

Housing, Communities and Local Government Committee

Oral evidence: Spending Review, HC 983

Tuesday 8 July 2025

Ordered by the House of Commons to be published on 8 July 2025.

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Members present: Florence Eshalomi (Chair); Lewis Cocking; Mr Lee Dillon; Maya Ellis; Mr Will Forster; Naushabah Khan; Andrew Lewin; Mr Gagan Mohindra; Joe Powell; and Sarah Smith.

Questions 1 to 73

Witnesses

I: Rt. Hon Angela Rayner MP, Deputy Prime Minister and Secretary of State, Ministry of Housing, Communities and Local Government; and Dame Sarah Healey CB CVO, Permanent Secretary, Ministry of Housing, Communities and Local Government.

Examination of witnesses

Witnesses: Rt. Hon Angela Rayner MP and Dame Sarah Healey.

Chair: Good afternoon, everyone, and welcome to the Housing, Communities and Local Government Committee. I am Florence Eshalomi, the Chair of the Committee. Will my colleagues on the Committee introduce themselves, please?

Maya Ellis: I am Maya Ellis, the MP for Ribble Valley.

Naushabah Khan: I am Naushabah Khan, the MP for Gillingham and Rainham.

Sarah Smith: Sarah Smith, the MP for Hyndburn.

Joe Powell: Joe Powell, Kensington and Bayswater.

Andrew Lewin: Andrew Lewin, Welwyn Hatfield.

Mr Forster: Will Forster, MP for Woking.

Mr Dillon: Lee Dillon, Newbury.

Lewis Cocking: Lewis Cocking, Broxbourne.

Mr Mohindra: Gagan Mohindra, South West Hertfordshire.

- Q1 **Chair:** Thank you. I welcome the Deputy Prime Minister and Secretary of State, and the Permanent Secretary, to our session on the spending review. There were some big figures for the Department in the Chancellor's announcement two and a half weeks ago, and it is good to see some of that investment coming into the areas that we have been discussing.

Secretary of State, I want to start by looking at the big announcement on social housing and the affordable homes programme, which the Committee has been looking at in a lot of detail. Some reports, having looked deeper and at the small print of what the Chancellor announced, outline that the bulk of that funding will be heavily backloaded and that we may see only about £4 billion of it up to 2029-30. How much of the £39 billion will be in the 10-year social and affordable homes programme and how much will be coming specifically during this Parliament?

Angela Rayner: Thanks very much. As you know, we have been very busy since we last met, with lots of legislation going through Parliament and the spending review, which, as you say, gave us a huge boost of £39 billion over 10 years for social and affordable homes. We have made it clear that we would like to see 60% social rented within that. We have made a real push about that. That is us indicating to the market where we expect it to go. We do not go any further than that, because obviously we want to maximise supply and it very much depends on the sites and all the other changes that we are making, but as you say, Chair, £4 billion of that will be by the end of 2029-30.

We are maximising that with all the other changes we are making. I think you will have noticed that when I was in opposition I criticised the previous Government for giving back £2 billion of the affordable homes programme because they were not able to do the other pieces of work that we have been working on around planning reform, the national planning policy framework, the mandatory targets, some of the work on acceleration with section 106, and so on; there are lots of different things that need to oil the chain to ensure that we get the AHP out the door.

We have made no bones about the fact that we have a social housing crisis in this country. The reforms we are making to right to buy, the rent convergence and the indication to the market that we want to put more money into social rented homes are giving a clear indication of where we are going, but the 10-year programme will also bring stability. Often, we have had an off/on start to funding, which means that things slow down and then speed up and it is really difficult for the market to produce a long-term goal for how we get to where we want to be.

- Q2 **Chair:** You announced last week that 60% of the new affordable homes will be for social rent. What modelling did you use to get to that figure?

Angela Rayner: Again, within the AHP and what we believe the market could withstand, we were saying, "This is where we think you should get." We would not go beyond that because, again, it depends on a number of

factors—what sites are available, for example, and some of the other changes that we are making—but we are trying to stimulate the market and be very clear on what we want to do.

We have announced a £12 million investment for local councils to be able to build council homes, for example, alongside low-interest loans and the rent convergence, which we believe will ramp up the market, but it is really difficult to pin it down. I do not mean to be difficult on this, but there are lots of different factors at play. As Secretary of State, I am trying to give confidence to the market but also indicate the target that I think we should reasonably expect it to deliver.

Q3 **Chair:** Will the 60% that you mentioned count towards your overall 1.5 million target or is it in addition to that?

Angela Rayner: It is within the 1.5 million homes target.

Q4 **Chair:** I do not know whether you are aware of the report by the Children's Commissioner published today—it was reported in *The Guardian*—but it outlines some stark realities for children across England.

We had 4.5 million children living in poverty in April last year. I want to read you a quote from the report, Secretary of State. It talks about the impact of poverty on some of those young children and states: "For this research, they spoke with candour about things that most people would consider basic, but which for them are out of their reach: a safe home that isn't mouldy—or full of rats, a bed big enough to stretch out in, basic food like bacon, a place to do their homework, having the heating on, privacy in the bathroom and being able to wash, having their friends over, not having to travel hours to school, or having a local park to play safely in where the grass isn't overgrown and unusable."

The fact is, Secretary of State, that we are going to build these homes, hopefully to help those children. That will take time. But what is not helping those children now—linked to the fact that we will not see those homes being built tomorrow—is the freeze on the local housing allowance. That is continuing to push many families and children into poverty. Is the case still being made to have the local housing allowance reviewed?

Angela Rayner: What I would say, Chair, is that, at the forefront of my mind, in everything that I do—not least with the pressures surrounding local government and some of the fundamental services they provide to children and young people—is the housing crisis that we have. We have 165,000 children in temporary accommodation, and it is not acceptable for people in our countries to be in those circumstances. I have met with Awaab's family a number of times about how we ended up in a situation where a young child lost his life because of the housing conditions that they faced.

There have been a number of priorities and pressures that we have been trying to alleviate with the work we are doing on homelessness, on building the homes that we desperately need, and on challenging landlords

to make sure that their houses are fit and habitable. But equally, there are other pressures that families face.

The Government spends £34 billion per year on housing support, including £12 billion in the private rental sector. The local housing allowance rates were last increased in April 2024, and that is £7 billion over five years. Look, I am not here to defend the crisis that we inherited; what I am saying is that it will take us time to alleviate some of those pressures.

In the short term, I have focused on providing support to families, and we have done that across Government, including with the Employment Rights Bill, the free breakfast clubs and the roll-out of free school meals, as well as the more than 3 million people getting an instant pay rise because of the changes we made to the minimum wage.

Then, in the longer term, the only way we are going to fix this crisis is not by giving more money to private landlords for people who should be in social housing; we need to have a social housing revolution. That is why I have been so bold as to push for the biggest increase in the affordable homes programme, alongside the rent convergence. The market have really welcomed that, as they will tell you, because they have been asking for years for us to make those changes, and previous Governments have not allowed that to happen.

We are very clear that, in the short term, we have to deal with the pressures that families face—that is around the cost of living as well—but, in the long term, the only solution to the housing crisis in this country is to build more homes. I stood on a platform and a manifesto to do that, and I think that the last 12 months have proven that I mean what I say and I say what I mean.

We have brought forward many changes, including the Planning and Infrastructure Bill, which is going through Parliament now, and the national planning policy framework. The large amount of investment that the Government are putting into housing is showing that, actually, we mean business. It is not going to turn around overnight, but we are alleviating short-term pressures at the same time as keeping our eyes on fixing this crisis in the long term as well.

Q5 Chair: We are, and that is the long term—but with all due respect, Secretary of State, the data is showing a massive decline in house building starts. The sector is saying that we do not have the skills and the workforce. A number of builders are saying that they do not have confidence because some of the regulation on building safety—which they rightly welcome—is holding up those houses coming forward.

When you have data, and a report from the IPPR in January showing that 90,000 families will be pushed into poverty because of the shortfall in the local housing allowance, is it not a political choice by the Government to continue to freeze that and to push those children into poverty?

Angela Rayner: Well, I think it is important to state that, like I say, we have already put £34 billion a year into housing support, and that was



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increased in April 2024, but the decisions on the local housing allowance will be made in the round at the Budget, alongside the other decisions that the Government have already made that have had an impact on families.

We are rolling out more childcare places in September and more support for families in work. Families will tell you that the cost of childcare and support around school meals, school uniforms and breakfast clubs will all have an impact in the round, including the work we have been doing on the Employment Rights Bill, which will give families more security.

You cannot take one in isolation; Government must have a number of priorities. We are investing by putting money into local housing allowance, but the truth is that the way to fix the problem is not by having significant rent increases under private landlords who put social tenants in private accommodation. The way to fix the problem is to have more social housing for people who desperately need it.

- Q6 **Chair:** It is. Finally on that, even the National Residential Landlords Association is telling us about the impact of local housing allowance. The very same children who need to be in the breakfast clubs have parents who need the jobs from the Employment Rights Bill. They will be able to request flexible working, jobs will be created, many millions of people will see their wages go up with the minimum wage increase, but they will all still need a place to sleep.

Angela Rayner: That is right.

- Q7 **Chair:** That is not going to happen, because we cannot build the homes fast enough. In the interim, they are renting in the private rented sector, but a lot of them are not able to rent locally because of the freeze on the local housing allowance.

Angela Rayner: Again, on top of that we have the Renters' Rights Bill, with its protections, and the extra money we set aside for homelessness prevention. Local councils can look at some of that for ways to prevent homelessness and at section 21 no-fault evictions, along with other challenges that families face that lead them into homelessness in the first place.

We have seen landlords evict families, with no excuse, and then ramp up the rent and put somebody in. That is because the housing market is in such a dire situation. We have taken measures to try to prevent some of those egregious practices, as the same time as building the homes that we need. We are supporting families now through a number of measures to alleviate the financial pressures that they are under. Rent is one element of pressure on families, but there are a host of other pressures that families are facing, where we are trying to support them.

- Q8 **Mr Forster:** Deputy Prime Minister, I welcome the £39 billion investment in affordable and social housing. Given that in my constituency of Woking, and in the Chairman's constituency, it costs at least £200,000 to build a home in the UK, that is roughly 300 affordable homes across each constituency in the country. That is clearly not enough to meet demand.



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Why have the Government gone for the £39 billion figure? Is that what you genuinely think you can afford, rather than what we as a country need?

Angela Rayner: The country will need way more housing than we can give. Being able to have the construction and facilities to get to that place is a fine balance. One thing that has been said to me is, "Relax 106 notices and people can build, build, build.", but no; we need to build communities, so you have got to have the infrastructure in place, which takes time.

That is the figure and the amount we have got, which I believe will be able to create not just houses, but homes and communities, which are incredibly important as part of that. As I said, we are challenging the private rental sector with the measures we are taking in the Renters' Rights Bill to protect renters. I do not feel that that protection has been there for them, and that leaves them feeling even more vulnerable. I think this will make a huge impact, but we have to remember the reason we got into this mess.

For more than a decade and a half, we have not grasped the nettle on this issue. We have not dealt with the long-term problems of the housing crisis. We are starting to turn that around. There has been a national conversation about this now, because I do not think there is a family in the country who does not know somebody with an unmet housing need.

We are working to deliver that through the additional money we are putting into skills—we have an industrial strategy and skills strategy to identify where we have skills gaps, so we can produce the infrastructure and the homes we need on the Government's programme—but it is not just how we get the money for investment in housing, but how we bring that about, whether that is through the National Housing Bank, financial attractions, the affordable homes programme or rent convergence. There are so many different elements. We have brought back the mandatory housing targets for local authorities, so that they are planning where the housing and infrastructure need to be in communities.

There are a lot of moving parts, and we have grasped the nettle in the first 12 months and said, "We're going to do it." If you speak to people in the sector, from homelessness all the way through to developers, they will welcome the changes that we are making. Even local authorities that are concerned about their mandatory targets have recognised that we need to do something, because we have not for the last decade.

Q9 Lewis Cocking: Deputy Prime Minister, you have said that you do what you say. Can you tell us, then, since the July election—you have now been in post for 12 months—how many planning permissions for social homes have been granted in the last 12 months, and how many of those social homes have started construction on site since you have been Deputy Prime Minister?

Angela Rayner: I cannot give you the granular detail of every single planning application, but I can tell you that we are monitoring what

happens. I have done a number of call-ins. My Department set up a specialist group, the new homes accelerator, which will help.

We are supporting councils with their negotiations on 106 notices to get more social and affordable homes as part of developments. We are looking at where the problems are with getting these houses and mixed tenures off the ground, and are really pushing them. We have already unlocked thousands of homes that the previous Government were not able to deliver. But I cannot give you the granular detail of every single planning application that we have had over 12 months.

Q10 Lewis Cocking: You just said you were tracking it. If you are tracking it, surely you should be able to say, "Over the last 12 months, we have granted planning permission for 10,000 houses, and 4,000 have started on site." You cannot be tracking it if you do not have those figures.

Dame Sarah Healey: Is it worth my coming in here? Obviously, we track overall planning permissions, but those are all granted at local level. We can definitely look at whether we can specify exactly how those break down between types of housing.

Q11 Chair: Could you write to the Committee?

Dame Sarah Healey: Yes. It is probably worth saying that, given all the different reforms that we have put in place, we would not necessarily expect to see those filtering through in the numbers quite yet. That goes back to what the Chair said at the beginning that housing starts are still lagging behind where we would want them to be; that is because there is a considerable lead time between making these policy changes and seeing both planning permissions and housing starts following through.

Angela Rayner: Planning permissions are up 6%. That is something that we have already seen between January and March 2025: planning applications are up 6% from the same quarter last year. That is the first indication that we are dealing with an inheritance of housing and applications going off a cliff, basically, under the previous Government, through some of the reforms we have introduced.

Q12 Lewis Cocking: That is not true.

Angela Rayner: Well, it is true. The statistics were really clear. We are turning that around now, and we are starting to see that planning applications are going through. The Planning and Infrastructure Bill, which is still in Parliament at the moment, has some good reforms that will help planning applications as well. We will get those starts.

I have talked about the new homes accelerator, which has unblocked thousands of homes that were stuck in the system. The issues around nutrient neutrality and around making sure that there is infrastructure, like reservoirs and water, were not even in the pipeline under the previous Government, and we have started to grasp that nettle. The reforms that we are making, including telling local authorities we are bringing back mandatory housing targets, which the previous Government did not do,



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will start to make sure that there are important carrots and sticks, so that people say, "We have to have these homes."

In fairness, the Government said this in opposition. We were elected on a mandate to do it, and people understand it. Going back to my previous point about the tension, they gave me a mandate to build the houses, but they said quite categorically that they wanted input. That is why mandatory housing targets are important, because then they have to consult on that with local people. They want the infrastructure within that as well. That is the big challenge, and that is what we are delivering.

Q13 Lewis Cocking: What in the Planning and Infrastructure Bill makes infrastructure—the roads, the doctors' surgeries and schools—come first? I could not find it, so can you tell us, as Secretary of State, what in the Bill makes infrastructure on development come first?

Angela Rayner: First of all, the infrastructure in the Planning and Infrastructure Bill is things like nature recovery, nutrient neutrality and streamlining planning, so that planning applications can focus on the more contentious areas where you do need to thrash out the critical infrastructure that is needed as part of the planning process.

The role that we are playing across Government through national infrastructure and working with other Departments is about, if there is a school, a hospital or roads, we are already putting a significant amount of investment in transport, which the previous Government did not do. That is around making sure that if we are planning new towns, for example, or we are doing significant amounts of housing in an area, that infrastructure comes as part of that programme.

That takes time to do. You can appreciate that I would not have been able to do that in 12 months, but we are already doing that work and we are already holding developers to account. Again, the previous Government did not have a way of doing that.

People were frustrated that developers would come back after agreeing a programme of infrastructure and then say, "Well, we can't deliver that". We are already now holding them to account and saying, "You've promised that as part of the development. We are going to make sure that happens", and we are supporting local authorities in making sure that they do that, because that is the buy-in that you get from the public with this. They know we need the houses, but they say, "We want to have a say in where they are, and we want to make sure the infrastructure is there as part of that." I am absolutely clear on that mandate being caveated on those two conditions.

Q14 Chair: Coming back to some of the points Lewis highlighted, and my other question around the fact that house building starts are quite low and in decline, what makes you confident that you will still hit your 1.5 million target during the course of this Parliament? Obviously, we just celebrated one year last week, so you have got four years left.



Angela Rayner: I am listening to what the market is saying. I meet regularly with developers and local authorities. I am tracking where we are at. As I said, planning applications are up by 6% in the same quarter. That is a first indicator. We will start to get more data as we get into the autumn around starts and whether or not that has done enough.

People have already welcomed the national planning policy framework changes. They were the only ones that, in effect, kicked in, and even the OBR scored it in its score chart because they could see that it would deliver growth and speed up housing. We have made changes. We have a ministerial team that works with the sector on skills, and they are confident that they can meet the skills challenge to ramp up house building.

The Planning and Infrastructure Bill that is in Parliament at the moment will also streamline some of the planning challenges that we face so that we can ensure, where there are more thorny issues and more contentious planning, that they have a whole planning committee, but that where there are not those issues, we want the build-out. We have made announcements on supporting SMEs and the brownfield passport, which again will enable brownfield sites to come online much quicker, and supporting some of the remediation that may be needed to make sure that we have the brownfield-first approach.

It is not just about saying, "We expect you to use brownfield first"; it is about saying, "We will help remediate, we will support you by streamlining the planning process and we will deliver by supporting SMEs, for example, with financing." SMEs said that financing up front to be able to deliver on these sites is hard for them. We are already making changes that will support them in that process.

I am confident that we can get there. It is a stretch target, though, and I said right from the beginning that everything has to be going in the right direction with the wind behind us to get to 1.5 million homes. However, I think Mr Forster and others have already alluded to this: even if we hit the 1.5 million homes target, that is still not going to fix everything that is wrong with the housing situation in this country, but I hope that by the end of this Parliament you will see a massive line going up in the right direction that you cannot stop, and that it is going to continue even if I don't. I hope that you will see that line in the right way.

Q15 Mr Dillon: I absolutely accept, Deputy Prime Minister, that you need a multitude of attack angles to get to that 1.5 million. Your Ministers have also said about bringing all those different levers together into the housing strategy that has been promised for the end of the year. Will that signpost what it expects each of those levers to be able to deliver in their own right, or again will it just be holistic, saying, "All of this will deliver the 1.5 million" and tenure-blind in the housing strategy?

Angela Rayner: I think it depends on what you want by your granular detail.

Mr Dillon: Lots!

Angela Rayner: It will not be an airy-fairy, “Look, this is what we want—the moon on a stick”, but it will set the tone of where we want to get to and how we think we will deliver that. I suppose that is why at the spending review, not only did we announce the overall target—the £39 billion investment—but we announced a number of measures.

For example, we gave a nod and a wink to rent convergence, which we are consulting on at the moment. That was to give confidence to the sector that there will not be this stop-start that happens, when they think, “Ooh, it might not happen; it will happen.” It was the same with the 60% on affordable rents, the warm homes funding and some of the things that we are doing about decent homes standards.

It is about indicating to the market where we are going, and showing them a 10-year plan, so that they can have the stability—which we haven’t had, previously—to then go forward with confidence that we are matching their ambition.

Q16 Mr Mohindra: Part of the line of questioning has been about how we, as a Select Committee, track your progress on this ambition for 1.5 million homes. We don’t want to get to 2029 and realise that we have not done that. Our role is to scrutinise your work. What reassurance can you give us that we will have that information in a timely manner, in a way that we can understand it, and therefore challenge you as Deputy Prime Minister and Secretary of State?

Angela Rayner: That is a fair point, and I will also let the permanent secretary respond to it because the civil service will probably give you a less political answer than I will. However, there is plenty of data out there. Being 6% up on planning applications is a really good start.

Q17 Mr Mohindra: But we have had a million planning applications that were not fulfilled.

Angela Rayner: Sure, but if you look at some that were stuck in the system, as I have said, we have unlocked thousands of them with some of the other changes that we have made. There are a number of different indicators of data that can give an idea of where we are going. I have said to the Chancellor, the Prime Minister and every other Cabinet member that the only time we have built at this level in the past is after the second world war, and the only reason that we were able to build at that level was because the state put the investment in.

That is why you saw from the Chancellor a commitment on all the other measures we have made—for example, on rent convergence, on supporting Awaab’s law, and on hazards that are a threat to life. We brought them in. We set the regulations the other week, and they will come in in October.

However, we staggered some of the secondary regulations about decent homes because landlords were saying, “We couldn’t do this as well as

matching what you want on house building.” Therefore, I had to make the decision to say that people should live in safe homes—it shouldn’t risk your life to live in your home—but if I tried to fix some of the other issues now, such as overcrowding, we would have an even bigger housing crisis. It was a balance to be made.

However, you will see—and I will let the permanent secretary see—that there are lots of data points that you can challenge us on, in relation to the changes that we are making. We expect that from 2027-28, you should start to see it really ramp up with the changes we are making.

Dame Sarah Healey: To endorse what the Deputy Prime Minister said, at the moment, the data that you will see most sensitively changing is in relation to applications, because that is obviously step one. People have seen the changes in the national planning policy framework from December, and they will have been working to apply on the basis of the planning rules set out in that, so applications went up in the first quarter of this year. That is really good news. Those then, obviously, have to translate into planning permissions being approved. That is also data that can be tracked in order to see that the 6% increase in applications is also following through with an increase in the numbers that are approved.

As you say, quite rightly, that doesn’t always follow into build-out. However, we have taken a number of steps in order to be clear that if planning permissions are not built out in the long term, we will intervene and take action against developers that are not building on the land that they have planning permission to build on.

Housing starts are the next stage. Because all the planning permissions granted for the current housing starts were from before any of the planning changes that we have made—plus the difficulty with the market conditions—housing starts are so low at present. Obviously, as the Deputy Prime Minister said, if we don’t see an increase in those pieces of information, in that order, we will start being concerned that we aren’t seeing the boost that we really need to see, and that we are expecting to see, through all the policy changes that we are making.

Q18 **Mr Mohindra:** When will we, as a Committee, know that those benchmarks have been reached?

Dame Sarah Healey: The next time we are in front of you, we can go through the data that has been published, and you will be able to see it as national data about what has happened with planning permissions and approvals.

Chair: It would be useful if we can look at how to formalise getting timely and accurate data on a regular basis.

Q19 **Joe Powell:** Deputy Prime Minister, could we look at how the affordable homes programme will be spent? Given the 60% target for outputs in terms of social rent, will 60% of the programme be spent on social rent?

Angela Rayner: It very much depends on the development. For example, if we were looking at a build-out as part of our grey belt rules, there is more tightened and stringent ways that that can be developed in certain areas.

There are several factors—as that planning application comes through, that would depend on the size and cost of the development. In some areas of the country land is more expensive while the capital cost of bricks is the same wherever it is. Where it is will determine how much you can then demand and utilise. For example, a site's remediation could have an impact as well. There are a couple of moving parts.

What we have been clear on, and tried to do over the last 12 months, is strengthening that situation where local authorities, in the first instance, are negotiating that with social landlords. We are working with Homes England to look at how it can support the grant funding.

We are also strengthening the hand of local authorities and supporting social landlords buying in and being part of that development process, to make sure that we are getting value for money. We have not always got that. I am sure people have seen evidence of that in the press and elsewhere, where there has been a development and there has barely been any social housing. We have been very clear that that is not acceptable, and that we want to see more social housing.

Q20 **Joe Powell:** In previous sittings of this Committee we have heard about the non-social part of the package—other types of affordable product. For example, last week we heard some shocking examples of older people's shared ownership. What assessment are you doing of value for money on those different and widely varying shared ownership models? What role would you see for that regarding the 40% which is not social?

Angela Rayner: We are doing some work on that, and full details will be set out in the autumn. We have been looking at different types of models, whether affordable or shared ownership. We are also looking at announcing a permanent mortgage guarantee scheme in the coming months. Again, developers will say, "I will only build the houses if people can afford them." We are making sure that people can afford the houses and therefore developers have confidence that they can build houses at the scale that we want them to. We will be coming forward in the autumn with more details about how the remaining tenures of housing will be developed.

Q21 **Joe Powell:** Is that the long-term housing strategy?

Angela Rayner: Yes, the long-term housing strategy is part of that, but this is another piece of work we are doing which is separate to that.

Dame Sarah Healey: Obviously, the new affordable homes programme will be subject to thorough business case analysis for value for money, in the way that any Government programme of this size and nature would be.



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Q22 Joe Powell: You can look back at the evidence, but we heard of examples that, on first sight, would not feel like value for taxpayer money if it were invested into the providers of those schemes. We are looking for reassurance that we will learn the lessons from the previous programme, because it is taxpayers' money going to those developers to do shared ownership.

Angela Rayner: Absolutely.

Dame Sarah Healey: Yes.

Q23 Joe Powell: Deputy Prime Minister, on council housing itself you have mentioned a few times that a lot of councils will say that they welcome the grant money, but that there are other things that they are looking for, such as more flexibility on the housing revenue account—looking at those 2012 changes—and being able to support them in other ways. Will you be looking at that too?

Angela Rayner: In short: yes. We are looking at that. We are looking at low-interest loans. We have done work on some of the restrictions and reversing some of the 2012 changes to right to buy and around new homes, giving people confidence that, if you are putting up capital to build council housing, it is not going to disappear within a number of years, but that the principle of right to buy remains for those who have lived in their homes for years and have paid their rents. We believe that that is the right balance.

Also, on the support that we are giving through the Local Government Association around gearing councils up, there is an appetite, and it is not just from one particular party or politics. There is an appetite from local government and local councils to build council housing because it is one of their biggest cost pressures—coming back to the Chair's point around local housing allowance and temporary accommodation—beyond things like children's services. Councils feel frustrated that they are not able to deal with that pressure. There is a lot of buy-in from them, and we have been doing a lot of consultation and support work to provide them with the fertile ground and expertise to start ramping up council housing.

There are also the social housing providers that we work with, many of whom provide specialist housing. There was mention before of older people's accommodation, supported tenancies and a number of different tenures that we need to again look at and focus on because we have a shortage of those.

Q24 Joe Powell: A final question for me. Shared ownership is a component of the 4.8 million leasehold properties we have around the country. You can understand why those leaseholders who have been promised change for many decades keep a close eye on whether they feel the Government are on track to deliver their manifesto commitment. Do you feel that the Government are on track, and when do you think we can expect to see the end of the leasehold system entirely?

Angela Rayner: The previous Government tried to do something on this, in fairness. They recognised the problem. The legislation that we inherited



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has some fundamental flaws and needs some changes and tweaks, which is what my Housing Minister has been working through.

We are clear that the Law Commission's recommendations need to be implemented, and we need to move away from the feudal system that we inherited to a commonhold system. I think that is starting to have an impact on the market already—on what houses are available now and what the tenure of leasehold is. You can see that already, but we will be producing the draft legislation by the end of this year to ensure that by the end of this Parliament we deal with some of the leasehold challenges. You will have seen announcements just this week on that.

I think the challenge, if I am fair, is that it is fraught with legality. Some of the fine minutiae points of it have to be dealt with with care. We are going through that. The previous Government saw the problem and were trying to fix it, but we ended up with quite a few snags in the way in which that legislation was designed. That was because they were trying to solve the problem in haste, but they were trying to solve a genuine challenge.

The one lesson I took from that is to not act in haste and then repent at leisure because you will end up causing more problems. We are working with the sector, we will introduce the recommendations of the Law Commission, we will do what we said in our manifesto, and we will do that by the end of this Parliament.

Q25 Chair: I just want to clarify that, Secretary of State. Obviously, the prospectus for the new social housing is going to be launched and you will call for bids later this year. When is the long-term housing strategy going to be published?

Angela Rayner: The long-term housing strategy is due to be published later this year as well. We have set that target to make sure that we deliver on that.

Q26 Chair: So we have a long-term housing strategy later this year and leasehold later this year. It will not be 31 December this year.

Angela Rayner: No, because I think my Housing Minister wants to have some form of Christmas, Chair, and I want to keep in his good books, bearing in mind how much work I have set my Department. Half the legislation going through Parliament at the moment is from my Department.

My Ministers and my civil servants are doing a tremendous job, and I am very pleased with the pace. I understand that there is frustration with the pace, but in the context that half the legislation going through Parliament at the moment is from my Department, you will see that we are not sitting around and not doing that. We do not want a bottleneck at the end of this year, so we are not planning on throwing a load of announcements out on new year's eve. I think I should give my Ministers a day off on that day.

Chair: We have confirmation of that from you, Secretary of State. Thank you. Moving on to financial investment, Andrew is next.

- Q27 Andrew Lewin:** If you don't mind, Chair, before I go on to my substantive question about financial investment and the spending review, I have a quick follow-up on shared ownership. Colleagues in the Select Committee may know this because I have referenced it before. I am a beneficiary of shared ownership; it is how I was able to get on the housing ladder, so for me, it was a success.

My starting point is that there has to be a role for low-cost home ownership for people who are aspirational. At the same time, though, we have heard so many stories of it not working—people feeling trapped, or people saying “I am compelled to buy the biggest share that I can.” Do you think the system needs reform before there will be any more beneficiaries under the next round of AHP?

Angela Rayner: We have to look at the lessons learned on shared ownership. As you say, for some it was a lifeline to get them on the property ladder and, for others, it has been entrapment. It is also about how it affected the housing market. I would argue that some of the previous schemes made house prices go up at a higher rate actually, and priced more people out of the housing market. If you look at how much it costs to buy a house now compared with average earnings, when I was first looking at getting a house, it was four times your income; now, it is eight times your income, if you are lucky. We have to look at that.

What we want is to move toward the full mortgage guarantee scheme. We have seen some relaxation through the financial sector. For example, people who work different hours or in different settings, with different contracts, or are self-employed, were never able to get a mortgage; the pendulum had swung too far the other way. Now, we are seeing what I would call a softening on some of those issues through the work that we are doing, which will mean more people are able to get on to the property ladder. Those types of measure, learning the lessons of the past, are much more prudent. Some of the previous measures have only meant that house prices went up and priced people out as a result.

- Q28 Andrew Lewin:** Great, thank you. I turn to the spending review. There is a commitment to £4.8 billion of funding towards financial investments to invite private investment, which is going to be overseen by Homes England, but we have heard a lot in this Committee about how the housing market has become dominated by a small number of big players. My hope and expectation is that that money will be focused towards the SME sector. Is that right? How is the loan facility going to help to turbocharge development?

Angela Rayner: The National Housing Bank is a new approach that will deliver housing at scale. We are putting in £16 billion of investment, which we think will support the delivery of half a million homes over the lifetime of its investment, and leverage in £53 billion of additional private investment.

You are absolutely right to concentrate on SMEs. One of the things I alluded to in a previous answer is that SMEs have found it really difficult to get financing and loans. We are hoping that having the National Housing



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Bank, working through Homes England, we will be able to release some of those funds and be able to support SMEs in that pipeline, because we think they are an important part of building out, especially on some of the smaller sites. You will have seen some of the announcements we made around planning applications, for example, for less than 10 homes, less than 30 homes or 50 homes and above that.

Dame Sarah Healey: The guarantees that are part of the National Housing Bank are a really important part of this. SMEs struggle to get financing without extra guarantees and backing from Government, and in the past, we have found this a very successful way to support SMEs being able to build more. The National Housing Bank adds extra financial flexibility so that we can do more of that and as those loans work their way through, we can loan again because of the way that the financial flexibilities in the bank structure work.

Q29 **Andrew Lewin:** Great, thank you. A final question from me. I have been diving a little bit into the numbers with the help of the Clerks. I just want to get my understanding right. We just talked about the £4.8 billion. The spending review also talks about £2.5 billion for low-interest loans for exclusively social housing providers. In the press release about the National Housing Bank, the figure is £6 billion over the course of the Parliament. It is lots of good money and lots of investment, but it is important that the Committee is clear about how those numbers interact and what the total is.

Dame Sarah Healey: I will do my best to run through these as clearly as I can. If I get anything slightly wrong, I will come back and let you know.

Homes England has an existing £6 billion of guarantees. That would now fall within the purview of Homes England as a public sector financial institution. That is the switch there—it would operate in that different way. There is £5.5 billion of new guarantee capacity and £4.8 billion of new financial transactions, but of course there is already money coming in and out as income to Homes England, and that would make up the gap between that and the £8 billion. That is my understanding of it, but I will correct myself if I turn out to be not quite right on that. Plus, there are the low-interest loans for social housing providers.

Q30 **Chair:** In terms of timescales, is there a rough estimate of when the National Housing Bank is going to be set up?

Dame Sarah Healey: A public sector financial institution of that nature needs to be started at the beginning of the financial year, for technical reasons—but please do not ask me any further questions about them, because I cannot answer. We are doing everything in our power to ensure that this starts from financial year 2026-27.

Q31 **Mr Forster:** Deputy Prime Minister, what risk assessment has been made in respect of the expanded use of financial investments as a policy tool by your Department? There is a reason why I am asking in particular; as the MP for Woking, the previous Government lent the former administration of my local authority over £2 billion. The Government have started to say



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they know they are not going to get all of that money back from the Public Works Loan Board. Do we not risk making the same mistake again? What steps are you putting in place to ensure that scrutiny happens?

Angela Rayner: If you look at the bank loan financing, which will be determined through the bank's investment strategy, and at how Homes England currently offer finance for development, they have a track record of over 90% of its loans funded.

The risk is quite minimal, especially when we are looking at housing and the situation we face there. With the investment strategy being part of the banking sector overseen by Homes England, which already do that loan financing now, there are enough measures in place. Unlike with some of the other ways that things have been done in the past, there are some guardrails to ensure that we are not in a risky situation, like maybe we were in other areas, such as covid contracts and things like that. We are not in that field.

Homes England already do some of this loan financing, and there is a very low risk with that because there is a high return on the basis of the property we are developing and the demand that we are all talking about. There are guardrails in place. Because Homes England will be divided between the bank and the investment strategy, I think we will be fine. Unless you tell me otherwise, and you think you have a better idea of how to do it, I think there are enough safeguards in place to deliver that.

Q32 **Mr Forster:** What I am concerned about is when my council does not repay Public Works Loan Board money. That falls into the Treasury budget, and that is a cut from there. What happens when there are bad loans via the new bank? How is that going to impact your Department's budget?

Angela Rayner: The bank have the investment. They have the £16 billion of investment that we are putting in. We think that will leverage £53 billion of private sector money. They will make decisions on their loans based on their risk factors and how they will get that back, in much the same way as a commercial bank would do in the same circumstances.

I do not see an impact on my Department; that is why my Department is not going to run the bank. It will be within Homes England and through their stringent rules. They already have experience of offering loans and doing this type of work—not at the same scale, but they do that already and have a very in-depth knowledge of the housing market.

Q33 **Mr Forster:** Are you saying there is no risk of anything not being repaid and having a financial impact on your Department?

Dame Sarah Healey: There is always a risk when you loan money that some of it does not come back, but our extensive experience of Homes England's previous loans is that they have seen a repayment rate well over 90%. They will operate within a controlled framework—the financial transaction control framework—to ensure that loans are made on a sensible basis, but as I said, our experience thus far has been that these transactions have ended up with a return to the taxpayer.

Q34 **Chair:** Are you confident in terms of the oversight on that?

Dame Sarah Healey: That is some of the work that needs to be done between now and launching the bank in April 2026. We need to ensure that we have in Homes England not only exactly the right skills to deliver this, but the right control framework to manage a set of transactions that are less annually limited than the work it has done so far. That should actually improve the way that we loan money, because it means that we have greater flexibility to loan across years. We also need to ensure that the right information is passing between the Department and Homes England to understand the decisions being made.

Q35 **Chair:** To clarify Will's point on bad loans, the Department will not be asked to raid the very small £39 billion in the overall pot?

Dame Sarah Healey: It would only be in a circumstance where literally all of them went bad, if you see what I mean, which we do not anticipate happening. This is the kind of thing that we have extensive experience of in Government through the National Wealth Fund and other mechanisms of this nature. We would not be expecting to undertake highly risky lending at all.

Chair: We will probably try to monitor that once the bank is up and running, just to make sure that there is adequate oversight and safeguards.

Q36 **Sarah Smith:** Coming now to the Green book review, action 1 of the reforms announced at the spending review stated that the Treasury would work with your Department to introduce place-based business cases. What conversations have started on that? Have you explored any place-based business case pilots at this stage?

Angela Rayner: They are about to embark on the pilot, and there is a taskforce that has been working on place-based business. I get really excited about this Green Book reform, and a running joke in Government is that if anyone shouts, "Green Book", I go, "Yay!" Particularly as a northern MP, I think this has real benefits for how we can look at mutual benefit projects in the same place, such as the railway line that you may need alongside housing development, and those can all be assessed together.

In the past, we have not been able to get the best out of the Green Book because of the restrictions in it. The Treasury has recognised that, and this place-based approach will look much more in the round at how we can deliver this, instead of looking at it on a case-by-case basis in silos. The Treasury is very much up for this challenge and has been working with our Department and others, including the Department for Transport and NISTA, and we are piloting this approach in several locations. I am really excited about what this can deliver over the next number of years for areas that have felt particularly left behind, or have not felt the benefits.

Q37 **Sarah Smith:** Are details of those pilots coming before summer?



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Angela Rayner: I do not have a date for those pilots yet, but hopefully they will happen as soon as possible. Anyone who knows me in government knows that the Green Book crosses my mouth on a regular basis, including with the Treasury. This is actually a really exciting programme that could unlock a lot of development in areas that have not seen it before.

It is a hobby horse of mine, and I know that the Treasury has approached this not just as a way of providing growth; you will have heard the Chancellor say on many occasions that it has to deliver meaningful growth across all the UK, not just in particular areas. It is really important that, from this work on the changes to the Green Book, at the end of this Parliament people in Burnley, Brighton, London or anywhere else can really see the change for them and their communities. I think this is one way of unlocking that.

Dame Sarah Healey: It is worth saying that the changes to the Green Book were announced relatively recently. We have set up a taskforce that MHCLG sits on, because of the Deputy Prime Minister's interest in the Green Book and making sure that these place-based pilots work. I cannot promise you that we will actually launch pilots before the summer, but it is working at pace to put those into place.

Q38 **Sarah Smith:** I share your excitement, because I hope that it will benefit places like Hyndburn. The review recognised that there are huge inequalities in capacity and capability in different places in the country. What will the Department be doing to address those inequalities? Places like Lancashire have huge potential, but we must recognise that the capacity and capability is sometimes lacking to bring forward the compelling business cases that will hopefully lead to pilots or developments in this place-based approach in the future.

Angela Rayner: We are working with mayoral combined authorities on secondments, for example. It is about how we can share expertise and make sure that people have the capacity to realise their full potential. There is already a number of ways in which we are trying to support areas that want to build the capacity. The biggest cultural shift is happening at the local authority level in particular.

Since I took over the Department, we have tried to have an attitude and culture of, "Come to us with a problem and we will try to find a solution." We will not bash you over the head and say, "You've not been able to do it." We have had an open door approach—a non-partisan approach—to say, "You want to help your communities. We want to help our communities. If we are not honest about the challenges we face, we are not going to be able to plug the challenges."

That is a very different approach—an open approach—from how we have addressed things previously, like when councils are looking at extra financial support or saying, "We want to do this, but we do not have the expertise." We have been working with the Local Government Association when councils come to us and say, "We think we need to do more in this



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area.” We are trying to have an approach that enables them to deliver, and we have looked at secondments and building expertise that can be drawn in, because at a local level, you cannot always have that strategic expertise. Within my Department, we have been looking at how we can build a level of expertise for which people can say, “We would like that.”

Some mayoral authorities have been going a very long time, whereas others have only just got going. We have seen that with the mayoral council. Mayors—it does not matter which political party they are from—are sharing their knowledge of the evolution of how MCAs have been working, and are therefore able to deliver faster in areas that are, shall we say, just catching up on some of the pathfinders and the trailblazers taking things forward.

We have a number of pilots in a number of a different areas such as homelessness with the MCAs, and more money and autonomy going to them. We are trying to foster a relationship that enables them to share expertise and secondments, and bringing them up to speed in the areas they want to make progress, because we recognise that every local authority in the country cannot have expertise in all these areas.

- Q39 **Sarah Smith:** Will secondments also be offered to areas that are not mayoral and not yet on that trajectory? There is a risk that we end up leaving some places further behind. Certainly, Lancashire could be one of those places at risk. Are there offerings to those that might be CCAs at this point, or further behind on their devolution journey, so that they do not get left behind?

Angela Rayner: We are trying to do that. Again, through the Local Government Association, we are giving more support on that. We also have the non-mayoral model going forward, with combined authorities that are coming together. We are pushing authorities to do that as well—to think across boundaries to solve some of the challenges they face, whether on skills, housing or transport, so it is not a borough-wide or a footprint of a council.

We are trying to make councils look at that, and we are enabling them and supporting them with that process. You will see it through local government reorganisation, which we have been working with them heavily on. We are trying to have this mindset of, “We will support you,” and we have used the LGA to do some of that work, to build that capacity and knowledge.

- Q40 **Mr Dillon:** Deputy Prime Minister, do you accept that councils’ core spending power is as set out in the spending review settlement because it has baked in council tax rises of 5%?

Angela Rayner: I don’t accept that. There are a number of things we are doing to support local authorities, including more than £5 billion of new grant funding over the next three years. I accept the challenges that local authorities have faced over the period of austerity. We are fixing that. We are giving them longer term—some multi-year—settlements, which will support the work they are doing. We got a huge amount of funding



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through the transformation fund to alleviate some of the pressures that councils face in particular areas, such as homelessness and children's services, but it is ultimately for local authorities to look at how they deal with their pressures.

We have been doing a lot, including the fair funding review that has been promised for years and was never delivered, to make sure that we fund councils on the basis on need. I said this consistently at, I think, two local government conferences, to councillors from across the country regardless of their political persuasion: a Government's responsibility, as far as I am concerned as the Secretary of State, is to fund councils on need. We heard a leaked recording of the previous Prime Minister doing the complete opposite of that. What I am trying to do now is review fair funding and make sure we deliver that, including looking at how we account for rural settings, because they have a particular challenge as well.

The consultation we are doing at the moment—we have done three so far to make sure we get this right—gives ideas on how we are going to capture that within this and ensure councils have the funding they need. Some councils have huge reserves; others have had to go down right to the bone and are really struggling to provide statutory services. This is long overdue, and we are grasping the nettle to deliver that.

Mr Dillon: The reason I used the phrase "baked in" is that the Chief Secretary to the Treasury was asked that at the Treasury Committee and said, "Yes, that is what we are doing as a Government," do I think the Departments need to have a co-ordinated response.

Angela Rayner: Yes, but what I would say—

Q41 **Mr Dillon:** Just before that, Deputy Prime Minister—this is the actual question—according to the Chief Secretary to the Treasury, the buck has been passed to local authorities to raise council tax, so what lobbying did your Department do against the Treasury to say that those pressures should be alleviated through greater allocation of funding from central Government?

Angela Rayner: I have just outlined the extra £5 billion of new grant funding that the Treasury gave. To be fair, one of the things that the Treasury, myself and this Government did was maintain the existing referendum principles from the previous Government. If you look at what has happened over the last decade or so, it is not a shock that council tax rises have happened.

I would say that times have been more challenging for other areas because fair funding has not been right. The funding and the allocation of funds have not been right, so we are putting more money into local authorities. Equally, we are making sure that the funding is fair, and we are consulting on making sure that those changes do not leave anywhere without the funding to provide for services.

Councils will make their own decisions, but we have set that pre-set where it was previously, and maintained it, because we do not want to see



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council tax rises for working people. That is why we have put the money in and kept that brake on. One Conservative council was publicly saying that we needed to take that brake off, and we said no, because we obviously do not want to see big rises in council tax for people.

- Q42 **Chair:** On that specific point, is it right and fair to say that the spending review does not actually include an increase in core spending power but, rather, cuts it over a long period because the issue of the council tax increase is baked into the overall figure?

Angela Rayner: In the first four years of this Government, Government-funded spending power, which does not include council tax, will rise by 8% in real terms, compared with minus 24% in the first four years of the 2015 Government. It is not fair to say that we are not putting more money into councils.

We have also listened and are giving multi-year settlements, which is something that councils have said they desperately need. We have invested in transformational funding to alleviate some of the pressures, so that councils that are saying, "We've got ideas of how we can do things differently, but we haven't got the money because it's going out the door every day on this," have some pump-priming to deliver the savings further on.

Councils are increasing the amount of money they have, but the demand, if we do not fix some of the challenges they face and the fairer funding formula— Unless we do those two things, you can keep throwing loads of money at them, but you are not getting the best value for the money you are putting in.

Councils acknowledge that. If you take children's services, for example, and children's homes for the most vulnerable, councils are saying, "We need some capital and some funding to alleviate some of the challenges we face." We are putting in that investment—I think it is £25 million, from memory—to deliver on that transformation, so they can provide better services and bring down the cost of those services that are not delivering for people at a local level.

- Q43 **Mr Dillon:** The argument on fairness is that, by loading it on to council tax—a regressive taxation system that relies on data more than 30 years old—it is not based on someone's ability to pay; it is based on the old value of their house. You could argue that actually it is less fair to ask for that contribution to core spending power to be topped up through local council tax.

I want to come on to the dedicated schools grant, and the pressure that that is putting on local councils. My council, West Berkshire, is quite small; it is 160,000 people. Last year, there was a £17 million deficit on the higher needs block; by the end of 2027-28, they project that to be £73 million.

We are probably one of the smallest councils in the country, so I shudder to think what Birmingham would have. The LGA says that by the end of this financial year, it could be a £5 billion deficit. Could that problem not be solved this year? When will the Government commit to writing that off



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councils' balance sheets?

Angela Rayner: You will have seen that we have extended the phased transition towards a reformed SEND system. We have put at least £760 million of transformation fund allocation through the DFE to reform the current special educational needs and disabilities—SEND—system, and over £4.7 billion extra per year for schools through the DFE. We have extended the dedicated schools grant statutory override by two years until March 2028. That is in recognition of pump-priming the process. I want to be clear: this is about reforming the system to get better outcomes, which will also mean that the costs do not spiral at the rate that they are.

We are listening to what people have said. I have been at Prime Minister's questions every week—I have taken it a few times—and there is not a week that goes by where a Member of Parliament does not raise a concern about this issue, so we have to grasp the nettle. We have put a significant amount of funding in place to do that transformation and, with the consultees, we are making sure that people are reassured that this is about our fundamental purpose, which is better outcomes for some of the most vulnerable children, who are not being served well, yet we are spending huge sums of money.

Hopefully when we get this right, people will be reassured that the support is in place for their child who needs it, that we are providing better services, and that councils are in the driving seat to be able to deliver those core services. I mentioned children's homes. That is just one example of where vast sums of money are going out of the system, but we are not delivering for the most vulnerable children.

Q44 **Mr Dillon:** We all share that ambition, but there is still the £5 billion of debt to then deal with once you have improved the system going forward. I have probably used my time up.

Dame Sarah Healey: It is worth saying that, as well as the fundamental reform of the system, we have said that we recognise the ongoing costs to local authorities. We will set out further plans to address that in the provisional local government finance settlement later in the year.

Q45 **Chair:** That has to be front and centre of what you are doing, because the reality is that in kicking that into the long grass for another two years, a number of local authorities will be presenting section 114 notices to the Department. That is the reality.

Angela Rayner: I am acutely aware of what we inherited, the dedicated schools grant statutory override, the concerns that have been sent to me by local authorities in the run up to the spending review and the sheer cliff-edge that would leave them in, so it is a challenge. I recognise that not all local authorities can deal with that challenge within their own circumstances either, so, as the permanent secretary says, we are very alive to that problem, and we are trying to reform, support and invest in the service at the same time as dealing with the legacy that we inherited.

Q46 **Chair:** That is the legacy you inherited and you are investing, but the



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Public Accounts Committee said the Ministry “do not know if the billions spent delivering services locally results in better outcomes”. What is the Ministry doing to rectify and address that now?

Are we just throwing more money into a leaking pot, and it is coming out the other end, whether it is temporary accommodation, SEND or rough sleeping? These are key areas that local authorities up and down the country are still saying there are pressures. We recognise the 8% you mentioned, Secretary of State, but that is 8% from the base of the inheritance that local authorities have seen cut over many years.

Angela Rayner: In fairness, local authorities, in incredibly difficult circumstances, have already started to grasp some of this nettle, and there is some really good piloting that has gone on in particular areas. One thing that works for one area—which might be a coastal area or a rural area—might not work for another area, but there is some really good innovation going on. We have put more money—£100 million—into homelessness, which is additional to help. We have piloting in 20 areas to deliver a homelessness prevention programme, so that we are getting upstream of some of these issues.

Again, in children’s services, local authorities have been screaming for the opportunity to change this, and therefore the £760 million that the DFE has put in through the transformation fund will make a significant difference. Local authorities and people who work in the sector know what the problems are; they just have not had the ability and the resources to turn that around, because you cannot turn the tap off while you are trying to direct the water another way. We have now been able to look at a transformational fund to work with them on that, and work has already been ongoing.

It is fair to say that where we have mayors, they have taken a particular interest in these areas, where it has had a particular impact on them. This is not just a Government imperative; it is an imperative for those who are delivering on those frontline services, and therefore the buy-in to create that change is already happening. The fact that there is a Government now who recognise those problems, and are sharing in those problems, has been welcomed, and I think we will start to see some real improvements. As you rightly say, you cannot just keep throwing money at it.

Q47 **Chair:** I think it is fair to say that you and your Ministers recognise that. Do you feel that colleagues in the Treasury recognise that?

Angela Rayner: I think they do, because they have put significant funding in place for transformation. They recognise the challenges that are faced—that in particular around some of our frontline services, the pressures have increased post covid. You will see that in the NHS, for example. We had a target to have 2 million more appointments; we have now reached 4 million more appointments. We are invested in more GPs. That is another example of where the Treasury has recognised a challenge and is investing to save, to make sure that we are getting on the right track. It is also—



Q48 Chair: Those are protected Departments, whereas unfortunately MHCLG is not, so if we get those extra appointments and we get people out of hospital, they do not have homes to go to.

Angela Rayner: That is why we are investing in homes as well, and the NHS money—the health service money—has also had an impact on things like adult social care; more money is going into adult social care. There is cross-Government working to make sure that we deal with some of the challenges.

The NHS is spending more money on keeping people in hospital on hospital trolleys because we do not have the social care in place. The work that we are doing with the Department of Health is about making sure that we have the home care services and the support in the community to stop people getting to a crisis point, which will ultimately give better outcomes and save money. The Treasury recognises that.

Q49 Mr Forster: One of the issues that local councils are screaming out for money on is special educational needs. The Chair has already highlighted that we fear that more section 114 notices are on their way, but we as MPs hear from parents all the time of the poor-quality SEND services out there. They just do not feel they are getting a fair deal for their child. With the cross-departmental White Paper on its way, can you assure the Committee that councils will be properly funded for the SEND services they need to deliver, and that no SEND child will lose out as a result?

Angela Rayner: We are absolutely clear that the legal right to additional support is absolutely the right thing to do, and that SEND children need that support. As somebody who has been through that system very recently, I understand why the EHCP is the holy grail, even though it has its limitations—I understand why parents are really concerned—and even though it still does not deliver what parents want for their children. I understand why there is concern about that. We have to make sure that children with special educational needs and disabilities have the support in place, and we will absolutely make sure that that White Paper is about ensuring that we get that.

Huge sums of money are going in to SEND but the outcomes are not getting better, so something has to change. We are trying to collaborate to find what is working, what is not working, and how we make the system work better. The DFE has been working really closely with the Department for Health, because even though you might have an EHCP, the synergy of that, and accessing services, is not as joined up, so we are working across Government on how we can have better outcomes for those children, and to guarantee them the support that they need at the moment. That support, unfortunately, is not always there now. You have to wait years just to get an identity of a challenge, and that is way too long for children and young people. If their needs are not being met in the earliest stage, that has worse outcomes for them for their whole life.

We therefore have to fix the system, and get people in the system in a way that delivers for those young people. We are really clear on that as a



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Government. The system is broken, as I said. MPs from across the House mention this to the Prime Minister every single week. We are determined to get this right, because these are vulnerable children who deserve better, and we deserve more value for money. We are putting more money than ever into this, and the outcomes are not getting better for those young people. We have a duty to make sure that they are looked after and supported throughout their life.

Q50 Mr Forster: I agree with what you said, but you did not fully answer my question. You said that there will be a legal right to EHCPs, which is great, but you did not say that no SEND child would lose out, and you certainly did not comment on whether councils would be properly financed to deliver the services that we want them to. Can you answer those two final questions, please?

Angela Rayner: Sure. The challenge with giving you a carte blanche “yes, yes, yes” is that the system at the moment does not support those children. If you cannot get an EHCP, or it takes you seven years to get one, many children at the moment are not getting the support that they need. My hesitation is not to try to say, “Those with an EHC plan will not get the support that they need now.” They clearly will, but there is a whole group of young people who are not getting the support that they need.

That is the honest reason for my hesitation with you. You know me: I am a straight-talking politician. It is not that I am saying, “We’re going to hold off.” Actually, we need to do much more. That could be around early intervention, and the work that we have announced this week around the new family hubs, and making sure that we identify need early on and are providing that support for children and families throughout the whole of the child’s life.

For those who have an EHCP at the moment, of course there will always be a legal right for additional support, but I think there is a category of children and young people who are outside of that programme at the moment whose parents are despairing because there is a child who is in need, but that need is not being met. That is why we have to reform the system, to pick it up earlier and deliver around those young people’s needs. That is the reason for my hesitation. I am not trying to hoodwink you on “yes/no”; it is just a more complex picture than just children with an EHCP, for example.

Q51 Naushabah Khan: I want to go back to temporary accommodation, specifically looking at procurement. Obviously, we understand as a Committee that the Ministry is still in live policy development around the issue in respect of how to carry out the recommendations that were made by the Office for Value for Money study on the procurement of temporary accommodation. Could you give us a bit of a flavour of what discussions are currently taking place in respect of the live policy development?

Angela Rayner: I think it is fair to say that your comment was that we have not given you enough detail, but one of the challenges when we were responding to some of the report was that we were trying to respond

ahead of the spending review. It was, of course, a bit difficult to give you full details when we were in a live discussion about that, but now that we have the £39 billion investment in social and affordable homes and the £950 million investment for the fourth round of the local authority housing programme, we have a much clearer understanding.

We have launched the emergency accommodation reduction pilots, which I think is welcome, in the 20 local authorities that have the highest levels of B&B use. We have put more money into the homeless prevention grant to support some of the work that we are trying to do as well. We have completed three of the Committee's seven recommendations already, and we are taking them forward, but the challenge for us at the time was that we did not quite have a full picture of where we were landing in the SR, if I can be as blunt as that.

Dame Sarah Healey: In addition to those points on our response to the Committee's report, the specific set of recommendations that the Office for Value for Money made were all about taking a more local approach to procuring short-term residential accommodation.

We absolutely see the value in that; indeed, it builds on some of the work that the Deputy Prime Minister referenced earlier on the £100 million on test and learn pilots, which have looked at the way that councils procure temporary accommodation and at trying to improve it. We want to look at that in the round to see how to take it forward, but it is quite a complex system, so it might take a little time before we can say precisely how.

Q52 Naushabah Khan: Thank you. I appreciate what you are saying about that localised approach; as a former councillor, I recognise the value of that. However, what support will be given to councils to navigate that? At the minute, it feels like the system is a case of grab what you can get. It does not seem to be working, and it leads to a wider problem with out-of-borough placements. Looking at some of those recommendations, and given the urgency, do you know what that might look like in the short term, not just the longer term? I think the urgency is now.

Dame Sarah Healey: We do a number of things at the moment to support local authorities in their response to homelessness. We have homelessness advisory support teams, which work with local government to identify where there is good practice and less good practice. A good example of that is reduction of B&Bs. We work very intensively, pairing up councils that have managed either to eliminate or to massively reduce the amount of B&B accommodation for families with those who are working to achieve that. That system is currently in place.

Considering both the things that we have learned from those temporary accommodation test and learn pilots and from the Office for Value for Money's studies, we will want to set out more in the homelessness strategy later this year about how we want the overall procurement of temporary accommodation to improve, becoming better value for money



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and with higher quality temporary accommodation, rather than a default to B&B accommodation, which we recognise has a significant impact on children and families.

- Q53 **Naushabah Khan:** You mentioned children. We all know that the record number of children who are classified as homeless and are living in temporary accommodation needs to be addressed urgently. Is any specific work being done in that area?

Angela Rayner: We gave additional funding, first of all. As I mentioned, we enlarged the emergency accommodation reduction pilots, which specifically targeted 20 local authorities with some of the highest levels of B&B use. We have put in additional funding and are trying to ensure that it reaches the areas that we want it to. The spending review settlement builds on the uplift that we had given. Again, we are putting record annual investment into homelessness. That has been protected, and we have ringfenced homelessness prevention, as well as putting money in the system to prevent us using Airbnbs and so on, through local authorities.

We have also recognised that we need to get upstream of the problem. Even the stuff around renters' rights and ending no-fault evictions will be incredibly important to the programme that we are trying to address—the root cause. We know that section 21 evictions of families have been one of the root causes of homelessness. I gave you the example where in some of the worst cases, families are evicted for no reason, and then the rent gets whacked up and someone takes it. Especially when looking at some of the people who are in receipt of housing support, that is not a situation that we need to be in.

- Q54 **Naushabah Khan:** I think we have mentioned this in the Committee, but it feels like the live policy development phase has dragged on for a bit too long. What is still being negotiated that is preventing the Ministry from acting urgently on the crisis?

Dame Sarah Healey: I point to some of the things that the Deputy Prime Minister set out that we have done while doing further policy development in this area, and the fact that the spending review was not very long ago. Therefore, some of this is about how we use the funding being provided, whether it is specifically for homelessness prevention, and some of the changes that we are making to local authority funding in order to rebalance and use temporary accommodation costs as part of the formula for allocating funding.

It is also about looking at how we use the local authority housing fund, of which we managed to secure a fourth round, and its distribution to address some of those locally placed solutions to temporary accommodation that we talked about. Obviously, it would be a little like the leasehold reform. We could have set out some plans earlier, but the amount of work that we have done subsequently and the information that we have now will mean that the strategy that we produce will be longer lasting and have greater impact.

- Q55 **Naushabah Khan:** Do you think it is enough, given the immediate crisis?



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Dame Sarah Healey: Clearly, we recognise the scale of the crisis, and we have done other things to try to prevent it. It has had an impact on temporary accommodation funding, and the pressures that that has put on councils, but we have also tried to improve outcomes for families, particularly for children. I completely recognise what you said about the number of children in temporary accommodation, and how much it has grown in recent times.

Q56 Joe Powell: Obviously, the temporary accommodation crisis is everywhere, but we know that in London, it means £4 million a day for local councils, and it affects one kid in every classroom. We all want fair funding, but we know that, under the proposals, money will be coming out of London councils.

What assurance can you give us that, on temporary accommodation costs—and, crucially, looking at deprivation after housing costs—accurate data will be used to inform what we all want, which is a fairer settlement? As you pointed out previously, the issue was politicised, which was unfortunate, but will you give an assurance that we will use data that includes temporary accommodation costs, to inform that decision?

Angela Rayner: We have published what we think is a way of capturing deprivation. One of the other challenges, particularly for inner London—you know this as a local MP—is that in some areas that are considered affluent, there are pockets of significant deprivation, which would be lost under previous calculations.

In our consultation in the fair funding review, we are trying to capture that, as well as tackling issues in rural areas, which have particular challenges. We are still after feedback in the consultation, and we are hopeful that we will capture the information more readily and in a way that has not been done before. In your borough in particular, there are stark inequalities and pockets of real deprivation at the same time as pockets of real wealth and affluence.

Q57 Chair: Coming back to temporary accommodation and procurement, you will be aware of some of the frustration from colleagues at the fact that the Ministry is bidding for properties at the same time as the Home Office. The market, developers and landlords are driving the prices up, which costs the taxpayer more money.

The Local Government Association reckoned that it spent up to £7 million, and that there is a massive gap between what councils across the country have spent and what they have received back from the Ministry. That feeds into some of the funding pressures that we are outlining. I do not need to give you the figure that London is spending on temporary accommodation—£4 million a day. That continues to go up daily.

We know that the ultimate goal is to build the homes, but the Committee was disappointed that several recommendations that we thought would help the Ministry to address the problem in the interim were discarded and sometimes not even looked at.

The Ministry said that perhaps it would look at them and come back. Have



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you got any updates on some of the clear recommendations, which we made to try to help the Ministry deal with some of the key pressures that are eating into the money that you are putting into local government? It is coming back out the other side in temporary accommodation pressures.

Angela Rayner: You are right to identify that Government Departments compete with each other, which adds to the pressures. We have identified that, too. My Department and the Home Office are working with local government to test new, locally led models for, for example, asylum. At the same time, we speak to the Ministry of Justice, which also buys up properties.

Prison release is another pressure. We are speaking to Departments that have land that could be utilised—for example, the MoD, Health and Transport. We have seen some good initiatives around land assembly, whereby metro mayors have been utilising their powers. We are learning lessons from that.

However, you are right, Chair, to raise the issue of different Departments in silos, competing with each other and adding to the pressures. We have taken a cross-Government approach. Some of my work on community cohesion, which I like to think of as building strong communities, involves working across Government on how to do that. It is about ensuring that the pressures are recognised and that facilities—health, housing, transport or whatever the Government are doing, which comes back to the Green Book and a place-based approach—are more joined up. We want to ensure that the approach delivers strong communities.

At the moment, our current Government procurement does not deliver that. You will see the work that the Cabinet Office is doing on Government contracting and procurement around social value, and you will see the cross-departmental work that we are trying to do so that we do not compete with each other and end up spending more money by competing in the same areas—and, to be fair, adding particular pressure points in particular areas. The way in which we do that is not only by working across Government; we have been really clear that local government is key to that as well, and I think the Cabinet accepts that.

Q58 **Chair:** So they will accept that it is not right that, in 2023-24, local government collectively spent £2.29 billion on temporary accommodation. If we had a process in place to maybe review and inspect temporary accommodation before we placed vulnerable families—including vulnerable children—in that accommodation, that would help. Then, we would also maybe look at the issue of local housing allowance to help those families not being evicted. I am just looking at how we can help the Department in terms of the key pressures—the day-to-day pressures. Those will not go away, Secretary of State, and you know this.

Angela Rayner: Yes. Again, the child poverty taskforce is looking in the round at some of the wider pressures, but I would say that, in some of the work that I have been overseeing from my office of Deputy Prime Minister, around communities and building stronger communities—the late John



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Prescott, who previously had my role, put a real emphasis on that—I have been pulling the Government on this issue, around outcomes for communities.

That touches on some of these issues and some of the pressures, with the pull and push of why communities are struggling. Some of it is around deep-seated poverty; some of it is around services; and some of it is around a lack of investment—and of joined-up investment—in place that can really drive things forward.

At the end of all that, I am looking at it from a stronger-communities perspective, but it is also about economic growth for areas that have been held back. So there is a joined-up approach, between me, the Treasury and the rest of the Cabinet, that recognises that, for areas to reach their full potential, you have to look at these issues and at what the Government are doing that inadvertently makes that worse, as well as what the Government can do to alleviate some of those pressures. Local authorities are key to recognising those challenges, and, to be fair, have been raising them, but I have not necessarily always had a seat around the table with the right people to make it out.

Q59 **Chair:** I hope we will be listening to local authorities going forward.

Angela Rayner: Absolutely. I would put them at the heart of what we do. I mean, I am a creature of local government: I represented local government workers and I have worked in there for decades. If a business in the private sector had had the reductions that local government have had, at the same time as the challenges that local government have faced and the changes that they have had to implement, most would not have been able to cope. Local government have done an exceptional job, under very difficult circumstances because of the external and internal pressures that they have faced.

Q60 **Maya Ellis:** I have a couple of questions about the broader spending review decision making, and then one big one, I guess, around devolution. On the spending review itself, what trade-offs did the Ministry make in negotiating its spending review settlement with HM Treasury?

Angela Rayner: Well, I would not say it was a trade-off that we were doing; we did our own zero-based review very early on, when I took over the Department. We conducted a line-by-line review to ensure that every pound of taxpayer's money is spent on the priorities. We reprioritised a lot of the budget significantly and ended what we considered to be poor-value-for-money programmes, such as the new homes bonus.

On our admin budgets, we are committed to delivering savings of 15%. We had already done some work on that by prioritising in-house Government lawyers, for example, over expensive external legal expertise, and ensuring that the workforce was agile.

We have also identified £50 million in efficiencies by 2028-29 through significant workforce and digital reform. We have been working very much with Peter Kyle's team on AI and improving productivity. There is some



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real good work that we could do on things like planning, for example, that, if we digitalise, would really help. And, on cladding and remediation, which has been quite clunky, we could get more streamlined systems.

I actually think that we are leading the way across Whitehall in simplifying and making sure that we are getting the best value for money. That also leads on to the work that we have been doing with local government on trying to bring together the different ringfenced pots, so that we have better outcomes. You will have seen my announcements on that at the local government conference earlier this week, or last week—all the days merge into one, but I outlined that not long ago.

This is about making sure that we are getting the best value and that we are putting the money where we need it most. We cannot get away from the fact that we inherited a really difficult situation, but I think you can see that the Government have prioritised what we said that we would prioritise. We have been especially protecting all the nations and focusing on the areas where we think that we can really make a big difference, and where they have not really felt that investment before.

I said that I felt levelling-up was a sham and a scam. You can put hanging baskets somewhere, but if you do not really drive some of the economic challenges that places face, and if the transport connections are not there, you are not going to get the investment to really drive that growth and give people real opportunities. That is what we are doing across Government with the overall spending review and the huge amount of investment that the Treasury announced in it.

Q61 Maya Ellis: You touched a little bit there on how you have been working with other Departments. How well do you feel that this mission-led Government are working, given that you are holding a core part of the legislative changes? What opportunities do you think there are to improve that working going forward?

Angela Rayner: I think it has been really good. It is challenging because every day you have a zillion and one things to do. My colleagues who have been in Government before will recognise that getting the opportunity to meet, discuss and understand those priorities can be challenging. I can genuinely say that where I have found difficulties was in building the homes in the Planning and Infrastructure Bill, as it is so much more than just my Department. I needed the Treasury to look at the things that needed to be done in investment. I needed DEFRA to look at the infrastructure problems on reservoirs and things to do with nature recovery. I needed the Department for Transport to deliver the transport, and I needed the Department of Health to deliver the health packages in those areas.

They have been incredibly supportive, and I think that having the plan for change, and its key milestones for Government, has brought us all in and made them our key priorities. Yes, you do your day-to-day job, and you definitely need to make sure that you do it, but you also have to



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understand that our key marker and landing zone is our plan for change and the key targets that we set ourselves. We are all committed to that.

For example, the Home Office's key target of halving violence against women and girls cannot be delivered through the Home Office alone. We have done a lot of work on things like taking down some of the barriers in people fleeing domestic abuse who are presenting as homeless or needing rehousing, and the locality test. There are things that we are doing cross-Government that are working really well. The challenge is that the day-to-day work of what you do can often silo you. Having those missions has been critical to us keeping that as a checkpoint.

Q62 Maya Ellis: On devolution, you quoted the Chancellor earlier as saying that she wants growth across the whole UK, and you talked about building communities. As a rural MP, I am incredibly grateful for those recognitions in the fair funding formula to support rural areas. As a northern MP, I am incredibly grateful for the Green Book changes and that focus on devolution to the north.

That said, it feels like those areas that do not have mayoral combined authorities, and arguably those that are not urban areas, are still not being prioritised. Do you think this Government, especially our Treasury, value our rural and county areas in the same way that the British people do? What are you and your Department doing to build that intangible value of what matters to us as a country, which focuses a lot on those county and rural areas, into our economic planning and the focus for this country's future?

Angela Rayner: That is a really important question. As you said, the expansion of devolution through our devolution priority programme will include up to 8.8 million more people in that programme. It is important to say that it delivers them more powers. We are doing work already on filling the gap for mayoral combined authorities, which I said before, and we have six new places that are going to be covered by that. This is about a consistent set of powers; we are asking local authorities to do more on how they work with each other on things.

This is not about leaving places behind; this is about us saying that Westminster does not always know best.

We are trying to push power down to people who want it and can deliver on it, so that the question marks on transport, health and employment that have traditionally been held centrally are pushed down. There are greater amounts now that it is staged. Some people have metro mayors, and those mayors have different powers.

Through our new Bill that will be coming soon, we are trying to expand devolution so that people have more powers and more skin in the game to change things in their local areas. That is notwithstanding the support that we are giving to local authorities at the moment, with extra funding and work with people such as the LGA while also building capacity in my Department to give more support for delivering the services that they already have the powers for.



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It is fair to say that what sometimes gets missed, and there is a feeling that somehow they are not going to get it, is that we are trying to give more power to those areas. It is not about those areas being left behind. What we are trying to do is give them more control over things happening in their area. Things such as transport and skills are bigger than a local authority boundary or a council. We are trying to create structures to devolve that downwards so that they can have more control over those areas.

- Q63 **Maya Ellis:** Do you recognise that there is a sense that the Treasury's thinking is still focused on agglomeration; that there is devolution to the urban and city areas, but that those surrounding dispersed and county areas are not necessarily going to benefit from it? Maybe we need a bit more leadership to articulate our vision for those areas and show that it is not just focused on those key cities around the country.

Angela Rayner: I recognise the frustration. My gentle pushback is that we are finding our voice more. I say that as a northern working-class MP. If you look at where we are now, compared with 30 years ago, it was always the Secretary of State who was making those decisions for areas such as Lancaster, Manchester or areas that feel totally left behind. That is why I am a big advocate of devolution. The powers are coming, but they are not coming at the rate and pace that some may want, because we have got to have accountability within that. We saw some of that stripped away previously and how that can be difficult and cause challenges. I am optimistic that we are getting there.

I feel people's frustration, but for me one of the memorable moments during the pandemic was when Greater Manchester was told that we were not getting as much support for furlough as other parts of the country. We had a Manchester mayor who was able to stand up and say what Manchester wants.

The combined power of that mayoral approach was able to deliver that. We have got buses coming back into public ownership. We would not have had that without the devolution agenda. I absolutely believe that we can deliver devolution and support areas that maybe are not as far down that track. They are not losing anything; they are just in the same spot as they were before: with Westminster talking directly to them and through their MPs as well, who are great advocates for their area. They will not be left behind, but they will not get as much devolution as they would if they combined by working together. It is impossible to deliver that at a council level; you need to have a combined approach or a mayoral approach that will deliver practically to devolve those powers down.

- Q64 **Chair:** We share your optimism. Do you agree that in future there will be optimism and support for fiscal devolution, which is what local authorities continue to cry out for, to help them in terms of place shaping? They know their areas best, where funding pressures continue to come from and how to spend money locally. Do you agree that the key omission in the Government's devolution agenda is fiscal devolution?



Angela Rayner: I smile because you goad me. The challenge is that it is always a bit evolution rather than revolution. I definitely want to see more push. We have had that. There is more fiscal devolution coming to some of our pathfinder mayors. They are getting more control over their budgets. More Departments are pushing more down. We are unringfencing huge sums of money to local government at the moment, which has never been done before. Councils get a pot of money and they are told how to spend it. I think that is very disrespectful. If you have outcomes, councils want to deliver those outcomes as well.

I am challenging the system. Everyone talks about Westminster, but I like to think that if you empower local leaders, give them the resources to face the challenges and support them in that endeavour, you get the best outcomes, which is my style of leadership. It does not matter what councils' political stripes are and who the mayor is; they need to achieve an outcome because they have an electorate as well. The challenges are the same, so I absolutely believe we should be pushing more to them.

Equally, however, the note of caution that comes our way is that sometimes, where the brakes have been taken off—for example, in local government, where local audit was taken away—councils have found themselves in hot water, and therefore there must be a balance and some guardrails. That is why we announced, as part of our package, how we can support councils in the robust audit process, as well as how we can support them in pushing more financial freedom to them.

Q65 **Mr Mohindra:** My question is for Dame Sarah Healey. First, congratulations on your gong. The question is about people who are just about managing. Does the Department liaise with local councils about those who are not yet touching the system?

We all appreciate that councils are very much the coalface of services to our communities. If they are tracking those who are not yet touching the system but are likely to, with above-inflation council tax rises, utility prices still being high, and the cost of living more generally, how is that influencing policy creation and the recommendations you are giving to the Secretary of State?

Dame Sarah Healey: We liaise with local councils on pretty much everything they do. Part of the purpose of the Department is to be the conduit of issues that local government is experiencing. You are partly talking about whether the Department speaks to councils about how to do better preventive work, I think, and identify groups that might become more vulnerable and need additional help. I think we all understand some of the challenges that local government has had in investing in prevention over recent years, simply because of the scale of crisis response they have had to engage in, whether in temporary accommodation, adult social care or children's social care, hence all the reforms that the Deputy Prime Minister has talked about.

Obviously, councils have some responsibility when it comes to cost of living and ensuring that some additional needs are met, but we have



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worked with other Government Departments quite extensively on trying to fund prevention and help people not to get into the pipeline of becoming more vulnerable. For instance, with the homelessness prevention grant, we have made sure that 49% of it is focused specifically on prevention and not necessarily diverted to dealing with the costs of failure. All our conversations with local government and our understanding of the population pressures they are dealing with inform the advice we give to Ministers on next steps.

Angela Rayner: Can I add one other thing? As Deputy Prime Minister, I am really keen on building stronger communities. We have been mapping data across different data points, whether it is deprivation, cost of living or how much people are paying for x, y and z. There is a lot of overlap between some of the challenges particular areas are facing.

We are trying to have a whole-Government approach to tackling that, which is not just about the most deprived and challenging areas, but some of the other issues that people face in their lives. For example, women end up out of the workplace for various reasons such as caring responsibilities—women over 50 particularly find it difficult. Some of the measures we are trying to achieve through the Employment Rights Bill are about rebalancing that, so that people can stay in the workforce. That, in effect, is a preventive measure because then people can maintain their living standards.

There are particularly interesting patterns in health inequalities and some of the challenges that particular people face. As technology advances, we are trying to use that data to overlap and have a much more holistic picture of what makes communities stronger. I am very interested in how we get ahead of that and build stronger communities. Building stronger communities is not just about one particular group; it is about the whole community. You have to have an ecosystem that delivers for the whole community, which is a challenge when you look at Government policy, but is something I am keen to do.

Dame Sarah Healey: I would again point to the fair funding review. Removing ringfences on funding gives councils greater freedom to identify people who might be in need and to take that whole-community approach. A reassessment of need means that more of the money is getting to the places where there is likely to be a pipeline of need. Those councils will have more resources to intervene earlier.

Q66 **Chair:** On intervention and discussions with councils, do you and your staff go out and visit councils?

Dame Sarah Healey: Yes.

Q67 **Chair:** And do you look at the conditions of things like temporary accommodation?

Dame Sarah Healey: Yes, I visited some temporary accommodation in Blackpool that had been condemned as a category 1 hazard, which is something you see and really cannot forget.

Chair: Yes, you cannot unsee it. I am very mindful of time, so can Members please be very quick with their questions?

Q68 **Lewis Cocking:** I will try to be very quick. Deputy Prime Minister, at the moment, the system for council tax is that it is collected and spent locally. Have you had any discussions across Government about it being collected in one area and spent in another?

Angela Rayner: Not necessarily on council tax being collected in one area and spent in another. Obviously, there is the way in which grant funding applies to councils, and the fair funding review is looking at how much a council can raise through its other forms of expenditure, as opposed to how much need it has in the area. That is a prudent way of doing it.

To coin a phrase, it is not about how we can rob Peter to pay Paul; it is about how much grant funding is required, how much need there is in the communities, and how much those councils need to provide at least the statutory services for people. I think that is the fairest way of answering that. I see where you are going with it, but I dispute that as a way of characterising what we are trying to do.

I made it clear that we need to fund councils on the basis of need, and I am determined to do that. Most people would understand that, and that is what we are trying to achieve with our fair funding review. The previous Government promised to do that but never delivered on it over the years. I think that was regressive and has left a lot of councils on the brink, with barely any reserves, because they have been having to fund statutory services out of their reserves. They are desperately trying to plug their deprivation gaps that have not been addressed.

Q69 **Mr Dillon:** On engaging with the local councils, Dame Sarah, have you heard any concerns about CIL payments? There are certain councils across the country that have been refunding CIL payments where residents have made a technical error on their form. Is the Ministry able to issue a statement or best guidance on that? I am happy to follow up on that outside this Committee.

Dame Sarah Healey: In fact, we did a Public Accounts Committee hearing that covered this issue on CIL last week. We can point you to what we said about it there. Obviously, it is a council's discretion to take account of the fact that somebody has made an error, but we indicate that it is appropriate for them to use that flexibility in some circumstances.

Q70 **Joe Powell:** One thing you have announced since the spending review is some reforms to the Building Safety Regulator. I have been really worried that there is false-choice narrative developing about post-Grenfell safety requirements versus speed. Could you explain how you think those reforms will help avoid that?

Angela Rayner: We have been really clear that we have to implement the recommendations that came from phase 1 and 2 of the Grenfell inquiry, which was around a single regulator. Some of the changes that we have recently made to the Building Safety Regulator, with Andy Roe being taken



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up as the interim chair and leader, is about making sure that we drive those changes.

At the forefront of our mind, it is about safety. The previous Government introduced some of the legislation that provided us with the regulator, but the regulator clearly was not able to work at pace and deliver the requirements.

As we have got further into that process, we have recognised that, which is why we proposed the changes that we made. I want to reassure you and your constituents that I read the Grenfell report, and it is absolutely horrifying. As Secretary of State, I will not in good conscience measure safety against any of our other priorities. We have to learn the lessons of the past. We could have prevented Grenfell, and we did not.

Q71 Andrew Lewin: The new towns commission is an important piece of work. We had Sir Michael Lyons before us a few weeks ago. I am proud to represent the two best new towns in the country, Hatfield and Welwyn Garden City—I have a colleague from Milton Keynes who might dispute that, but he is not here today.

Chair: You snooze, you lose.

Andrew Lewin: Absolutely. Obviously, the commission is crucial to how we build communities for the 21st century. We had a great session with Michael. He had previously talked about the report being published in July, but we saw a letter that did not mention July. Is that still the planned timetable, and if not, how quickly will we see his recommendations?

Angela Rayner: I am expecting it from the taskforce imminently. They have done a fantastic job—thank you to Sir Michael and his team. I expect them to come forward very soon with their recommendations and for us to take them forward.

New towns—you are obviously a fan of them—have been incredibly important in terms of how we build communities, and we have seen some good examples of that. We want to be able to take that programme forward, but we will have to look at what the recommendations are. I have not had them yet, but I am looking forward to them coming past my desk before the end of summer.

Q72 Maya Ellis: I am pleased to hear your enthusiasm about building data capacity in the Department. I have raised in the Chamber how surprised I was to learn, from many written questions in the first year of being in government, how little data we have.

To what extent do you already report on, or could possibly report to this Committee, about how you are shifting the use of data? What strengths are you building around that space? Being able to look at a dashboard or to monitor the data is critical, particularly when you are looking at the different levels of government and the communication between them. I am interested in what infrastructure you are putting in place to make use of that.



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Angela Rayner: I have a delivery team that I pull together from people within the Department. That reports to me, and we look at how we can pull the data and how it means something. I am all for a graph—I hate spreadsheets where I am trying to look all over the place to find something. As a Secretary of State, it drives me mad if I cannot find the human outcome on an analogue Excel sheet.

We have been doing a lot of work to cross the data over, because otherwise you are only getting a one-dimensional view of the overall impact. I can speak to the permanent secretary and see what we could do to try to provide you with some of our data and some of the delivery models that we are modelling at the moment to make sure that I do not miss my key targets. I keep an eye on it on a monthly basis.

Maya Ellis: I have a quick follow-up. I appreciate that you might not have the answer now, but I am aware that in Lancashire, about 10 years ago, we used to have a data insights team of about 80 staff, and that was cut—

Angela Rayner: I don't have 80, just to clarify—nowhere near. They fit in my office.

Q73 **Maya Ellis:** We know that local authorities have been cut to the bone, and that data is so valuable, but presumably the response at the moment will be, "How do we put that capacity in?" I am just interested—potentially for a future update—in how we are supporting local authorities if we are demanding more of them in terms of data. We know how valuable that will be to our national strategic planning, so how are we going to support them to make sure that they have the capacity to build that data?

Angela Rayner: We are doing work on particular areas around planning. For example, we are doing quite a lot of work around digitising. You will have seen the work we did. When buying a property, the way in which you have to go about getting some of the information you need means that most house sales fall through, because this information is still quite difficult to get. We have been doing some work in particular around the Land Registry, planning and so on.

I am sure that we can write to you with some information about not just how my Department is trying to pull together how we use data, but how the Government are trying to use data, take advantage of new technologies, provide efficiencies within that, and be able to cross-examine data from different data points. It can be tricky, because certain data do not always match other data. It is not apples and apples—it is apples and pears. It does not always match up—it is not always synergy. But with new technology, there are some exciting ways in which we can map that data.

Chair: Thank you very much, Secretary of State and Sarah Healey, for coming before us this afternoon. We covered quite a number of areas.

It is fair to say that we will continue to monitor the work of the Department, and rightly so, because we are concerned and want to see those homes being built for children living in temporary accommodation,



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and for people who want to start their own families and get their feet on the housing ladder. Many leaseholders continue to struggle with eye-watering bills. We will continue to monitor these key areas. We look forward to the launch of the new towns commission. Thank you, both, for coming.