sometimes been made that the way in which some parish and other councils have used CIL has not necessarily been in keeping with the demands that local people might have expected to see fulfilled as a result of infrastructure cash being available.

Simon Gallagher: We have set out that we will continue to maintain the share that goes to neighbourhoods as part of the infrastructure levy. It will require a little bit of engineering to ensure that it continues to do so, because it is a different system from the community infrastructure levy, and the levy will sweep up section 106 as well as the community infrastructure levy.

- Q65 **Mary Robinson:** Thank you for the explanations. There sometimes can be a little bit of a dynamic between the planning authorities and town and parish councils, so it is good to know that that will be backed up.

Moving on to devolution and following on from the question we have already explored around the mayoralty in Bristol, can you now say that for a local area to get devolution it will not have to have a directly elected Mayor and it will not impact on its devolved powers if it does not?



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Michael Gove: It is my preference, but it is not a requirement.

Q66 **Mary Robinson:** So this is going to open up for a lot of local areas the possibility of going ahead without a Mayor, because this has been a sticking point for some of the deals you have been pushing forward, which local areas have wanted to take part in. Thank you for that.

Could you then explain why the Government did not follow the Committee's proposal for the devolution framework to resemble the reserved powers model, with an expectation that decisions would be devolved unless specified, similar to Northern Ireland, Scotland and Wales?

Michael Gove: Again, in Northern Ireland, Scotland and Wales, the Assembly, the Parliament and the Senedd have legislative powers. Therefore, a model that everything is devolved apart from that which is reserved, and then you explicitly list that which is reserved, seems more appropriate there than with local government. I am open-minded about how devolution will develop in the future. The principle of specifying that all is devolved, unless explicitly reserved, might be difficult to put in place, given that the process of devolution across England is a moving feast at the moment.

Q67 **Mary Robinson:** Given that Greater Manchester, for instance, has 27 constituencies, 10 local authority areas and 2.8 million people, they would perhaps be comparing themselves with Wales.

Michael Gove: I would not want to get into a comparison between Greater Manchester and Wales. They are both amazing and wonderful places, but Wales and Scotland are nations and the form of devolution there involves law making. Who knows what might happen in the future in Greater Manchester? At the moment, it is better for us to move incrementally rather than even more radically.

Q68 **Mary Robinson:** An incremental move may be perhaps around tax-raising powers.

Michael Gove: I am very keen to see a move towards greater fiscal devolution, but I am conscious that there are people within areas covered by mayoral combined authorities and other local authorities who are a wee bit wary about greater fiscal devolution and there is a tension. I am not saying it is an irreconcilable tension, but there is a tension between a greater degree of fiscal devolution and also equalisation across the country.

By definition, if you had a significantly greater devolution of control over and retention of business rates, then that would be fantastic for London and not so great for the rest of the country, but we do need to move in that direction, because, as devolution becomes more widespread and deeper across England, so there needs to be a greater degree of accountability for what Mayors and others are doing. To my mind, a key



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element of accountability is having to make decisions about raising revenue alongside spending.

Q69 **Mary Robinson:** Can you truly level up without fiscal devolution?

Michael Gove: No.

Q70 **Mary Robinson:** So this is going to be a live discussion.

Michael Gove: I will always be arguing for it.

Q71 **Mary Robinson:** What areas of fiscal devolution would you see as being most appropriate?

Michael Gove: Business rates, but there have also been some proposals from Mayors. I might set a hare running if I were to pick and choose and say, "This proposal has been put forward," so that people think, "The Government want to propose a new additional tax." I will shamelessly duck the question at this point in detail, because conversations where people propose new taxes are fraught.

Q72 **Mary Robinson:** Really, to level up we may be thinking about a reduction in tax.

Michael Gove: That is my preference. Again, the experience of the United States, Germany, Switzerland or the Netherlands is that, if you have a measure of fiscal devolution, sooner or later—ideally sooner—people recognise that if you want to stimulate economic activity, you reduce taxes. I was in the United States last week looking at urban regeneration, but one of the points that was made to me is that Nashville is booming. I said, "I love country and western as much as the next person, but why is Nashville booming?" It is because Tennessee has gone for a low-tax approach, which has seen talent flow into that state and that city. Similarly, if Ben Houchen was able to do everything that he wanted in taxation terms, Redcar would undoubtedly become the Nashville of England.

Mary Robinson: On that point, we will just leave it resting there, so we can think of that great part of the north.

Q73 **Chair:** It is an interesting comparison. Essentially, Secretary of State, it chimes with what the Committee said before. It is a move towards fiscal devolution, but recognising the need to equalise as well.

Michael Gove: Yes, because there is a tension.

Q74 **Chair:** We are not going towards this devolution framework for the time being, but maybe we will in the future. You were saying the other day in the debate that more powers to probably combined authorities will be a process of negotiation and incremental moves for the time being. In the past, when Greg Clark was Secretary of State, he made a commitment that, if one combined authority got the powers, it would be basically a given that another combined authority would have them as well. Would that be generally your approach?



Michael Gove: My preference would be that, once the combined authorities that are most ambitious, say the West Midlands, acquire powers, and once we have seen them being, as I am sure they would be, exercised well with clarity over their deployment, then we would want to see that operate in a more widespread fashion. For example, in Greater Manchester there is an ambition on the part of the Mayor to have a London-style approach towards transport. We want to see that work and I would hope that that model could be, in due course, adopted by those mayoral combined authorities that consider it to be appropriate for them.

Q75 **Andrew Lewer:** The figures for the first quarter of 2022 show that no-fault eviction court proceedings against tenants had increased by 41% compared to the same period in 2020, which is the first quarter just before the pandemic. The Government have committed to abolishing section 21 no-fault eviction notices quite a few times now. When do you think that that commitment will be upheld?

Michael Gove: I hope that we will publish a White Paper later this week and that will be followed hot on its heels by legislation that has been worked on and will be introduced by Eddie Hughes.

Q76 **Andrew Lewer:** Very good, thank you for that. When that happens, ending the use of section 21 repossessions is likely to lead to more possession cases going to court. At the moment it takes a private landlord just under a year to regain possession of a property. There are two things here. What assessment has been made of the likely impact, therefore, on court workloads, which are already rather strained, let us say, from abolishing section 21? Therefore, are the Government going to give serious thought to something that has come up a lot in this Committee, but also in other housing forums around Parliament and elsewhere, which is developing a housing court?

Michael Gove: You are absolutely right that landlords, when feeding back about these proposals, say, "We completely understand, but there are going to be a minority of tenants who we will have to take proceedings against and, if that is going to work, we need to make sure that the justice system works for us."

I will not pre-empt the response to the recommendations on the housing court, because Eddie will respond later this week, probably on Thursday, when the White Paper is published. I hope this is not too Pollyanna-ish, but we want to use the powers of the ombudsman that will be there in the Bill to try to ensure that we do not need to go to full court proceedings, and use arbitration and mediation as a way of resolving some of these questions. As I say, Eddie will be saying more on Thursday and I do not want to pre-empt too much of what he has to say.

Q77 **Andrew Lewer:** Without pre-empting it, I would just observe that arbitration, et cetera, will have its role, but ultimately there will end up being a large number of full court proceedings, and housing issues clog up the court system to a huge degree at the moment. On a related front,



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the Bill on leasehold reform was expected in the Queen's Speech. I am aware of the fact that there were nearly 40 Bills in there, but it was not announced, so I just wondered where we are now in terms of leasehold reform, which has been knocked around this Committee and around your Department for quite some time.

Michael Gove: There should be a Bill to enact leasehold reform and enfranchise leaseholders in the next parliamentary Session—i.e. in less than a year from now, God willing.

Q78 Ian Byrne: Tomorrow is the fifth anniversary of the tragedy at Grenfell, Secretary of State. A *Times* report yesterday stated that 640,000 people, many children, are still living in dangerous flats that could burn at any moment. How do you plan to resolve this shameful situation? Would you commit to it being by the end of this Parliament?

Michael Gove: You are right that it is a terrible situation. You are right that not enough has been done. The efforts that the Department has undertaken recently to make sure that developers live up to their obligations will help. That is not off on its own. There are others, including some of those who are freeholders and ultimate owners of some of these properties, who must do more and we are proposing to take action against them. There are construction products manufacturers that must do more as well, and my Department must do more.

The allocation of funds from the building safety fund has not been as rapid as it should have been. I have initiated a process whereby every week we get updates on the speed with which cash is out the door and the speed with which that work is done. If I may, I will share with this Committee the progress that we are making. It would not be fair on officials in the Department to share weekly figures, because they are often subject to revision, but if I can write back to you all with how regularly we can update you on progress, so you can hold me to account. I would be very happy to do that.

Q79 Ian Byrne: In your mind, there is no timeline to lift these people out of the suffering that they are in.

Michael Gove: As soon as possible. You have given me a particular deadline. Let me come back to the Committee and say how effectively we can meet it. At the moment, we cannot.

Q80 Ian Byrne: Just following on from that, why did the Government refuse to introduce PEEPs, one of the key recommendations of the Hackitt review?

Michael Gove: On personal evacuation plans, yes, the Home Office is the lead Department there and it is consulting on the best way of ensuring that we can have an effective means of guaranteeing that people who are living with disabilities can be safely evacuated from properties.

Q81 Ian Byrne: Are you having an input on that?



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Michael Gove: Yes, and I am keen to fully understand the fire service's reasoning and get to the bottom of what the genuinely safest way would be of allowing people who are living with disabilities to evacuate. As you know, there is a very charged ongoing debate about the fitness for purpose of a "stay put" policy. I would not want to at this stage state definitively what is the right approach, because I am not the lead Department in this area, but it is vitally important that we get it right.

Q82 **Ian Byrne:** They are a key stakeholder.

Michael Gove: Yes.

Q83 **Ian Byrne:** The Government have rejected the Committee's recommendation to scrap the cap for leaseholders on non-cladding costs. In your response to our report you said, "Cladding remediation typically represents the highest costs", despite evidence in our report that non-cladding costs are roughly equal. What is your evidence that cladding remediation represents the highest cost?

Michael Gove: I believe that dates from the impact assessment of the Building Safety Bill that was published in 2020, but, in fairness to the Committee, we owe you an updated analysis and impact assessment of those costs and we will furnish that for the Committee. If we are wrong, then I am more than happy to acknowledge that.

Q84 **Ian Byrne:** That is good to hear. This is hugely important and we have had many debates on this around the Committee. You have outlined measures to impose cost contribution orders on manufacturers and other economic operators. Are you confident that these measures will lead to proportional contributions from all sectors that played a role in the building safety crisis? When contributions from other sectors are recovered, will they be used to offset contributions from developers or to reduce the costs for leaseholders and taxpayers?

Michael Gove: They will be there to reduce the cost for leaseholders and taxpayers. We have appointed a former commander of the Special Boat Service, Graham Cundy, to lead a team that is looking at exactly how we can recover these funds.

Q85 **Ian Byrne:** I did not expect that answer. That is thinking outside the box, is it not? I want to talk about the social housing element of this as well, because we have had lots of evidence from a previous session on this, and the impact around social housing and the remediation fund. You said further details of the eligibility for the remediation fund for 11 to 18 metres will be made available as soon as possible, but there is real concern about the ability for social housing providers, as Florence mentioned, with everything else, to continue to build desperately needed housing, which we are all talking about. Can they expect the criteria to be less restrictive than the building safety fund and the waking watch relief fund? Also, when will we get that definitive information?



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Michael Gove: In the next four to six weeks. We want it to be as proportionate as possible, but, again, the Committee might judge that we are not moving far enough. Hopefully, you will feel that we have certainly listened and understood the nature of the pressures on providers.

Q86 **Chair:** Is that the cost for just the 11 to 18 metres? Are you looking at the cost over 18 metres and the totality of the pressures on social housing providers?

Michael Gove: Yes, that is the aim.

Q87 **Ben Everitt:** Secretary of State, we are back on to bureaucracy. The Government's policy does not commit refugees in the family scheme who do not have any accommodation to match with a sponsor on the Homes for Ukraine scheme. Why is that?

Michael Gove: The family scheme was set up rapidly in order to get people who had those ties to come in. The Homes for Ukraine scheme was set up to supplement it. There are existing family schemes and the expectation is that in those schemes, members of the family will provide the accommodation required. Since the Homes for Ukraine scheme was set up, there are some people who may in the past have gone for the family scheme who would now go for the Homes for Ukraine scheme, because with sponsorship comes some additional resource. It is not a perfectly level playing field. We would happily acknowledge that, but we were just trying not to make the perfect the enemy of the good.

Q88 **Ben Everitt:** We will come on to the level playing field aspects in a second. While everybody accepts that the family scheme was set up at speed and has been successful, we heard in previous Select Committee hearings that there are some issues with the family scheme that cause roadblocks, which are completely understandable. They are bureaucratic, but for very good reasons. Where these are encountered, is there not a case for some flexibility between the two schemes? Granted the first one was set up quickly, but now that they are bedded in and both operating, if we can meet demand via another scheme, would it not be better to do so?

Michael Gove: No, I absolutely take your point and, again, we are learning as we go, and so are the devolved Administrations, which are acting as super sponsors. As you will know, under the Homes for Ukraine scheme more than 42,000 people have arrived, but initially there were 200,000-plus people who expressed an interest. We are seeking to be in touch with those who have expressed an interest to say, "If some of the existing matches fail, would you be willing to step in?"

The point about whether, if things go wrong or there are challenges in the family scheme, we can ask some of those people to step in and help as well is fair, but at this stage I do not want to automatically assume that we, the state, can direct someone who has made an expression of interest and say, "You now have an obligation to step in in this way". We learn as we go and the point has been made that there are other



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challenges as well, because there are people, for example, who, entirely understandably, have used freedom of movement to go to the Republic of Ireland and then have arrived in the UK, some of whom are presenting as homeless. Again, is it the case that we can help them through some of the people who made an expression of interest? We are looking at that as well.

Q89 Ben Everitt: It is good to know you are looking at it. Thank you. On to that level playing field issue that you flagged up there, there are several services that councils provide to refugees on both schemes, such as school places, community integration, homelessness assistance and signposting to services. Why is it that the Government here are refusing to provide funding to councils to deliver those services for refugees on the family scheme?

Michael Gove: Money. The family scheme was designed explicitly as a rapid way of allowing people who had those ties to come here using a route that was already well understood. It is already the case that family visa schemes do not bring with them additional resource, but we want to incentivise take-up from people who would not otherwise have acted as hosts. That is why we provided the cash, knowing that the geographical dispersal of people willing to act would be different from where families were. We will keep under review the pressure that is being placed on school places, GPs and others. Tomorrow there is a ministerial response group, which Lord Harrington and I will be at, that will look at which parts of the public sector are coming under most pressure and if there is anything more that needs to be done.

Q90 Ben Everitt: This is a classic case of demand management, is it not? We know that there will be an additional pressure on public services for refugees who are unsupported currently under various schemes. We could even, with a bit of research, put an estimated cost on that, which would likely be much higher in reactive terms than putting a cash provision down for supporting upfront. Will you have the data to do that as part of the review that you are doing?

Michael Gove: I will be in a better position to know tomorrow after the ministerial response group, because, again, part of the purpose of it is just to have a look at the pattern of where people have arrived. By definition, we know that people have arrived here after the visa having been issued, but we do not always know necessarily where people will stay or move to. Yes, we will hopefully have a much richer data picture tomorrow.

Q91 Ben Everitt: Would you accept the premise I am trying to draw, which is that supporting now upfront is probably going to be cheaper than dealing with longer-term problems, such as homelessness?

Michael Gove: I take your point, yes.

Q92 Ben Everitt: Thank you. Having gone through all of this and learned all these lessons, what plans for a more long-term, joined-up programme to



offer sanctuary to refugees from other places—because the world is not getting any calmer—do the Government have?

Michael Gove: It is premature to draw firm conclusions, because we are still making sure that, as your earlier questions quite rightly drew out, there is sufficient resource and a sufficiently robust way of analysing how successful the proposals have been. So far—touch wood—the Homes for Ukraine scheme has shown that there is a capacity for the UK and in particular its citizens to help people who are fleeing from persecution. Most of the people who have expressed an interest and who have refugees staying with them expected it to be on a time-limited basis.

We know that, of the people who have arrived, the overwhelming majority of adults are women. We also know that a significant number of those have been educated to degree level or above and speak fluent English, so the capacity for them to, while they are here, contribute to the labour market and integrate fully is greater than it might be for some other refugee flows. Certainly, Richard Harrington has done an amazing job. There are all sorts of potential lessons we can learn about how we can put in place other refugee schemes in the future, definitely.

Q93 **Ben Everitt:** In terms of a standard approach to accepting refugees and joining everything up, as you are clearly trying to do, it depends where they come from—that is broadly the answer.

Michael Gove: I do not want to make any definitive judgments yet, because there were different approaches that were taken. There were different approaches that were taken towards Hong Kong BN(O)s. There is a different and parallel approach that we are taking towards people from Afghanistan. There is a different approach that we took with respect to Syria. We can learn from all of those, so that the UK is always in a position, when there is a humanitarian crisis, to play its part in helping to deal with that. As a number of people have remarked on, while this is not an argument about Brexit, post-Brexit we are seeing our migration into this country being more global and, again, I think that is a good thing, but Parliament and voters will decide.

Q94 **Ben Everitt:** It is an hour and a half before we have mentioned Brexit, so well done. All those schemes you have mentioned highlight the fact that we should be rightly proud of this country's approach to accepting refugees. It does come with an administrative and financial burden, particularly on local authorities. How many individuals have thus far been accommodated within local authorities under the Ukraine scheme?

Michael Gove: Overall, as of 6 June last week, if you add family sponsorship and Homes for Ukraine, there have been just over 70,000 people who have arrived in the UK.

Ben Everitt: We await the data. Thank you very much.

Q95 **Chair:** We are going to get the data broken down by local authority.



Michael Gove: That is the aim, yes.

Q96 **Florence Eshalomi:** Just to respond to my colleague Ben's point in terms of the generosity and kindness of the British public, including constituents in my Vauxhall constituency, over the Jubilee weekend I was able to meet some of the families that have come over at some of the garden parties.

We know that there have been some issues with some of the placements, where, unfortunately, there have been breakdowns. I had a really distressing advice surgery with one resident where essentially she feels that she has been forced out of her own home, where the Ukrainian family have effectively taken her home. She is trying to liaise with the local council in terms of how to find them another placement.

What additional assistance are you providing to local authorities where, sadly, there may have been a breakdown between the host and the sponsor? Time and time again these issues are coming up, where people have essentially been told they have to host this family for six months. When it has broken down within two months, that six months is going to seem like six years.

Michael Gove: Nobody should be in that position. That is why, working with some people in the voluntary sector as well, we are using the reservoir of people who have expressed an interest, but who have not yet necessarily sponsored, to ask, "Is there a way in which we can rematch?"

Q97 **Florence Eshalomi:** One of the things the LGA mentioned when we had a session with them was what happens after the 12 months. Again, before we know it, a year will pass. What is the process and what discussions are you having with local authorities post the 12 months in terms of accommodation? Again, sadly, we saw some families presenting as homeless.

Michael Gove: I mentioned earlier the reasons why we are confident or hopeful that we will see participation by families in the labour market and we hope that, and certainly the evidence is that, a majority of adult Ukrainian refugees do not want to stay that long with sponsors. They are incredibly grateful, but they want to be out earning, renting, making their own way and contributing to society and the economy. That is true of the majority, but it will not be true of all. We are gathering the data to know where additional support might be required in the future. Then one thing that is well above my pay grade is the situation on the ground in Ukraine itself. To what extent might we be able to move towards peace there and then allow people, the overwhelming majority of whom want to return home, to return home?

Q98 **Chair:** I just have a quick follow-up to Ben Everitt's question. You have the ministerial meeting looking at the way forward. At that meeting, will it be possible to consider the people on the family scheme, where the family does not have to provide accommodation—it is not a requirement of the family scheme—and people are presenting as homeless to the local



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authority. Is there a greater cost to the local authority trying to rehouse people in bed and breakfasts and hotels, because they do not have any other accommodation, rather than finding someone on the register of people who are prepared to offer their homes under the homes scheme as a solution instead?

Michael Gove: That is exactly right. Yes.

Chair: Those alternative costs you are going to—

Michael Gove: Exactly so.

Chair: That is really helpful.

Q99 **Kate Hollern:** Secretary of State, is the decision not to provide a second council tax energy rebate this year a reflection of how difficult it has been for local authorities to administer the first rebate?

Michael Gove: No, that was not the principal reason. It was because the Chancellor felt that, successful as delivery of the rebate was, there were other steps that could and should be taken, just over a fortnight ago, to help people with cost of living challenges.

Q100 **Kate Hollern:** Did your Department volunteer to administer the rebate or did the Chancellor just feel—

Michael Gove: I have always said to the Chancellor anything we can do to cut council tax, I am more than happy to help him with.

Q101 **Kate Hollern:** Your Department itself committed to collecting data about payment rates. Can we see the authority-by-authority data on energy-related payments made to A to D households with and without direct payment arrangements and also E to H discretionary payments?

Michael Gove: Yes, we will share that with you. We are just collating the data at the moment, because, as you quite rightly point out, some of the people most deserving are some of the people who will not necessarily have the payment arrangements that will mean that they will have received the money as quickly as all of us would have wanted. We will publish that, so that you can see how Blackburn and Darwen have done relative to elsewhere in Lancashire.

Q102 **Kate Hollern:** I am quite happy with Blackburn, but I am sure other members would be interested to see how their authorities are performing. We spoke about the additional burden on local authorities—housing, refugees and other situations. The Government very quickly are also putting out huge numbers of discretionary funds, whether it be council tax rebates, the household support grant, Covid local support grant, discretionary housing payments and the interim payments for hosting Ukrainian refugees. To what extent do these amount to a shift towards councils being an extension of the welfare system?

Michael Gove: It is not a permanent and deliberate effort to fundamentally have councils as a core part of the welfare system. It is a



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response to a succession of challenges. It has been a response to Covid, war and inflation. If any Government had not acted to take account of the fact that there were some people at increased risk of homelessness, if we had not acted when some people would be facing rent arrears as a result of Covid, and if we had not acted to deal with the significant hike in energy prices that is hitting people, people would rightly have said that the Government were not responding.

Some folk would argue that we should have responded in a different way or responded to help this section of the population more than others. That is perfectly legitimate political debate. For example, while overall there can be help for people with energy bills as a result of an across-the-board council tax cut, there will always be some hard cases. If we can give money to local authorities to help smooth the hard edges of that, that is a good thing. They are all responses to difficult challenges rather than fundamental alterations in the benefits system. Ultimately, my own view is that universal credit is a good policy and we want to have all the benefits that accrue from real-time support going to people who need it most, but I am not a welfare expert.

Q103 Kate Hollern: Evidence shows that councils, to be fair, are much better at delivering based on local needs.

Michael Gove: Often very good—exactly.

Kate Hollern: There is also a concern up and down the country that councils are getting all these additional burdens without the actual resources to deliver them. On that basis, can you tell me how the calculation has been carried out for each of these funds to decide the allocation for each council?

Michael Gove: Yes, I can share with you what the judgment will be as to why the money is allocated in the way that it has been allocated to the local authorities.

Q104 Kate Hollern: No, sorry, I am asking for the actual data. For example, Blackburn gets £300,000. Can you tell me how someone came to the decision that Blackburn can get that money to deal with that particular problem? Is it sufficient? Has somebody said, "Give them some money; let them get on with it," or is there a proper calculation based on the known need for the priorities that have been set?

Michael Gove: It will be related to measures of deprivation, but it can never be perfect.

Q105 Kate Hollern: On that basis, it would be very inconsistent, so it would be useful to have some more information.

Michael Gove: Yes, I can let you have the formulae that have been used for allocation. Again, one of the things about these funds is that there is a tension between speed of getting money out the door and a precise judgment about what each local authority might need. We prioritise



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speed, but that might well mean that the Committee or Parliament wants to come back to us and say, "Actually, a better way of getting the money out quickly and, at the same time, fairly would be to look at these criteria, which are different".

Q106 Kate Hollern: Yes, which is why I feel it would be useful to have the information on how this decision was based, and what worked and what did not, because up and down the country there are a number of authorities who actually made money out of some of these discretionary grants and some councils who actually lost. The problem with that is that it is very difficult for members of the public to understand why they did not get a particular grant, because the Government said the council got the money, but these people did not get it because the allocation for the council may have been wrong.

Michael Gove: It is entirely possible and I would want to look at the detail, but it is a fair challenge and I am sure we can learn.

Q107 Bob Blackman: I just have a quick supplementary, Secretary of State. In terms of the council tax payments going up, I can only point out that, in the London Borough of Harrow, 40% of the people who are entitled to the £150 rebate are on direct debit, so 60% are paying by cash payments or some other form of payment. So far they have not been repaid. Of the ones that are on direct debit, overall, it is only 18% of those now entitled to the £150 rebate who have got their money back on direct debit, because their name on the account matches the name on the energy bill, et cetera. Therefore, there has been this bureaucracy, which seems to be, in my view, unnecessary.

Why was a decision not taken to just say to local authorities, "Allocate £150 against the council tax bill for everyone in band A to D"? What is going on at the moment is letters are going out to all those people who pay in cash to say, "Can you confirm who you are and that you are entitled to this money?" A lot of people think, "Is this a scam or not?", and, therefore, there is a lot of confusion out there. Is there not a better way of doing this? It is a great Government policy, but it is causing a great deal of bureaucracy at a local level.

Michael Gove: There are a few things I would say. First, the Treasury was understandably concerned about the prospect of fraud, given what we had learned from the CBILS and the other funds that were distributed during Covid, and it is quite right to be vigilant about public money.

Secondly, though, as you quite rightly point out, you can sometimes overcorrect for a previous error. For the reasons that you mention, particularly the fact that there will be some local authorities with a lower proportion of people on direct debit, the rules that have been put in place may have been just that little bit too excessive. We are definitely prepared to learn.



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Thirdly, now that Harrow Council has changed political control, I am sure that the number of people who take advantage of direct debit will increase.

Bob Blackman: I am not sure about that.

Michael Gove: I am also sure that the number of people who do not pay their council tax will decrease, and that the operating systems at Harrow Council will be better than ever before, but, nevertheless, we can learn a lot from what has happened.

Q108 **Bob Blackman:** The point is that the assumption was, I assume, that everyone or a large number of people were paying by direct debit and, therefore, it would be very easy to do. In a borough like Harrow, which, frankly, has a reasonably sophisticated set of people who would pay by direct debit, the actual numbers are incredibly low, but the collection rate on council tax is very high. I am sure that must be replicated in local authorities across the country that are suffering the same sorts of things, which is one of the reasons why colleagues would like to see the data on how much money and what proportion of those entitled have actually received their rebates so far.

Michael Gove: I will get that to the Committee.

Q109 **Chair:** I just have a couple of final questions, Secretary of State, about the distribution of resources, particularly for infrastructure projects and regeneration. First of all, in terms of the levy that has been introduced, the amount raised in the levy will not necessarily be raised in the areas that are most in need of levelling up. How is that little problem going to be dealt with?

Michael Gove: That is why we have Homes England, the AHP and other tools to go alongside the levy.

Q110 **Chair:** That leads on to my next question then, very helpfully. I raised with you when you first came to the Committee three concerns around the way that Homes England could operate. One, the 80-20 rule, you already dealt with and changed, and that is welcome. Thank you. The second one is about the Treasury Green Book and how it values investment according to the uplift in land value, which is very unhelpful for regeneration schemes. The third one is the additionality rule, where regeneration schemes may need older housing clearing and new housing building, but Homes England cannot invest in that if it does not add more properties. How are we going to get around those two issues?

Michael Gove: I am looking at those issues with the Homes England team and also looking at the Treasury doctrine of best value when public sector land is being sold off, because I believe that all of the challenges that you have mentioned are impediments to effective regeneration and economic rebalancing. Will I win in all of these battles? I do not know.

Q111 **Chair:** Can the Committee help you win?



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Michael Gove: You already have.

Chair: We will keep on raising the issue. Secretary of State, thank you very much for coming and answering a range of questions for the Committee this afternoon. That is appreciated.