

Public Accounts Committee

Oral evidence: Unlocking land for housing, HC 87

Thursday 21 May 2026

Ordered by the House of Commons to be published on 21 May 2026.

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Members present: Mr Clive Betts (Chair); Sarah Green; Chris Kane; Catherine McKinnell.

Gareth Davies, Comptroller and Auditor General, Head of the National Audit Office, Helen Hodgson, NAO Director, and David Fairbrother, Treasury Officer of Accounts, were in attendance.

Questions 1-66

Witnesses

I: Dame Sarah Healey, Permanent Secretary, Ministry of Housing, Communities and Local Government (MHCLG); Joanna Key, Director General, Regeneration, Housing and Planning, MHCLG; Cathy Francis, Co-Director for New Towns, Infrastructure and Housing Delivery, MHCLG; Amy Rees, Chief Executive Officer, Homes England; and Alison Crofton, Chief Regional Delivery Officer, Homes England.

Report by the Comptroller and Auditor General

Unlocking land for housing (HC 1645)

Examination of witnesses

Witnesses: Dame Sarah Healey, Joanna Key, Cathy Francis, Amy Rees and Alison Crofton.

Q1 Chair: Welcome, everyone, to this morning's Public Accounts Committee session. We are going to look at the issue of land for building houses. In some cases, there is a shortage of such land. The Ministry of Housing, Communities and Local Government supports programmes to boost the supply of land, in particular land that is classified as being locked for various reasons and immediately unavailable. The Ministry is responsible for the programme, together with Homes England and mayoral strategic authorities in various parts of the country, and has allocated £10.5 billion since '16-17 to provide land for more than 700,000 homes. It recently launched a new fund, to bring the other funds together: the national housing delivery fund, with £20 billion-plus in it.

However, it is about not just building homes but unlocking land for wider uses, in particular regeneration. Today, we will look at what progress has been made in respect of spending the funds, the land that has been unlocked and the homes that have been built on that land. We are going to get an update about the new national housing delivery fund to see how it is intended to work. We will also look at how the Ministry works alongside Homes England and the mayoral combined authorities to deliver the programmes.

This morning, we have with us the permanent secretary at MHCLG, Dame Sarah Healey—welcome, Sarah. Will you introduce your colleagues and then we can start the questions?

Dame Sarah Healey: Absolutely. From Homes England I have with me Alison Crofton and Amy Rees, the chief executive. I think it is Alison's first time in front of the PAC.

Alison Crofton: It is, yes.

Dame Sarah Healey: On my left I have my director general for housing and regeneration, Joanna Key, and Cathy Francis, who works in her team. It is also Cathy's first time in front of the PAC.

Chair: Right, so we have some newbies this morning—a particular welcome to them.

Dame Sarah Healey: As well as some old faces.



Q2 Chair: I would not describe you as an old face, Permanent Secretary. We welcome everyone this morning, and hope that it is a good experience and that we make some progress on what are clearly some very important issues. People need homes and it is really important to find ways to deliver more of them.

At the beginning of the session I should pass on an apology from the Chair, Sir Geoffrey Clifton-Brown, who is not with us today. We record his apologies.

Let us look at what has been happening, Permanent Secretary. How are you looking at the effectiveness of the programmes and tracking how many houses actually get built? Do you have a clear understanding of the money that is being spent and the houses that are being delivered as a result?

Dame Sarah Healey: We have a very clear understanding of the money that has been spent and the money that is, in future, committed to a pipeline of projects under the legacy programmes that are set out in the NAO's Report. As the Report sets out, the majority of programmes had tracking of housing completions on the land unlocked by the programmes built in as part of the programme. Some of the programmes did not have that built in up front, and we have acknowledged, both before and as a result of the NAO's Report, that that needs to be rectified. Fortunately, Homes England is able to track retrospectively the completions of housing on land that has been unlocked by the programmes.

The NAO's Report reflected the 33,000 homes that had been tracked at the point at which the NAO was doing its work. I wrote to the Committee earlier this week to set out that we are now able to provide you with an updated figure of 57,671 completions delivered to the end of December 2025 through the six legacy programmes.

Q3 Chair: Has that figure been verified by the NAO?

Dame Sarah Healey: No. That is an updated figure, based on updated analysis, which we are providing as the most recent one we have.

Chair: Right. It will be checked in due course, no doubt, and verified. That is always helpful to know.

Dame Sarah Healey: Amy, do you want to say something more about how we got that figure? We wanted to give you as much information as possible, but it is as it says in the letter—

Chair: I appreciate the letter, but it is just that we need to be clear about the status of it, and that it will be checked.

Dame Sarah Healey: Indeed.

Amy Rees: Is it worth me going back a bit to explain what we track and how we track it? Forgive me if everyone is aware of this.

Chair: That would be useful, yes.



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Amy Rees: There are three core measures for Homes England: completions, starts and unlocked. Completions and starts are exactly as you would think: completion is when you can put your key in the front door, and starts are when the building is in the ground. We were trying to measure something slightly different, which is where we have unlocked a home where there is the potential for it to be built in future. That explains how we started in terms of what we were tracking.

We then had a look at how we can track those houses that were unlocked when we started at the beginning of the programme—how can we then tell whether housing has come forward? We use something called a red line, which is basically about how you draw a line around the site. We have that for 90%, for example, when we delivered against the long-term funds. We only have it for 30% when we delivered against the infrastructure.

To give an example, we have been working on expanding junction 10 of the M5. As I am sure everyone can appreciate, it is not quite so easy to draw a red line around that and say, “Any houses within this area can be captured as completed.” Having said that, that is exactly what we are going to do. We only have it for 30% of areas where we have had infrastructure investment, but we will retrospectively go back, draw the red line and try to count every single one, which is why the permanent secretary has said we will do it over the next 12 months. We will do that by investing in geospatial imaging. Obviously, technology has moved on a bit, so we can use satellite imagery, but we will need to go back, which is what we will do over the 12 months, to draw a red line. As I say, that is a bit trickier when it is about infrastructure as opposed to a straightforward piece of land that we have developed.

Q4 **Chair:** Okay—clearly, there is more to it than simply going out and saying, “One, two, three,” and counting the homes. That is really helpful for the Committee; we do rely on our professional advisers. It is really important that that way of counting and working is discussed with the NAO so that we all agree on the figures that come out and how they have been arrived at.

Amy Rees: Yes. For example, we would need the additional completions that we have added on to be checked and verified later, because at the moment we are using that red-line boundary and trying to retrospectively check it using geospatial data. We would welcome the NAO coming to have a look at us and seeing whether we are doing that in the best way possible. The alternative, of course, is to make it contractual, which we really would not want to do, because that would put a serious extra burden on developers, which we do not want to do—

Chair: Just explain that a bit further.

Amy Rees: If, for example, we are investing in infrastructure, to go back to the M5 junction 10 example, we believe there are multiple benefits with that infrastructure. Some of it is in housing, but some of it will be in schools, jobs and commercial space. Various pots of housing will be affected. We think up to 9,000 houses can be brought forward by that



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work, but developers will need to do that in rates according to factors outside their control, which include planning and market absorption rates, etc. We could say, "Contractually, we want you to tell us by x that you have done you," but we do not want to put another burden on them in that way. That is why we would much prefer to do it in a geospatial way. We do not have direct contracts for delivery as opposed to homes started and homes completed, because they are a direct delivery contract.

Q5 Chair: We might want to explore that in one or two of the questions about the whole issue of what guarantees you have that things will happen once you enter into agreements.

Do you have a list of the sites where you have put them in the programme, you have agreed funding and you are waiting for houses to be built?

Amy Rees: Yes, we have a list of every piece of land that we have unlocked, whether that is through infrastructure or bringing forward the land, etc. As I say, we also have a percentage that we know has a red-line boundary, so we can do the retrospective data, and we know the ones that do not have it where we will have to go back.

Q6 Chair: Do you have a number for the houses that can be built on those sites?

Amy Rees: In terms of the maximum number?

Chair: Yes.

Amy Rees: As per the Report, that is still our figure. We still believe that 713,000 is the maximum number that could be built.

Q7 Chair: Over what time period?

Dame Sarah Healey: I think we said through to 2035.

Q8 Chair: So you have no figures for earlier dates over the next five years.

Dame Sarah Healey: We do not deliver the housing, which is the challenging aspect of this. The housing is delivered in almost all part via private development. We do not plan a pipeline of housing delivery that we fund, so no, we don't. We assess how many houses could be built as a result of the work we have done on unlocking the land, whether through the provision of infrastructure or, for instance, the remediation of brownfield land.

Amy Rees: I might be skipping ahead, but Homes England has a very clear view of what it will have to deliver to the end of the Parliament. We believe we are on the hook for delivering 240,000 homes, of which we have already delivered 80,000, so we will need to bring forward another 160,000 completions over the next three years. That is made up of both the new programmes you mentioned at the start and the legacy programmes, including all of these, which will need to deliver for us to make those figures.

Joanna Key: Building on what Amy just said, we have said that we expect the legacy schemes in particular to deliver 97,000 new homes across the Parliament. That is until the end of 2029.

Q9 **Sarah Green:** What progress have you made with the national housing development fund, which was launched at the end of March? It was only a short while ago, but I am sure you have progress that you want to report.

Joanna Key: The national housing delivery fund is made up of different elements that were set out in the NAO Report. We have the grant-funded schemes, which is about £5 billion, and that includes our legacy schemes and some grant we have devolved to the established strategic mayoral authorities, which is about £1.5 billion. On the other side, there is the National Housing Bank and its financial transaction instruments, which include equity, loans and guarantees. We literally just announced the bank at the beginning of April, but it has already completed—is it three equity deals?

Amy Rees: Yes.

Joanna Key: And we have already devolved elements of the £5 billion grant fund to the established mayoral authorities, so they are now getting on with developing their projects. They have a good pipeline of projects that they have had under way for a while that they want to support. Of course, our legacy scheme is continuing, and we will have new projects coming forward to the NHDF over time, as people know that it is available and the grant scheme is now open.

Cathy Francis: Part of what we have learned from the earlier funds is that working constantly with local authorities and mayoral authorities to build a pipeline of schemes that are developed over time with support from Homes England has got us to the position where, although the fund was only launched in April, we have already been able to make allocations to the established mayoral authorities and give them an allocation of funding, and we have quite a good level of confidence in them having the pipeline to deliver schemes. We think they will deliver an additional 20,000 homes during the course of the Parliament as a result of the maturity of the pipeline they now have, which is a position very different from the one we were in when we first launched our infrastructure programmes in 2017.

Q10 **Sarah Green:** How much of the £21 billion will be available for new unlocking land investments?

Dame Sarah Healey: It is worth saying that the NHDF is quite a flexible fund, and that is a very deliberate thing. It is intentionally available for a whole range of interventions that will lead to housing delivery. We have not specified a ringfenced sum in the national housing delivery fund for these kinds of unlocking projects, because we want to stay flexible to the very best options available to us to drive both short-term housing delivery and longer-term enabling works.

Amy Rees: Let me give a specific example of that. It was mentioned earlier that the bank—the NHB—has already done some deals. One we



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have already done is with Richborough, which is a debt facility to a specialist firm that can help with land assembly and so on. That is a direct example of something that will bring forward land, but it will really be considered under the financial transactions as opposed to what would have traditionally been grant or bringing forward land. That is a really good example of why we are saying that there are loads of different ways that we set ourselves up, deliberately and by design, and following the recommendations.

Sarah Green: You are trying not to restrict yourselves.

Amy Rees: Exactly.

Q11 **Sarah Green:** Understood. It sounds like money has already been unlocked and has already started flowing. Have I understood that correctly?

Amy Rees *indicated assent.*

Dame Sarah Healey *indicated assent.*

Q12 **Chair:** Moving on to the new fund—the NHDF—you gave us some estimates of what the provisional programmes could do. How many homes are going to be built as a result of the new fund?

Joanna Key: We have not specified a figure because obviously we do not yet know which projects are going to come forward. As those projects do come forward and the money is allocated, we will have a much clearer view.

We do have a clearer view on those projects where we have allocated the money. For example, the EMSAs—the established mayoral strategic authorities—have committed to deliver a particular number of homes, as Cathy said. Obviously, on our legacy funds we can tell you that too, but we do not have an estimate for the new projects coming forward yet.

Amy Rees: Equally, if I talk in whole numbers—the details are to be worked out in the annual business plan—Homes England has committed to delivering 240,000 by the end of this Parliament. Of those, 80,000 have been delivered, so we have to deliver another 160,000. To put that in context, that is 16% of the 1.5 million; in other words, Homes England touch one in every seven new homes built.

Q13 **Chair:** Right. Let me probe a bit further. You have allocated £21 billion and you have not even got a target as to how many homes that should deliver.

Dame Sarah Healey: Our target is that it should deliver as many homes as possible in the right places. That is important because if you set a numerical target for the number of homes delivered, you could just go for numbers rather than quality of project, which could give you the wrong incentives when it comes to short-term versus long-term investment.

Q14 **Chair:** But it is always a good idea, if you are spending that amount of



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money, to have some idea what is going to be the result of it, isn't it?

Amy Rees: I do have a specific target in Homes England, which I am committed to delivering.

Chair: That is for this Parliament.

Amy Rees: Yes.

Chair: But the fund is going to go on for longer than this Parliament.

Dame Sarah Healey: We will definitely give her another target.

Amy Rees: That is right; I'm sure I will get another target.

Q15 **Chair:** So there is no aspiration as to how many?

Dame Sarah Healey: The aspiration is obviously set out in the 1.5 million homes, and we want Homes England to do as much as possible to support the delivery of that.

Q16 **Chair:** Words like "as much as possible" and "the highest number that we could" are not really very firm figures, are they? As a Committee we want to know about how public money is going to be spent and what the results of spending it are going to be. That is our job.

Dame Sarah Healey: The design of the national housing delivery fund is based on extensive evaluation of previous legacy projects and things that we have learned from delivering those projects, which, we think, have demonstrated strong value for money. The NAO Report certainly does not challenge the idea that those are value for money in how they have been delivered.

Amy's target is the crucial thing in terms of this being the funding available to support house building in all its different forms, and Homes England needing to meet the target for the use of public money through a range of interventions, not just public money in grant, to deliver housing.

Amy Rees: I can put a bit more flesh on my target. This year, we out-turned 40,200. That is up 9% on last year and it is the highest completion figure since 2019-20. In order to deliver in this Parliament what I have repeatedly talked about, which is getting us up to the 240,000, we will need to increase that by 150%. We will need to get that to circa 60,000 over the next three years. My targets are very clear and stretching.

Q17 **Chair:** When will the first homes be built on land that has been unlocked by the national housing delivery fund?

Amy Rees: In terms of brand-new moneys?

Chair: The return from that fund, yes.

Amy Rees: By design, one of the things we have done is rolled on the legacy programme. We are literally having delivery today, but lots of that is money pulled forward from before. I suppose realistically—I might look to Alison on this—for brand-new moneys and things that we start today,

we are hoping to deliver within this Parliament. The next two to three years would be our ambitious timetable.

Dame Sarah Healey: Also, there is a mix between what the national housing delivery fund funds in terms of housing delivery and direct housing delivery, and what it funds in terms of unlocking land, via either the provision of infrastructure or the remediation of brownfield.

Alison Crofton: In terms of cases studies coming forward, when we look back at our legacy programmes, a land intervention through the new fund takes, on average, about two to three years from claiming the capacity up to the start on site. Projects that we will start and claim the housing capacity for within this financial year will start within the next two years, in terms of using the new money for the new housing delivery fund.

Q18 **Catherine McKinnell:** What interventions do you feel have worked best so far in unlocking land? I suspect that this is for either Joanna or Alison.

Joanna Key: Cathy might want to say something more about the detail of projects. Homes England does a huge range in this space: assembling land, doing compulsory purchase, bringing land together, remediating land and putting in the infrastructure. It is quite hard to say that an intervention was more or less effective, as it will depend on the precise project and the location. Cathy, do you want to come in? We should talk to you about some of the real successes that the programme has had, because they never get talked about, but they are very impressive.

Cathy Francis: One of the things that we have learned is that a cocktail of funding—a range of small and longer-term funding—can help to move schemes forward. It could be a small scheme of 20 houses that is remediating a piece of brownfield land that comes forward within two years. As we have seen from one of our legacy funds—the brownfield land release fund—they can have really impactful outcomes on blighted land. It goes through to really significant schemes, such as Meridian Water in Enfield, which is a huge site. We have facilitated a train station, and we have roads and bridges, and houses on site now, but we will build out over 25 years. That was over £200 million, and it will make a significant impact in housing numbers over the next two decades.

One of the key things that we have learned is that we need to be able to do those small pockets of land, and we need to be agile. Brownfield land has specifically supported local authorities to bring forward their own land. We also need the tools that we now have through the National Housing Bank. As Jo says, that will enable us to take a guarantee, or an equity stake, as well as provide some grant for larger elements of development.

We have learned that you need a range of interventions. We have also learned that Homes England support is critical, and that we need to be more consistent with it. A lot of the earlier schemes that had that support valued it, but we also had feedback that we were not as consistent as we needed to be in providing people and financial support to help projects.



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The maturity of local authorities has improved significantly since 2017; that is a key thing. We launched the housing infrastructure fund into some local authorities that had a lot of hope and enthusiasm about the potential for schemes but had never delivered a big scheme and did not have the capability. There are local authorities that may never have done a CPO and have to go through that quite complex process. Building around Homes England and its regional model gives us an important toolbox of interventions—different types of funding, different amounts of funding and the support.

The final thing that I would say from the Department's perspective is that, through schemes like the new homes accelerator, we are playing a much more active part as HMG in being a single front door for schemes. We can go to Departments around Whitehall and agencies, and if something is stuck, as the statutory consultee we can take action. Everyone is on the front foot trying to get stuff done, and we certainly have learned a lot. The wider economic context notwithstanding, we are excited about this new fund.

Amy Rees: From a Homes England delivery perspective, I completely agree with all that. We have learned quite a lot about the way of working, not just what actually delivers. The first thing is that we genuinely see ourselves not just as a funding body but as a proper delivery partner. Mr Betts might know this well, but Sheffield is a brilliant example of what real partnership work can do. I recently had a brilliant visit to Sheffield, and I saw land assembly work that we have done on Cornish Works. What we have done around the region is genuinely hugely impressive.

There are three particular things about the ways of working. They are highlighted in the Report, and we completely agree with them. The first is that you have to have a pipeline. That means proper partnership working, and that is why we have flipped to our much more regional model in Homes England. The second is continuous market engagement. We had loads of feedback about not having these artificial windows—that that is not the way that delivery really comes forward, and that we need to do it on a continuous basis. We have adopted all of that, not just in the NHDF but actually in the SAHP—the social and affordable homes programme—as well.

Finally, just as Cathy was saying, you need blended finance. You cannot ask people to dip into a grant pot and separately bid for that, and then go somewhere completely different to try to get a guarantee or debt equity; that does not work. People need a single front door. That is why we have set up the bank to be a wholly owned subsidiary of Homes England, so that you can come in and, whatever you need to try to bring a project forward, we will try to do our very best to meet those needs, as a proper partner.

Q19 Catherine McKinnell: Can I slightly go back to the previous question, but in the context of what you are saying there? How do you know whether you are maximising the impact of this without clear targets? It is very hard to measure. Obviously you are saying that lots of good work is going on,



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with lots of people working hard and lots of shoulders to the wheel, but how do you know that you are maximising the impact of all this, and what else do you need, to know that you are maximising it?

Joanna Key: It might be worth talking about the way that we assess the project. Amy might want to say a bit about this as well, but for every project that comes forward, we look at how much housing it unlocks, what the funding requirement is, and a whole range of other metrics, including some of the non-housing benefits that come forward.

I am sure you will know, better than me, of places in your constituency that are really blighted, like a site that has not been developed for many, many years and is actually causing negative impacts on the community just by being empty, derelict, a target for all sorts of antisocial behaviour and that kind of thing. We try to capture some of those non-housing benefits and non-monetised benefits as well. We look at those, and we measure the VFM; we measure all—

Catherine McKinnell: Could I just ask you to avoid acronyms? I think we had CPO as well, and people watching may not know what these things are.

Joanna Key: I am really sorry. A compulsory purchase order is a legal instrument for a local authority or other public body to take over land. By VFM, I just meant value for money. Was there anything other than that?

Catherine McKinnell: No, that's fine.

Joanna Key: Sorry about that.

Catherine McKinnell: It's okay.

Joanna Key: So that is what we are looking at and trying to assess with every project that comes forward. I think we do have a pretty good approach.

The other thing that is really worth saying is that we actually now have a bit of a history on this. As Cathy was trying to explain, in 2017 we had much less experience of how to manage these schemes. Now we have a whole history of different projects, and a sense of what a project should achieve, in terms of the amount of money that you would spend to unlock housing and other benefits. So we have a lot of benchmarks against which we can assess projects.

Catherine McKinnell: Okay; the benchmarks are really helpful.

Cathy Francis: Can I make a point about the legacy projects? We have 742 legacy projects, and our expectation, based on the detail of those projects, is that they will deliver more than 700,000 homes over a long period of time. At the point of NHDF becoming about real projects, we will then be able to come to the Committee and work with the NAO to look at—

Dame Sarah Healey: What the numbers are.



Cathy Francis: What the numbers should be, on the basis of actual real projects that have all been assessed individually for value for money. It is not that we do not have a target; it is that we want to work through the NHDF process and build a kind of baseline of what those projects individually are claiming to deliver. Then we will have a new portfolio that matches our existing portfolio, where we can say, against the submissions that were made by developers and local authorities, "This is the number." So we recognise that we need to have a number, but at this point, it is about modelling. As we go through the NHDF process and build some live cases, I am sure we will be able to take them to the Committee.

Q20 Catherine McKinnell: What is the timeframe for that?

Cathy Francis: We are going through the NHDF modelling and business case this year. As I have said, we already have some of that detail from the mayoral strategic authorities. We know what they are delivering in this Parliament.

Dame Sarah Healey: It is important to reflect that we have deliberately set up the NHDF to be a flexible fund. We will have a pipeline at a point in time, but we will also constantly review that pipeline. It is really important that we do not say, "We've put that in the pipeline. It might not be delivering in the right way, but it's in the pipeline so we're going to ignore this project over here which could come forward and deliver faster." We must leave ourselves the capacity to use the funding as effectively as we can overall. We discovered from some of our previous experiences that having a single bidding window, getting all those bids in, agreeing them and then delivering the pipeline actually was not an effective use of resources. That is why we have changed it for the national housing delivery fund.

Amy Rees: Can I build on that very quickly? To be fair to the Government, they have been very clear about their target for housing. Pretty much everybody knows it, in terms of the 1.5 million. I understand that what you are getting at is precisely how you balance which bits will bring forward the most. There are two things that I would say about that. One is the point that the perm sec made. We deliberately set up the next round to be flexible. Wherever we can get that from, whether it is from financial transactions, the grant side or land unlocking, we will do so.

As Cathy said, it is also worth saying that there is a bit of an art to that. I am not sure that you would want us to be all science. If it was all science and all prescriptive, we could not do the things that are needed in some local communities. As you know, we are also trying to deal with building communities and deal with deprivation, etc. I feel very clear about a target that I have for delivery overall. We are deliberately designing that flex about where it comes from and how we can maximise output.

Q21 Catherine McKinnell: What you are saying is very encouraging. The challenge is that it also feels a little bit nebulous. As you are explaining, it comes down to judgment, individual projects and having that flexibility. I can totally understand the advantage to that, but the flip side is that you



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could get to the end and achieve something because it has received funding as opposed to necessarily being the maximum use of that funding over the lifetime of that funding pot. That is our job, and that is what is not entirely clear from what you are saying.

Dame Sarah Healey: We will always do our best to deliver the maximum that we can with that funding pot. It is the maximum according to a range of criteria. It is not simply numbers. That is the point that Amy is making about communities as well.

Q22 **Catherine McKinnell:** A range of criteria over what period of time?

Dame Sarah Healey: Over the life of the national housing delivery fund, which is quite an extensive lifetime.

Q23 **Catherine McKinnell:** What is the lifetime?

Joanna Key: Even the legacy funds are allocating money up to 2030, so the new projects will go on beyond that.

Dame Sarah Healey: That does not mean that we will not do interim evaluation—we absolutely will. We have deliberately set out plans for evaluation for the national housing delivery fund so that we can take the temperature of how well we are doing. We have very clear governance arrangements so that we can monitor whether we are doing well enough. Since you and the NAO have already taken an interest in this, we are sure that the NAO will want to look at this again at some point as we move through the delivery of the national housing delivery fund.

There will be a range of ways in which we are held to account for good and effective use of that money to achieve the range of objectives that we have set out for the national housing delivery fund. It is worth reminding everyone of those. One is boosting the supply of housing and economic growth, so that is a twin objective. That might mean that you do slightly different things than having a direct number of houses at the end of it in order to boost economic growth.

There is also reforming the house building system to achieve a permanently higher supply of quality homes through a diversity of developers and investors and backing models of development with higher rates of build-out and models of development that contribute to great placemaking. That is that community angle.

Then there is a set of supporting objectives, some of which are about affordable and social rent. Some are about that diversity of development and some are about more brown field development and prioritising investment in areas of the country where there is a greater growth benefit from additional homes. We also have an objective of working in partnership to align housing delivery with individual local areas' place-based growth strategies.

Amy Rees: Can I add a little bit on VFM? I won't go back to my targets—I have been very clear about those—but £16 billion of the NHDF is going to come from the bank. I have very specific things that I need to do with the



bank in order to come back here and prove value for money to you. One is that I have to make a rate of return. Another is that there is a maximum of losses that I can make. We also have to work under the financial transaction control framework, as dictated by the Treasury, so £16 billion of it will be very tightly governed from a VFM perspective. That is in terms of what we need to do to return, like many of the other PuFIns—public financial institutions—like the National Wealth Fund, British Business Bank, etc.

Q24 Catherine McKinnell: That is an incredibly broad set of aims that you are working to. What criteria will you use when you are deciding when or where to issue grants, loans and other financial support to projects?

Amy Rees: There is a whole range of criteria. As we talked about, there are other things besides them, but there are two that are probably worth focusing on, which are very specific. One is about the affordability ratio—if it is above the English average.

Q25 Catherine McKinnell: Affordability of the project?

Amy Rees: Of the housing itself. It is the classic income versus house price that we use for the whole of England. The second of the criteria is densification of over 50,000 in a given area.

Q26 Catherine McKinnell: Do you mind just explaining those two a little bit more?

Amy Rees: Yes—Alison, do you want to say a bit more about them?

Catherine McKinnell: Just a bit more detail on how they are measured.

Alison Crofton: To simplify it, we look at the relevance and readiness of a place to deliver there. We will look at the strategic fit as shown in our strategic plan and we will try to maximise the impact for that area. I will try to explain it with a case study. For example, we have 10 strategic place partnerships with the majority of mayoral authorities where we look at a specific pipeline and deliver specific areas. It goes back to Amy's point that it is not only about funding but about being an active delivery partner in those areas.

However, in places such as Plymouth, where we do not have a strategic place partnership, we work in partnership with them under a memorandum of understanding. The specific help that that area needed was an infrastructure grant, so we put £18.69 million into the infrastructure grant for the town centre. They also needed land assembly, so we purchased five acquisitions within that area of circa £11 million in order to—

Catherine McKinnell: Sorry—this is getting into a lot of detail, and it is not really clarifying.

Dame Sarah Healey: You wanted to understand the affordability test.

Q27 Catherine McKinnell: Yes, the affordability ratio. The question for



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members of the public who are watching is: are we prioritising quality over quantity or vice versa? I am interested in hearing a little more detail on the second of the criteria, which I realise I did not scribble down.

Dame Sarah Healey: Densification.

Amy Rees: Shall I have a first go on both of those, and then my colleagues might want to join in? First, on the affordability ratio, the average median in England is 7.6, meaning that your average house is about £300,000 and the average full-time income is about £39,000. That is where you get that figure, and if it is above that, then that is one of the factors that we will look at.

The second is how many people it can affect, so we look at the densification of the area. We will particularly look to support areas that have 50,000. That might include commuter belt; they do not all have to be living within that. I want to emphasise Alison's point: those are two particular criteria. Another one we have been straightforward about is whether you can bring it forward in this Parliament—how soon you can deliver. Then there is a range of other factors that we try to consider.

Q28 **Catherine McKinnell:** Okay. Going back to the question of criteria, which do you apply? The reason I am asking is that there are so many complex considerations here that clearly happen when these decisions are made. It would be helpful to understand what criteria are being applied, particularly for the loans and grants that are being given.

Amy Rees: I tried to cover, in terms of NHDF, the particular things that we will look at. Those two criteria, plus whether you can bring it forward in this Parliament, are quite important. For loans, we will also be looking at a range of financial factors—as the Treasury and you would want me to—in terms of ability to repay, risk ratios, etc. On top of the criteria about whether we want to do it, there is also whether we think this is a reasonable financial investment. We will look at those things as well.

The honest answer to your question is that we try to look at all those things and then make a decision. In practical terms—Cathy might want to pick up on this—we have a delivery board in terms of Homes England. Alison and her team or Simon in the bank will have a first pass at it. Homes England then has a look at it internally. Then there is a programme level that scrutinises what it looks like brought together—not just the Homes England part, but the strategic mayoral authorities, etc.

Catherine McKinnell: That is helpful.

Cathy Francis: The only thing I would add is strategic fit in terms of Government policy and priority and the local or mayoral authority. What is their overall plan for the area? To what extent will the project that is coming forward fit within their priorities? If it has the support of political leaders and a local area, it will ease through planning, so strategic fit is important. There is also value for money, which Jo mentioned. We are very transparent at a project level about whether or not a programme has met that test.



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The other thing I would say is about taking a really hard look at deliverability. We have worked hard to test that and learned a lot over the last 10 years on how we assess deliverability in terms of both cost and time. It cannot be jam tomorrow. So far, mayoral authorities are saying that they are over subscribed in terms of projects that have come forward. There has to be some way of sorting projects that come forward and being quite hard-nosed about whether the cost envelope is realistic given all we have learned. We have a good body of evidence now in terms of how long things will take, how we test the costs and how we look at them pre and post procurement.

It is a complex process. Alison and I speak daily about different projects. We come together under a board that Jo chairs and meet regularly. There will be a lot of scrutiny and visibility of activity within the department and the agency. We will also work closely with the NAO once we have finalised the business case to test some of the assumptions on the numbers that we think could come forward. In the same way that we worked closely with the Infrastructure and Projects Authority through various gate reviews earlier, we are now working with its successor to test the work. We want to be open-book about how we do this.

Joanna Key: On the issue of criteria, it is worth adding that Homes England's investment prospectus, which I think was published around November, sets out quite a lot of the criteria and some of the issues that Amy and Cathy referred to. Additionality, value for money, strategic fit and deliverability are the four things highlighted in that Report.

Dame Sarah Healey: We have been pretty transparent about the way in which we will assess projects. Equally, as you say and as Amy says, while we want to use a significant degree of science, we do not want to trammel ourselves by being overly scientific when some of this is about judgment, previous examples and where we would want to prioritise funding.

Chair: Let's move on. Cathy mentioned the issue of local authorities' ability and readiness. Sarah, will you follow that up?

Q29 **Sarah Green:** I would like to follow up on your observation around local authorities' maturity and ability to deliver projects. We have local authority restructures and new mayoral authorities on the horizon. I am keen to understand the panel's confidence in the capacity of new local Government structures to deliver projects, and whether you have done or are planning any work to understand where to target your support to the authorities that need or will need it the most.

Dame Sarah Healey: I will say a little bit about that, and then maybe Amy can come in with some reflections on Homes England's work with local government. Specifically on new structures, the first thing to say is that we have devolved funding where mayoral strategic authorities are established and therefore demonstrable capacity to deliver, and we have a pipeline to do that.



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We recognise that local government reorganisation is absorbing a large amount of energy and attention in local government. We are very grateful for the efforts that local government are making on all that, especially the local authorities affected by it. I should emphasise that one of the reasons—not the only one—why we are pursuing it is that all our evidence suggests that unitaries have greater capability and capacity to deliver on this and more unified place planning across the entire council from top to bottom.

Planning shortages, for instance, are much more severe in districts than they are in unitaries. In large unitaries, they can pool those skills, systems and funding and benefit from those economies of scale across the piece in order to do the place-making work so important to getting the right pipeline of house building and infrastructure supported around that, to build really effective communities.

We are obviously working very closely with local authorities affected. We recognise that there is uncertainty in some areas and a lot of change to go through, but we think it is worthwhile change to achieve the kind of objectives that we are setting out.

Amy Rees: From a Homes England perspective, I had to do four things for 1 April. I had to launch the social and affordable housing programme, launch the NHDF and launch the bank, but the fourth thing, which we have not talked about quite so much yet today, was a new target operating model. That is to make us much more local in the way that Homes England delivers. That is because no house is built nationally; it is built locally in a place, and we need to work with the teams in place there. I meant what I said earlier: we are trying genuinely to be a delivery partner with these people.

There are a couple of practical examples in Team Leeds and Sheffield Together. Those are places where we have literally embedded staff. It is not just about money; it is about how we deliver together. I totally recognise the challenges of structure change, as there always are, but if you are a real partner, you are ready to work and flex and deal with whatever new structures exist. That is exactly what Homes England will be doing with people. We will continue to flex so that we work with them properly in partnership.

Finally, I would add the bank. The bank specialises in financial transactions, which is a very complicated thing to do. Even for some of the established mayoral authorities, it will be a while, potentially, until they will want to take on the risk of dealing with financial transactions, because it is a whole specialist set of skills for which you have to recruit people and so on. We provide that expertise, help and support even to the EMSAs to ensure that we are doing something that is technically tricky on their behalf.

Catherine McKinnell: EMSAs?

Dame Sarah Healey: Established mayoral strategic authorities—I can speak fluent acronym.

Q30 **Catherine McKinnell:** Thank you. You are giving really thorough and quite reassuring responses, but I fear that this is incredibly complex. I appreciate that these things are not simple, but is there not a risk here? These homes need to be delivered locally by local contractors—local builders—and we could have such a complicated system that there are fewer and fewer contractors able to engage with this. It could be weighted heavily in favour of large building companies, and although smaller contractors may end up being sub-contractors, they will not be able to engage with this system because it is too complex.

Dame Sarah Healey: That is very much the opposite of one of our objectives, which is to use this to reform the house building market and system.

Joanna Key: This is such an important point. It is why one of the key things that we look at, and one of the themes of the Homes England investment prospectus, is about diversification of the market. With the legacy schemes, there are these large housing infrastructure fund projects, but there was a whole range of very small projects that were delivered in tens of homes, usually in city centres and brownfield sites. There was a deliberate attempt to make sure that we were not just focusing all this money on the volume house builders.

Coming back to your point about complexity, which is really well made, I want to say something that will hopefully be a little bit reassuring. It does sound very complicated when we talk about these projects, and to get the land to the point where it can be developed is very complicated.

The process of land remediation, using compulsory purchase orders and bringing together different land ownership structures, is very difficult. It is one of the reasons why these projects do not come forward without intervention from Government, but the ultimate objective is to get to the point where that land is unlocked and can then be relatively simply developed out and parcels sold off and so forth. Hopefully, it will be less complicated to the individual developer as a result.

Amy Rees: Can I pick up your point on SMEs? While it is core in our objectives that we want to change that, it would be wrong not to recognise that the basis of your question is right. When the market gets more challenging, it is more challenging for SMEs, which is why we have set ourselves a very particular target to do what we can.

I want to give you a few examples of what we are doing. Last week, Alison and I were at a dedicated roundtable for SMEs on what we can do and what they need. I would point to two things in particular as reasons for optimism. The first is what we are doing with land and small parcels of land, as Jo just mentioned; Alison might want to talk a bit about that.

The second is guarantees. Homes England has been doing debt and equity for a long time. One of the things that we hope to ramp up in the bank is



guarantees. That could make a real difference to our SMEs—our 100 to 500; in particular, builders—where we can do a guarantee and allow them not to wait for each individual development to finish and sell out before we let them go again, which is one of the very difficult things for the cycle of financing for SMEs. We are genuinely very optimistic about what we could do there and where we can make a difference.

- Q31 **Chair:** Thank you. There is a lot of information there; we are trying to digest it as well as we can. Can I come back on what Amy said about the partnership working in Sheffield? It is probably the first of its kind in the country. I was there when it began, and it has worked. I thank Mark Canning in my constituency, who has done a lot of work pulling together schemes there. That is just a reflection of what happens at the local level.

Following up on that, in terms of the new fund now, NHDF, are you going to do things differently? Have lessons been learned from the previous ways of working that mean this fund will work better and deliver more effectively and efficiently than its predecessors?

Dame Sarah Healey: We have already reflected quite a lot of those in the sense of there being much more flexibility and fungibility in how we use the funds and the fact that we can put together grants with other forms of financing—including the bank sitting, as Amy said, as a wholly owned subsidiary of Homes England. We have learned that single bidding windows do not work for a whole range of reasons. We have built a lot of lessons from our previous programmes, as the NAO Report makes very clear, into the design of this one. Amy, you might want to say something about what you have learned on partnership working.

Amy Rees: Of course. All of that is spot on. If I may embarrass the NAO for a minute, what it found in its Report is exactly what we found in our internal evaluation.

We have done all three things, because we absolutely agree that it is the right thing to do: you must have continuous market engagement, rather than these artificial bidding windows; you must have a pipeline locally, which means proper partnership working, to the perm secretary's point, otherwise you cannot develop that pipeline and bring it together; and you must ensure there is blended finance, as you cannot ask people to dip into different pots of money.

We have tried to replicate that throughout, not just in NHDF, but also in the SAHP as well. We are really trying to learn those lessons, so we are optimistic. So far, the sector has genuinely welcomed those changes for the better.

- Q32 **Chair:** I want to probe a couple of issues that you have raised. Cathy has mentioned open book. One of the challenges that local authorities often have in delivering schemes is viability and, sometimes, not believing what developers say. Developers often have a great deal more back-up in terms of expertise to put forward their case, as opposed to some local authorities, which may struggle with that. Can you address that issue now? Can you provide that back-up in terms of expertise to make sure



that developers are not pulling the wool over the eyes of local authorities?

Amy Rees: I will have a first crack at that, but my colleagues might want to come in. First, every day is a school day. We have expertise in Homes England, but we also learn every time we do one of these exercises. Circumstances also change, so what was viable after a world event—covid, the strait of Hormuz or whatever—can become very difficult for people, which is why partnership working is so important.

We also have long, enduring relationships with developers; Alison might want to say a bit more on that. We spend a lot of time with them. As Cathy and I say, we have learned quite a lot about when people say they could deliver x in y—how that has worked and what we need to do differently.

We work in partnership with local authorities to try to help them scrutinise the bids they get in and look at whether they are viable or deliverable. Not to pick on Sheffield—this is a positive example—but the pipeline there is really strong. One of the jobs that we do together with everybody is to look at which ones we want to bring forward, which will have the greatest impact and who we are going to work with to do that.

Q33 Chair: There is potential conflict in what your objectives are. Amy, you indicated that you had targets in this Parliament that were very much focused on the work that you are doing, but earlier it was said that you do not enter into contractual arrangements for this funding with developers. If you are going to get the schemes done within a certain timeframe, surely that work on the houses, starts and finishers within a certain timeframe ought to be part of the conditions of giving grants or loans.

Amy Rees: We need to subdivide this a bit, which was my point about the three different targets that we have. We absolutely have very firm contracts when we are spending a single pound of our money. If we are contracting with someone to deliver something—starts or completions—that is 100% where our targets are. That is what we publish, and it is available for everyone to see and scrutinise.

What I was trying to distinguish was the situations where we have brought forward a parcel of land or delivered infrastructure, but we do not provide the money or the funding for a private sector company to bring forward that housing. That may well be over a slightly longer period. We are not providing the pound there; what we have done is enabled the groundworks for them to pass on.

Dame Sarah Healey: The distinction is between the unlocking programmes, which are the focus of this Report, and the broader NHTF and the broader work of Homes England, which cover a range of things including partnerships for the actual delivery of homes.

Q34 Chair: I am a little confused. I am trying to distinguish between the money that you give out—loans or grants—as a requirement to build houses in a certain period, and cases where there is not such a requirement.

Dame Sarah Healey: There is not a requirement when it is not a direct delivery of housing. Instead, it is the assembly of land, the remediation of brownfield land and the delivery of infrastructure to enable house building to be done privately, subsequently, which is the subject of this Report.

Amy Rees: Back to the example I gave on the M5 junction 10, we are not building houses there; we are trying to enable the building of up to 8,900 houses—we hope—but we are not in direct delivery for any of those houses. There are other schemes where we are putting pounds in that we are directly going to deliver. That would be a start or a completion. The junction works would be a—

Q35 **Chair:** I sort of understand. Your overall target to provide a number of homes in this Parliament must include houses on land that is being assisted with—

Amy Rees: It absolutely does.

Q36 **Chair:** But you are giving money in this programme that we are talking about today, which does not have a link to when the houses will be built on that land.

Dame Sarah Healey: Not a contractual link, because we are not doing direct delivery.

Q37 **Chair:** But how can you link that to the target you have for the Parliament when some of the houses in that target will be built on this land?

Amy Rees: That is right. I will not achieve my target unless the enabling work that we have done—unlocking homes—brings forward housing, but there is a reasonable track record of exactly that happening: that we remediate the land and the housing comes forward.

What we are trying to do is enable the private sector to do what it is going to do. That would be the six out of the seven houses, not the one after the seven. We are enabling that work in order to bring it forward. Back to the figures I have to achieve, there is no way I can do that unless those legacy funds deliver, which massively includes all this.

Dame Sarah Healey: This takes us back to what we were discussing at the beginning of the hearing: the questions of how we track those things, where you can link the delivery of a house to the work done, and how we can be sure that we are robust in how we do that.

Cathy Francis: The direct contract is for the enabling infrastructure. We are contracting with the local authority to deliver some infrastructure through their procurement and commissioning processes. The testing that Homes England will do, and the analysis that will be done, will be on the expectation and likelihood that the infrastructure will bring forward houses at a particular point in time, but the contractual relationship is for the infrastructure.

The mayoral strategic authorities have already set out what they are going to deliver for the houses in this Parliament. They have set out the



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unlocking capacity and the number of houses. That is the scheme-by-scheme assessment that we will make when a proposal comes forward for infrastructure.

On the basis of everything we know and our 10 years of history, and taking a lot of context and analysis into account, can we reasonably expect that this infrastructure will deliver homes? The NAO was clear that our historic programmes are delivering additionality and/or acceleration, so I think we carry forward that knowledge into NHDF.

Amy Rees: On the legacy of those already delivered, we estimate that 40% of those would not have been built at all—let alone sped up—without unlocking the land. They would not have been brought forward by the private sector at all. On the VFM point, I know that we are very focused on houses unlocked—I absolutely am—but it is worth adding that it is not just that; it is also growth, the businesses, the schools, the roads—all the things that help to build communities.

Dame Sarah Healey: They have separate benefits, and it is worth reflecting on some of those, including the fact that we have built schools and extra stations, which have helped to ease congestion. There is a whole range of different things that bring forward other benefits, as well as the later benefits—funded privately—of delivered housing.

Q38 Chair: I get the difference between a site where you are putting in roads and various other pieces of infrastructure of a nature that could probably benefit a wider area. You then do not have a contractual relationship with a developer to build the homes that will come, hopefully, as a result. But if you are putting grants in specifically on, say, brownfield land for a particular development, which was one of the previous programmes but is now linked into the wider fund, do you really think it is reasonable to not have some requirement for when housing is to be built on that site, or will the land just lie there, with all this money spent on it, until whenever?

Amy Rees: First of all, the delivery from it has been quite strong. The estimate is that 40% of those houses would not have been built at all—that is in the NAO Report. It is not that we are just taking a punt; there is a direct relationship between the work that we do and the building that comes forward. What you are really pressing on is what more we could do to give it a timeframe on which to try to deliver.

Like I say, we will do the red-line mapping in order to be very specific about what has been delivered, and we use geospatial tools to do that, but I am slightly nervous of overprescribing and of the damage that could do to the SMEs, because they have to consider market absorption rates and so on. I definitely do not think it would necessarily be helpful to be prescriptive about the timeframe in which that land has to be brought forward.

Dame Sarah Healey: And of course, one of the jobs that we need to do in identifying where we do these projects is to make sure that we identify

land that will be attractive to developers as brownfield land that has been remediated.

- Q39 **Chair:** I have one hopefully simple question. We talked about the complicated sites and the simple sites, and the different sorts of developers that will be interested in them. Is there a risk, given the pressing targets by the end of this Parliament, that you will sometimes go for the numbers—the simple sites—rather than the complicated sites that will take more time?

Dame Sarah Healey: Amy and I were discussing that just this morning.

Amy Rees: There are two things. First, I genuinely make no apologies for us wanting to deliver in this Parliament. The Government and MHCLG have given Homes England a set of tools that we have to use to our best advantage. We all know that there is a housing crisis, and it is now, so we need to deliver, but there are a number of policies that will ensure that we do not just do what you are saying.

The first is new towns. By its very nature, that is a significant investment in something that will deliver in the Parliament, but also has years of delivery built into it. The Cambridge Growth Company is another very good of example of that, where we want up-front delivery, but it is a long 20 to 30-year investment in what can be done. Of course, we work in partnership. We all know that strategic mayoral authorities—in fact, all local authorities—have things that they really want to do for their communities, which often involves long-term development and investment in the sort of infrastructure we have been talking about.

Dame Sarah Healey: Also, we all know that we need to make housing delivery work more effectively into the future. Investing in some of the infrastructure changes that enable housing into the long term is of benefit to us, and will be of benefit to us in meeting our targets in future.

Joanna Key: I think this is always a balance between the long-term pipeline and short-term delivery. I think you can see from all our portfolio programmes that we have done in the past—HIF and BIL and so forth—that we have tried to strike a balance between those two things. It is partly about giving confidence to the market, because if we delivered everything into the next three years and did not have a long-term pipeline, that would be as disastrous for the development industry as doing the opposite. It is always going to be a balance and trying to get that right.

Amy Rees: Can I add one thing on the bank? I do not know if any of you read it, but there was a Pensions UK report that came out earlier this week looking at how the bank could help to encourage long-term pension investment into UK housing. One of the lovely things that it said about the bank, with which I completely agree, is that it has the ability to be not just a funding body, but a market maker, so the other thing we could do with this is create new markets and investments, SMEs that are more robust,

and firms that have been able to grow and so on, because of the investment that we are doing. That will create its own pipeline.

Chair: Okay. The Committee will now take a five-minute break.

Sitting suspended.

On resuming—

Chair: We will now resume the session. Over to Sarah Green.

Sarah Green: I would like to turn to how you are prioritising locations to maximise the impact of the national housing delivery fund—I keep getting the acronym wrong.

Dame Sarah Healey: It is a tricky one!

Q40 **Sarah Green:** How are you prioritising where to invest that money?

Joanna Key: We have talked about the two up-front criteria of affordability and prioritising development in urban areas, which is to do with the growth and agglomeration benefits that you would expect to get from housing in the most highly pressurised areas. As we have explained, quite a lot of the grant funding has been devolved to the established mayoral strategic authorities, which are based around urban areas but go out much more widely, so it will be targeted at the areas that are priorities for them.

We already have a kind of regional picture being built up through all that, and it is something we keep a very careful eye on, because our Ministers want to see a balanced portfolio across the country—but it will of course depend on what projects come forward at any one time. Cathy, do you want to say anything about what went before and how we try to balance all these regional considerations? Getting that balance right across the country is a really important question.

Cathy Francis: Remediating brownfield land is really important. As a result of our learning, we have altered the value-for-money criteria so that we can take account of wider benefits and acknowledge that health and transport benefits are also important. We also include deprivation in our value-for-money criteria, which helps us to shift to parts of the country that might have lower land values.

As we said earlier, our learning is very much that deliverability is important. The partnerships and conversations we have with local areas about their priorities, and about a scheme that might be the final bit of the jigsaw in their local area, are really important. I think of it not as transactional discussion and set of relationships with local authorities, but as an ongoing conversation about where their priorities are. We fully expect to be oversubscribed, so if areas come forward with more than one project, and as long as their priorities align with the criteria of the fund, there will be a conversation about which one is more important to them, taking into account a wide range of criteria.



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We have learned a lot. The absence of an arbitrary bidding window that says, “Right, by 31 May, we must have all your bids”—a race that nobody really wins because you get a variability of schemes—and that ongoing conversation give us confidence that we can pick the right projects that not only fit with national priorities but align with what local areas want.

- Q41 **Sarah Green:** That is really helpful; thank you, Cathy. Alison, you mentioned the 10 strategic place partnerships. Have I understood that they are very specifically connected to mayoral strategic authorities?

Alison Crofton: For the moment, yes—the ones that we have signed.

- Q42 **Sarah Green:** Do you mind sharing a bit more about them?

Alison Crofton: The idea behind a strategic place partnership is that we really focus on pipeline and on projects that are really needed by that local area. It enables that single front door for mayoral authorities, so that if they have a place that they want to bring forward, we can bring them answers about the mix of funding that Homes England can provide—whether it is grant, loan, debt or financial transactions—in order to bring that area forward. We look at joint strategic objectives under that partnership. We look at business planning in terms of the outputs and timing if we put our resource or our money in. We also look at how we monitor and collect data together.

- Q43 **Sarah Green:** Just to be very selfish for a second, I represent a constituency in Buckinghamshire, which is a unitary authority, not a strategic mayoral authority. How will places that are not part of strategic mayoral authorities benefit from the fund we are talking about?

Alison Crofton: We will look at things like relevance and readiness to deliver. For example, if the local authority comes to us and has an idea of what it wants to bring forward as part of its pipeline, we can have that conversation. The greatness of the flexibility of this funding is that it allows us to do that. However, some authorities do not have the capacity to know what their pipeline is, so in our role as a delivery partner, we provide that support as well. For example, in Plymouth, which I referred to earlier, we have provided a team of people who have provided help on master planning and visioning, and we have also provided some budget towards that to help them focus on what they want to do to attract investment. The idea is not that we are the final solution to everything, but that we attract the private investment market in as soon as possible. Having a vision and a comprehensive master plan in Plymouth is just as important as us doing a funding intervention.

- Q44 **Sarah Green:** How do you ensure that the partners you work with are delivering the national housing delivery funding in line with your priorities? How are you keeping track of that?

Joanna Key: When we have devolved the funding to the established mayoral strategic authorities, we have agreed with them some metrics against which we will measure their delivery.

- Q45 **Sarah Green:** Are they bespoke to each authority?



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Joanna Key: They are bespoke and published, so you can find them online—they are very easily available. I will garble the metrics now, but I think they include housing completions. We might also measure starts—

- Q46 **Sarah Green:** Could you send a note to the Committee to clarify that for us? We do not mean to put you on the spot.

Joanna Key: Of course, we absolutely can. The point I was trying to make is that they are publicly available. We have agreed them with those authorities in advance, and they will be held to account for them in two different ways. First, we have a quarterly national housing delivery fund board, where we will invite members of the established mayoral authorities to attend and talk about their achievements. We will also, as a Department, measure it against the whole range of the outcome framework that we have agreed with established mayoral strategic authorities. That means everything across the board, not just housing. That board will meet twice a year to look at the whole range of outcomes.

Sarah Green: That is really helpful; thank you very much.

- Q47 **Chair:** Moving on, there are obviously changes coming in with the new programmes and projects. How will you ensure a seamless transfer from the programmes developed under the previous funding regime to the new NHDF arrangements?

Amy Rees: In a sense, there isn't a transfer; that was designed by the Department. We will have one overseeing board that we have talked about before, plus we have a delivery board. But all the legacy funds have been ported, so there should be absolutely no stoppage of delivery. That is why we have been able to make announcements since we started on 1 April, because it is genuinely a continuous cycle.

Cathy Francis: To add to that, in policy terms, in the Department it is largely the same people overseeing the established and legacy funds, and producing the business case for the new funds. That gives us a line of sight in terms of projects in particular locations. It has also been really valuable in ensuring that the lessons from past funds carry forward into NHDF design, the completion of business case, and how we think about designing the evaluation.

- Q48 **Chair:** Have you thought about simply rolling the past funds into the new fund?

Cathy Francis: We have, yes.

Dame Sarah Healey: Yes.

Joanna Key: That's what we are doing.

- Q49 **Chair:** What happens if you have a particular scheme that is being funded under old arrangements that is stalling and not delivering? Will you then revisit it or revise it?

Dame Sarah Healey: Yes. That is the point of the flexibility that we now have.

Joanna Key: We have done that already.

Chair: Okay. That is helpful.

- Q50 **Chris Kane:** We have talked an awful lot about measuring success and targets. I suspect some of these questions have been answered over the last hour and a half, but I am going to bring us back to them because it is worth getting a little clarity.

On measuring the success of the national housing delivery fund, paragraph 16 of the Report says: "To be able to fully demonstrate value for money on these programmes, MHCLG needs to continue to monitor house building over the long term and should consider what further measures it can take to embed monitoring of house building across all its programmes." How will you track how many homes have been built on land unlocked by the NHDF?

Dame Sarah Healey: Those are the approaches that Amy set out earlier. Where it is a specific piece of land, we can actually identify the houses, and in other cases we have to determine which houses are within the purview of the infrastructure that is being delivered, because obviously you are not building on the infrastructure but building as a result of it.

- Q51 **Chris Kane:** That is sort of what I heard earlier, but I am not getting a specific figure. I like what I am hearing—it is powerful and it sounds good—so please do not take this as a complaint, but you have an understanding of success that I am struggling to understand.

I am trying to get a shared understanding of what success looks like, and an ability to evaluate that using data. You have that understanding—that is coming across loud and clear—but we are not quite seeing that, so it is about getting that shared understanding. How will you track how many homes have been built by land? Ultimately, we are trying to get to how many houses we are going to see over time. But then when I ask the question—

Dame Sarah Healey: That is why I am explaining the method by which we count them. If there is a specific piece of land—say, a brownfield piece of land—and it would be too expensive for the private sector both to remediate that land and to build houses on it, because it would not be viable, we step in and identify that piece of land, remediate it and get it ready for housing. When houses are built on that land, it is very easy for us to identify that that was as a result of the remediation works that we have undertaken.

It is slightly different when, for instance, we are talking about—what is it?

Amy Rees: Junction 10 of the M5.

Dame Sarah Healey: Because the houses are obviously not built on junction 10, we have to use tools to draw an area around that junction, to be able to identify which housing has been built because of the works we have done on that junction. That is more of a judgment issue than being able to point at a field that used to not have houses on it, because they



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could not be built on it, but now has houses built on it—if that makes sense.

- Q52 **Chris Kane:** But can you see the nervousness of the Committee? The nervousness is that you are using your judgment rather than a quantifiable target—

Dame Sarah Healey: We have to evidence it.

Chris Kane: You do, but the nervousness is—I recognise that this is not fair, and I would not in any way expect you to do it—that you could just draw a massive red line that goes even further.

Dame Sarah Healey: We are obviously not going to do that and we would not do that. That would not be an appropriate thing for us to do in any way, shape or form.

- Q53 **Chris Kane:** It absolutely would not be an appropriate thing to do, but I am saying we need clarification that that cannot happen. You are telling me that you will not do that, but we need to know how you are not going to do it.

Dame Sarah Healey: We would only do this in a way where we could justify the conclusions we were making.

Amy Rees: Can I give you a forward-looking example? On junction 10, in terms of the measure of success, if we came back in a year's time—

- Q54 **Chris Kane:** I was not asking you that; I was asking you how you will measure how many houses have been built. I do not want to change it to be a different measure of success.

Amy Rees: No, no—it is the same. If we came back here in a year's time, we would have told you that we have drawn x red line—we will come back in a minute to whether we have done that in an appropriate way—and now 10 houses, 3,000 houses or whatever have been built on it. That would be very clear, to your metric; we are just going back and doing that retrospectively.

In terms of the methodology we use to apply the red line, and whether we could just say, "There's a red line around the whole country, so we will count every house," first, we have already done this in 90% and 30% of the cases, and that would have been in place when the NAO came to look. But more than that, I am very prepared to be open book and say, "Come and work with us on the methodology of how we do it and how we use new geospatial tools," because this is something we want to get right. It is not brand-new methodology; it existed for many of these funds before.

Joanna Key: It sounds like a much more nebulous thing when you talk about drawing a red line around junction 10 of the M5 or whatever, but actually in many of these projects—I am thinking of Beaulieu in Essex, for example—it is literally that the local authority has said, "We cannot allow any homes to come forward on these sites unless x bit of infrastructure is in place," and what we are doing is unlocking x bit of infrastructure. It is



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then quite clear to say, "As the local authority said, no homes could come forward on these sites without it, and now we have put it in, so we are going to measure what homes are then delivered on the sites that the local authority said could not be built on without it." It is sometimes a bit more of a judgment, but in the majority of cases it is actually quite clear.

Dame Sarah Healey: I think the same is true of various examples. For instance, in Carlisle it is about providing access and network capacity to enable the delivery of housing in a specific place, and we can identify that place. Without the infrastructure delivery, the houses would not be built.

Q55 **Chris Kane:** Who is drawing the red line? Where does the responsibility lie for doing the work? Is it one person? Is it multiple people?

Amy Rees: It will be multiple people. Like I said, we have teams that already do this in a lot of cases, and sometimes it is actually part of the contract. We use a team of people who do it, and it is evaluated and checked internally in Homes England. Like I say, I am very happy for the methodology to be looked at as well.

Q56 **Chris Kane:** I have another question that goes back to something you said earlier. You mentioned that you do not want to burden developers with more reporting duties. When I was running a local authority, we used to get really annoyed when the Scottish Government would give us another duty but would not give us the resource to undertake the duty and the reporting. Why can't you just provide, as part of the fund, an element to assist with the reporting if the developers doing it for you would actually give you better information? I suppose the question before that is: could developers give you better information, but you do not want them to do it because you do not want the reporting burden? If it was going to give you better information, could you alleviate the burden with funding?

Amy Rees: There are two things. First of all, I was not really referring to the burden of reporting, although I think that is a good point. If we can make the geospatial technology work, there is no need to have that sort of reporting or to use any of the funds to do that. I think we can get that right with the technology that now exists. We will need to invest in our own technology at Homes England to do it in all cases. I was referring more to giving them a very specific timeframe in which they have to do it, because I am worried that that would not allow them to flex on things like market absorption and build-out rates. That can be very difficult.

It is worth remembering that every scheme that MHCLG or Homes England has put a pound into is already, by definition, more risky than those that the private sector is bringing forward; otherwise, we would not be engaged with them. What I am therefore worried about is that if you add another timeframe to that saying, "You must have done x houses within 12 months or two years," it does not allow them to flex at all. We continuously hear that that hits SMEs even more than it hits the big developers. We know that viability is an issue.

Q57 **Chris Kane:** There are times when it would be appropriate to flex, and

there are times when you would say, "No, come on, you're not doing that."

Amy Rees: Yes, that is absolutely true.

Q58 **Chris Kane:** So how are you ensuring that the flex is appropriate?

Amy Rees: Every one of these contracts and things that we sign is individual. We do not have any mass contracting. Alison might want to talk more about it, but every time we bring forward a piece of land or we dispose of one, it is an individual contract.

Q59 **Chris Kane:** Bringing all these individual contracts together for a forward gaze as to what is working, what evaluation have you got planned for the projects funded by the NHDF to ensure that you understand what is actually working so that you can then disseminate it around other projects?

Cathy Francis: That is definitely part of the programme set-up. As I said, we have learned a lot from earlier programmes. We are finalising the business case now. We will be able to come to the Committee once we finalise the evaluation. It is going to look at which elements of the funds are working, what outputs we are getting and what we are learning, so there will be a complete evaluation across the portfolio of funds, and we will be able to share that with the Committee once we have finalised that work. It will include information on how we have set it up, as well as the specific outputs that come forward.

I wonder whether it is worth saying something about the individual schemes. On our larger schemes, the developer is often many developers, so the work we are doing at the agency level is probably the most efficient way to identify the outputs, rather than going to many developers and infrastructure providers. A combination of that national perspective and the systems that Amy is putting in place, together with our relationships with the local authorities, is the most efficient way to understand those outputs. The local authority will be able to identify the particular land, the particular site and the development that otherwise would not have come forward. We would go down a more complex and uncertain path if we tried to put that responsibility on, potentially, multiple developers on the site who are each bringing forward different plots in a large scheme.

Q60 **Chris Kane:** Thank you for saying you will write to us with information. What is the timescale for getting your evaluation criteria ready to go?

Cathy Francis: We have started to work on it. I would hope we would have that by the end of the year, in terms of going out to procure the evaluation so that we can capture all our benefits.

Dame Sarah Healey: It is also worth saying that, as I said earlier in the hearing, we expect the delivery of the fund to take place over many years, but we do not want to wait till the end of that process to learn some of the lessons from the evaluation. We will specifically design an evaluation that has clear review points, at which we can see whether anything needs

amending in our approach to the delivery of the fund. We do not want to stand still; we want to learn as we go.

- Q61 **Chris Kane:** So you will have designed it, then you will have the stuff and you are going to share it with multiple stakeholders. I want to go back one stage. I have found that this entire subject is incredibly complex—I think we recognise the level of complexity—but sometimes I am hearing, “Oh no, that’s too complex. If we did that, it would just be too complex to bring everybody together. It would be too much of a burden.” To go back to the sense of a shared understanding, your bar for what is too complex is higher than mine, and I need to get through that.

Dame Sarah Healey: I think it is actually more that, when given two different options of how to do something, we will choose the simpler one. For instance, we think it is simpler for us to do the assessment of what has been delivered rather than to get that information from each of the separate developers. I think that is the point Cathy was making. Where you have two different methods of doing something, we choose the one that is simpler, more straightforward, cheaper for everybody and more effective, rather than the other one.

- Q62 **Chris Kane:** Even if the other one is better?

Dame Sarah Healey: No, not if one of them is better. We choose the simpler one that delivers the same objectives.

Chris Kane: If all things are equal.

Dame Sarah Healey: Yes.

Chris Kane: We would hope you would do that anyway.

Dame Sarah Healey: Yes. I was just saying that it was not that we were rejecting certain forms of complexity. We were comparing two options and choosing the simpler, more effective one.

Chris Kane: If you can find a simpler option that delivers what you need, you will do it.

Cathy Francis: Absolutely.

Chris Kane: But if the complex option is the only option you have, you will reluctantly go with that.

Dame Sarah Healey *indicated assent.*

Chris Kane: Thank you.

Amy Rees: It is also worth adding that we are all in the business of trying to make it as easy for developers, local authorities and everyone to bring forward housing, because it is complex. I genuinely feel that one of our jobs, in delivery, is to try to make it as simple and straightforward as possible for them to do these complex things.

- Q63 **Chris Kane:** We touched earlier on the reluctance to set a target for the



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number the fund will deliver, because the spread, quality and quantity of houses are the key things. As a Committee we have been picking up an awful lot and looking to judge the number of units that you deliver, but if I take it that you are actually judging the spread, quality and number of units together, you still have to evaluate that as one package. I do not mean this unfairly, because I have really enjoyed this session and we have got a lot of good things out of it, but I think when we were pushing to understand the units you were saying, "Yeah, but we've got the complexity," or, "We've got the spread." I get that, but you still have to evaluate the whole thing collectively.

Dame Sarah Healey: What we actually got to, I think, was that the NHDF currently does not have a pipeline of projects, so we cannot give you a number, because we do not have a pipeline. Obviously, there are ranges within which we would be unbelievably disappointed if that amount of public money had not delivered a substantial amount of housing, but we cannot give you a specific number. Once we have a pipeline, we will be able to give you a specific number.

I then said that what we are not going to do, because we have said that number, is not use the flexibilities that are inherent in the way in which we have developed the fund, to be able to switch between funds and move projects up and down the portfolio in order to be able to maintain delivery.

Cathy Francis: Absolutely. We will be able to come to the Committee at some stage to say, "Having looked at the portfolio of schemes that we want to fund, this is our number." We have the historical funds as a guide to lead us. I do not want the Committee to think that we are blasé about the output; it is absolutely clear to us that we must deliver the maximum number of houses in the right place, prioritising schemes in this Parliament. It is just too early to give you that number, but we are working on it.

- Q64 **Chris Kane:** I hope I speak for my colleagues in saying that we do not get the sense that you're being blasé at all—if I have put that across, I apologise, because that is not my intention. It is about this concept of shared understanding: you have an understanding of what you are trying to do, and we have been trying to tease that out. I think we are getting there, but we are not quite there.

Dame Sarah Healey: It is also worth saying, as we have said before, that there is a range of objectives here. This kind of thing is complicated, so there are objectives on economic development and economic growth, as well as objectives on pure housing numbers. We need to keep all those in mind.

- Q65 **Chris Kane:** What is a reasonable timescale to get to that number?

Dame Sarah Healey: To give you a sense of where we are on the pipeline at a given moment.

Cathy Francis: We are doing the business case at the moment. I would like to come back to the Committee, and I would also like to talk to the



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NAO, because it will do none of us a service if we come forward with a number before we are ready—

Dame Sarah Healey: And also if we are not absolutely clear with you that that number may change, and that it changing may actually demonstrate that the fund is working as intended, not that it is not working as intended, if you see what I mean.

Q66 **Chris Kane:** We have asked you for a number. You have said, “We can give you that number, but we will give it you in future, and it may change.” I absolutely get that, but the bit of information from my line of questioning is, what is a reasonable time for us to get the number?

Dame Sarah Healey: Why don’t we write? Why don’t we do a bit of a test on that? I do not want to overpromise and underdeliver, but at the same time I do not want to be overcautious and push that deadline back, so why don’t we go away, think about when an appropriate moment would be when we can give you a sense of what the portfolio looks like and that we think it is as full as possible for it to be a meaningful number to share, without waiting for absolute certainty? Would that be helpful?

Chris Kane: That would be very helpful. Thank you.

Chair: That brings us to the end of our questions. I thank the permanent secretary, the chief executive and your colleagues for coming and for answering a lot of fairly detailed questions. I appreciate that not all the answers are readily available. We will produce an uncorrected transcript of the hearing, which will be published on our website in the coming days. We will then consider the evidence and provide a report, which we will send to you, of course, and we will look forward to your response. We may well ask in that report one or two of the questions to be specifically answered, as you promised to give us further information in due course.