

Public Accounts Committee

Oral evidence: Department for Levelling Up, Housing and Communities recall, HC 744

Monday 1 November 2021

Ordered by the House of Commons to be published on 1 November 2021.

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Members present: Dame Meg Hillier (Chair); Shaun Bailey; Sir Geoffrey Clifton-Brown; Sarah Olney; James Wild.

Gareth Davies, Comptroller & Auditor General, and David Fairbrother, Deputy Director, Treasury Officer of Accounts, were in attendance.

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Witnesses

I: Jeremy Pocklington, Permanent Secretary, Department for Levelling Up, Housing and Communities (DLUHC); Tracey Waltho, Director-General for Housing, DLUHC; Richard Goodman, Director-General for Greener and Safer Buildings, DLUHC.



Examination of Witnesses

Witnesses: Jeremy Pocklington, Tracey Waltho and Richard Goodman.

Q1 Chair: Welcome to the Public Accounts Committee on Monday 1 November 2021. Today we are having a recall session, where we are bringing back an old friend, a Department that was the Ministry of Housing, Communities and Local Government but now comes back with a new name, the Department—I am trying to get this right—for Levelling Up, Housing and Communities, in that order. It has a new name, but does it make any difference to what the Department is doing? We are here partly to find that out today.

The Department was at the heart of last week's Budget and spending review, and has been given allocations from certain funds, like the levelling-up fund, which we want to get into. We want to talk about some of the issues around Everyone In, which was about bringing people off the street, where they were living, at the height of the pandemic into accommodation. We want to see how that is going. We want to talk to the Department about the issues around dangerous cladding and how progress is going in removing that from residential buildings.

Of course, with a new Secretary of State in post, we are hoping that we will get some indication from the Permanent Secretary about any changes of direction in the Department. We also want to touch on some of the very serious issues around local government audit. It is a bit of a catch-all session, picking up on some of our previous concerns and issues and hoping to get an update from the Department.

I would like to welcome our witnesses. We have Jeremy Pocklington, the Permanent Secretary. I will not repeat the Department's name. Can I just ask, Permanent Secretary, what you call it inside the Department?

Jeremy Pocklington: It is DLUHC. That is what we are using.

Chair: Okay, I am not sure I can do DLUHC, but, anyway, I am not going to repeat it every time. From the same Department, we have Richard Goodman, who is the director-general for greener and safer buildings—there will be some issues for you today, Mr Goodman—and Tracey Waltho, who is also from the Department, who is the director-general for housing. Welcome to you all.

At the top end, some of us have declarations of interest. I need to declare that I am a leaseholder in a block that has dangerous cladding. I should say I have an interest, but I do not have a financial interest. The developer that built my development has agreed to pay for all the remediation works.

James Wild: I declare an interest as a member of the King's Lynn towns fund board.

Shaun Bailey: I am a member of the Sandwell towns fund superboard.

Chair: One is a board and one is a superboard. There we go. Even the



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Permanent Secretary is surprised by that. That sounds like an extra super-bid to get money for Mr Bailey's area. We will see if that works. On the subject of the towns fund, I am going to ask Mr Bailey to kick off.

Q2 Shaun Bailey: Mr Pocklington, this is a really brief and quick one, hopefully. In Sandwell over the weekend we have had some slightly odd messages coming out about the process around the towns fund initially, so I wanted to get something on the record from you. In terms of deciding if a local authority would be eligible for the towns fund and to form a board, that was a decision, was it not, taken internally within the Department? It was not an application process whereby a local authority would apply to you to be considered a towns fund area. I know it might seem an odd question, but I am keen to clarify this, given some local messaging that we have had problems with.

Jeremy Pocklington: Perhaps I can start by saying that I am happy to look into your constituency case in more detail if that would be helpful. The key point is that the towns that were selected were determined through a selection process that was led by Government rather than through a bidding process, which has been the approach for, for example, the levelling-up fund.

Q3 Shaun Bailey: That is really useful. Just drilling into this, during the Budget we saw lots of different announcements around levelling up and the towns fund. It certainly seemed to me that some of these announcements were rehashes of existing funding that was being re-announced. Is that a fair assessment?

Jeremy Pocklington: I do not think that is fair. We have been transparent through the communications surrounding the Budget and the spending review about what is new money and what is a continuation of existing funds and already announced funds. The spending review announced the first 105 projects worth £1.7 billion from the levelling-up fund. That is all part of the £4.8 billion total for the levelling-up fund. That £4.8 billion total remains the case. We have allocated £1.7 billion of it; the remainder will be allocated in future rounds.

We set out—this was news—that the next round would take place in spring of next year. That has been the approach for the funds. The new money was for the UK's shared prosperity fund, where a very significant amount of new money, totalling £2.6 billion but a profile rising to £1.5 billion, was announced in the spending review.

Q4 Shaun Bailey: The key point to make is that the funding announced was existing pre-committed funds, though, was it not? Am I right about that? That is not new money.

Jeremy Pocklington: The £4.8 billion is not new. The documentation is, though, transparent and clear that it is a pre-existing fund and is therefore not new money. We have been very careful not to be in any way misleading about that.



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Q5 Shaun Bailey: I appreciate what you are saying about the documentation, but does announcing it at the time of the spending review and the Budget not give the impression that it is new money, given the timing of that announcement?

Jeremy Pocklington: No, we are using the spending review and Budget to provide an update on important Government priorities.

Q6 Shaun Bailey: You can see that point, though, can you not? The process for bidding for the levelling-up fund had been in train for a while. Those decisions had been made. Why did you choose that specific time to announce that?

Jeremy Pocklington: It is quite common for updates of pre-existing funds to be announced alongside spending reviews and Budgets. That is what the Government determined to do. It was an important update to Parliament and the public on the first 105 projects of the levelling-up fund. I understand the risk that you are alluding to, but we have been careful in the presentation of the spending review and the Budget on this occasion.

Q7 Shaun Bailey: As the Permanent Secretary in the Department, you were perfectly happy with that timeframe as the timeframe for the announcement.

Jeremy Pocklington: Yes, we looked carefully at that. We have published an explanatory note—it is probably hidden on the website—that sets out how the decision was taken for the levelling-up fund. That is the document of record that sets out how the decisions were taken.

Q8 Shaun Bailey: If I could briefly step back to the towns fund, this Committee has at times had an issue with the opaqueness around the criteria utilised to decide the towns that were considered as part of that. Where are we in terms of getting some transparency on that? It is still not clear to me how that initial decision was come to. Where are we on that? You have said yourself in response, on a Treasury minute, that you feel it was transparent enough, but can we get more information on that? We have asked this before.

Jeremy Pocklington: Can I separate out the funds in my answer? For the towns fund, in September I recall I sent this Committee the annual report that we committed to report on the towns fund, which updates on the progress and the delivery of that fund—the 101 towns and £2.4 billion. The detail of why the towns that were selected were in fact selected is set out in quite considerable detail in the NAO's Report into the towns fund. I have discussed it at length with this Committee.

On the levelling-up fund, I would refer the Committee to two documents that have been published. The first was the methodological note that set out the index, the datasets and the metrics used to determine the prioritisation of areas for the levelling-up fund. We then, last week, as I say, published an explanatory note that sets out how the decisions that were taken were in fact taken.



Chair: We will come back to the levelling-up fund in more detail.

Q9 **James Wild:** I want to put on record the benefit that the chairman of the King's Lynn towns fund board and other members have had from the central support put in place by your predecessor Department and now your current Department. That covers things from all-chair sessions to place leadership schemes to governance advice. You will be aware that the boards are now in the hard yards of delivering on those projects. Is it right, as I have been advised, that that external support is going to be withdrawn from the end of November?

Jeremy Pocklington: The external support—the capacity building—has been very important. I am afraid I do not have any specific information with me. Can I write on the specific issue of external support? It is an important issue, and we think it has been important to driving the towns fund forward. At a certain stage, the projects move from being projects in development to projects in delivery. At that stage, the needs change. You have asked a very specific question that I am afraid I cannot answer today.

Q10 **James Wild:** Yes, could you look into that? In my own case and for the other bids that were approved in June-July time, we are now developing the projects. Particularly the private sector people who are committing a lot of time and effort into this process—they are not necessarily familiar with how the governance processes work—are benefiting from that collaborative approach. It is really in the taxpayer's interest to get the best value for money through the best projects. If you could look into that and come back to us, that would be helpful.

Jeremy Pocklington: I am happy to do so.

Q11 **James Wild:** Moving on, I will call it the Department for Levelling Up, if that is okay. What difference will the new Department make? What does it signal about the way you are going to engage with local government and on the whole levelling-up agenda?

Jeremy Pocklington: The new name reflects the new role of the Department, leading across Government on the levelling-up agenda. It also reflects our support for the Secretary of State working to strengthen the Union in his role as Minister for Intergovernmental Relations. The levelling-up mission is a UK-wide mission as part of the Department's role.

If I may explain it a little further, what is really at the heart of that mission? Well, the Secretary of State has set out four pillars, which are going to underpin the Department's role in this area: first, strengthening and empowering local leadership to drive change; secondly, the importance of raising living standards and productivity in all areas; thirdly, improving public services where they are weaker, and local government has a vitally important role to play there; and, fourthly, strengthening pride in place and local identity. They are the four underlying pillars for the levelling-up mission for the Department.

Q12 **James Wild:** That is a big agenda. Looking at the priority outcomes



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document published by the Treasury last week at the Budget and spending review, there are some limited measures that you have set out there. How are they going to be developed? Particularly, a number of these—for example, raising productivity; empowering places so that everyone can benefit from levelling up—are cross cutting. It lists six or seven Departments there. How is that going to work in practice to deliver measurable change?

Jeremy Pocklington: You are absolutely right about the scale and the ambition, but that reflects the ambition of the Government in the mission of levelling up. I would add just a note of caution about the outcome delivery plan last week. In that, we set out that the new Secretary of State is going to review the outcomes for the Department, so they are very much provisional outcomes there.

In terms of what this means for levelling up, last week's spending review was an important milestone in terms of allocating Government funds to the priority across skills, business investment, support for the regions and local transport. I will not read out the spending review brief. The next step is going to be the levelling up White Paper, which will set out in more detail the framework we are going to use based on those pillars that I have referred to, the objectives and how we are going to measure performance and success on levelling up.

A part of this agenda, though, is an important recognition that this is not a top-down Government-imposed set of solutions for levelling up. We are very clear that we need to work with local areas to work out what the ingredients are, in terms of investment, jobs, housing and the other things I have talked about, that are going to drive up performance and make a difference in each area.

Q13 **James Wild:** Will you be meeting the commitment to publish that levelling up White Paper by the end of the year?

Jeremy Pocklington: Our intention is to publish the White Paper by the end of the year.

Q14 **Chair:** Just to be cynical, is that the end of this calendar year or the end of the financial year?

Jeremy Pocklington: Our intention is the end of the calendar year.

James Wild: The thought never crossed my mind, Chair.

Jeremy Pocklington: It is a good question to ask a Permanent Secretary. That is our intention.

James Wild: Can I ask about the Levelling Up Taskforce and how the role of Andy Haldane fits with your own role as Permanent Secretary? How does that work in practice? Who is accountable? Is it him or you?

Jeremy Pocklington: The first thing to say is that I am delighted that Andy Haldane has joined as a Permanent Secretary, albeit on a temporary



basis. He is a temporary Permanent Secretary, as he himself has noted. Andy reports to the Prime Minister and to my Secretary of State in his role leading the Levelling Up Taskforce. The unit of officials that is leading this work is now a joint Cabinet Office/DLUHC unit. It is based in my Department, but is a joint unit. Andy and I are working very closely together on this agenda. In terms of this Committee, I remain accounting officer and I am ultimately responsible for every penny that my Department spends, as you would expect. The accountabilities remain very, very clear.

Q15 **James Wild:** Is the taskforce up and running? Is it purely made up of civil servants or are there any external people on that taskforce?

Jeremy Pocklington: The work of the unit is very much up and running. The Government are considering what additional units and what role for externals they would like. We are regularly engaging with a whole number of external stakeholders. I attended a roundtable of leading academics with the Secretary of State and Andy Haldane last Friday, for example. We are bringing in expertise from the private sector.

Q16 **James Wild:** You referred to it as a unit; when it was announced, it was a taskforce. Are they the same thing? Are they different?

Jeremy Pocklington: In practice, they are the same thing. It is just a slight question of language. We may want to establish further structures, but Government have not made final decisions on that yet. I do not want to lead one way or the other on that.

Q17 **James Wild:** How are you working with the devolved Administrations and people in the devolved areas? You pointed to the importance of the union for the Secretary of State's role.

Jeremy Pocklington: It is very important. I am also delighted that Sue Gray has joined the Department as Second Permanent Secretary with lead responsibility for Union and for elections. She retains a role in the Cabinet Office, but in terms of her role supporting the Secretary of State she has transferred to DLUHC. It remains a priority for the Secretary of State and for the Department to support the Prime Minister in his relations with First Ministers and in engaging with the Scottish Government, the Welsh Government, the Northern Ireland Executive and others. Levelling up all parts of the UK is a real priority for the Department.

Q18 **James Wild:** There are a number of funding pots around this agenda. Mr Bailey began with the towns fund, and the Secretary of State's letter to MPs talks about the shared prosperity fund, the levelling-up fund, the community ownership fund and others. How do all these mesh together? Are you looking at whether they could be collapsed into each other? Do you have the right number of schemes?

Jeremy Pocklington: We need to have the minimum number of schemes necessary to achieve our objective. That is the guiding principle. That is reflected in the direction of travel of our work.



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Thinking about this strategically, the two main funds we are moving towards are, first of all, the levelling-up fund, which is predominantly a capital expenditure fund. That is for infrastructure projects to support levelling up: regenerating town centres, upgrading transport links and investing in cultural and heritage assets. There is some RDEL as well, but it is predominantly a capital fund.

Secondly, the UK shared prosperity fund is the replacement of European structural funds, to create opportunities in places that need it most. Predominantly, there is more resource spending in that, funding, for example, skills programmes or employment programmes. We have said we will set out more details for how the UK shared prosperity fund will be allocated in due course.

The UK community renewal fund was a one-off transitional arrangement—£220 million of additional funding—to help to prepare for the introduction of the UK shared prosperity fund. We will be setting out more detail of allocations for that fund in the next few days. That was essentially to manage the transition, to help us and to help local stakeholders learn about how best to get the maximum impact for this sort of money.

Q19 James Wild: On the community renewal fund, my local authority, along with others, put in its bids at the end of June. It is desperate to know what projects have been approved. When it bid, it was on the basis that the money had to be spent by the end of March. Given the delay there has been in announcing successful bidders, are you looking at giving more flexibility there, again to ensure that money is spent wisely rather than just being spent by a deadline?

Jeremy Pocklington: We will set out more details in the next few days when we set out the outcome of those bids. There is a balance to be struck here. We want local authorities to lead delivery as quickly as they can, but we need to make sure there is value for money. We will set out more detail in the coming days.

Q20 Chair: You say you will set out more detail but, in terms of the principles of this, as accounting officer, you have this money that was supposed to be spent this financial year—by the end of March. As Mr Wild rightly highlights, if councils have not already procured and so on, the chance of doing all that within five months and delivering anything really meaningful with value for money is getting slimmer. Do you have any leeway as accounting officer to spread that funding over a different period of time?

Jeremy Pocklington: I would answer that by saying that I understand the pressures. We are thinking about how best to manage them, and we will set out more detail. I do not want to pre-empt announcements that will be made to Parliament in the coming days—

Chair: Well, this is Parliament too.

Jeremy Pocklington: —by my Secretary of State.



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Chair: Mr Speaker might agree with you on that nuance. Very cleverly played, Mr Pocklington.

Q21 **James Wild:** Coming back to how some of these differing responsibilities between Departments fit and your overarching responsibility, on transport, for example, you talked about the levelling-up fund and capital investment. The bus strategy is going to be a big moment, with the revenue funding that is there for making sure that more routes reopen, particularly in rural areas such as north-west Norfolk, to pick one at random. Does your Department feed into that or is the Department for Transport going off and making those decisions on its own? How does all of this fit together?

Jeremy Pocklington: First of all, I strongly believe in the importance of buses to the levelling-up agenda. The challenge you are referring to is that this is genuinely a cross-Government mission. In our new role, with our Secretary of State, we will be leading this work across Government and leading the co-ordination of this work. We will set out more details in the White Paper, but it is important that there is join-up between Departments. It is one of the challenges of this space. We have all seen this. At times, local areas are more joined up than central Government Departments. That is something we need to change.

Q22 **James Wild:** This is an issue we have touched on before in the context of rough sleeping, for example, which we will be coming on to later, in terms of local authorities constantly having to bid in to multiple processes rather than areas being identified for need and then funding flowing. Are you looking at the balance of how that works as we move forward in the levelling-up agenda so there is not all this time and effort invested into jumping through hoops when we know there are certain areas of the country that do need investment?

Jeremy Pocklington: I understand the point that you have raised. Local authorities often make the same point to me, it will not surprise you. Ultimately, there are decisions for the Government in terms of how money is allocated, whether that is through formula, by selection or through a bidding process. We are seeking—we have made some progress on this, actually—to start the process of reducing the number of separate funds that there are. There are important decisions to be made about the UK shared prosperity fund and how that is allocated. That will be the next set of decisions. The need to minimise the number of separate funds is something that we understand in the Department.

Q23 **James Wild:** When do you expect the second round of the levelling-up fund to open for bids?

Jeremy Pocklington: Spring is what we have said.

Chair: Spring means what—March or April?

Jeremy Pocklington: I do not have any further details, but spring 2022—I can clarify that.



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Q24 **Chair:** It might be the next financial year, okay. You talked earlier very markedly about how you are responsible for every penny that your Department spends. Can you tell us if there is any other funding that you are expecting to go into the levelling-up fund from other Departments? We have talked about buses and so on. How much extra money are we going to see?

Jeremy Pocklington: I am responsible for the money that my Department spends.

Chair: Yes, absolutely.

Jeremy Pocklington: I am not responsible for the money that other Departments spend. For the levelling-up fund, there will be some transport projects that will ultimately need to be overseen by the Department for Transport, and the Permanent Secretary, Bernadette, will be the accounting officer for those projects. That will be determined on where the majority of the expenditure is, as to whether it is a transport project or whether it is more of a regeneration project. That is the approach that we are taking there. It will be either my Department or the Department for Transport.

Chair: In terms of the accounting and where we find this in the accounts, where will it fall? It will fall depending on where the balance is within each Department.

Jeremy Pocklington: That is the intention.

Q25 **Chair:** But it will definitely be labelled as “levelling-up fund” in both sets of accounts.

Jeremy Pocklington: We understand the importance of being transparent about levelling-up fund money and will want to make sure we are transparent about it.

Chair: So the answer is yes.

Jeremy Pocklington: Yes to transparency. I do not want to commit to how, but yes to transparency.

Chair: I am sure the NAO has some views. “Yes to transparency”—we will take that as a good start.

Q26 **Sir Geoffrey Clifton-Brown:** Good afternoon, Mr Pocklington. How are we going to measure the effectiveness of this levelling-up fund in one area compared to another? Are we just simply going to say, “We have put in the investment—job done”? Is it going to be measured on a range of metrics—growth, unemployment, employment or homelessness—from one area to another? One scheme in one area might be proportionately more effective than the same scheme in another area. How are we measuring this quite significant amount of money?



Jeremy Pocklington: That is a very important question. In the levelling-up fund, as in our other funds, the question of, first of all, the monitoring of delivery and then the evaluation of benefits is going to be very important. As part of the application process for the levelling-up fund, we are going to require bids to submit their proposed evaluation framework so that can be agreed with the Department as the funding is agreed, in order to ensure that we are evaluating the outcome of individual projects appropriately.

What the right metrics are for individual projects will ultimately depend a little bit on the specific project we are funding. The challenge is that we are funding a broad range of projects: transport, regeneration, cultural regeneration and cultural assets as well. It is one thing to monitor the delivery of the projects. That is important, and it is something we will do to make sure that the interchange is built in the way that it was proposed that the interchange would be built. The precise metrics within an overall framework will depend on that project. That is the approach we have taken with the towns fund, and, in the spirit of continuous improvement, we want to improve it for the levelling-up fund.

Q27 **Sir Geoffrey Clifton-Brown:** That rather implies that you are taking a project-by-project approach. I would have thought that you would be taking an area-by-area or even region-by-region approach—north-east to south-west. How are you going to do that?

Jeremy Pocklington: We need to look at the fund as a whole to evaluate its benefits, which will also be another layer of evaluation. In terms of our approach for measuring performance in levelling up, again I would refer you back to the White Paper. That will be the document where we set out in more detail the framework. It is not just the levelling-up fund itself that we need to look at.

Again, referring back to something I mentioned earlier, this is one of the risks in this area. It is not the transport interchange that matters; it is how the transport interchange fits with the business investment and the skills strategy in the local area, as you know. That is the challenge. How do we understand the co-ordination between these different elements at a local level?

Q28 **Shaun Bailey:** I just wanted to touch on the point that Mr Wild was raising around support and particularly around capacity funding. I know that has been a big part of pulling together these schemes: to try to support local authorities in particular that may not have the expertise and skills that are there. I have touched on this before. My local authority failed to put in a bid for the first round of the levelling-up fund. Its pushback was, "We do not have the resources to do it."

To clarify, when you are pulling together these offers of capacity funding, could you talk me through how you go about formulating that and what the assessment is to come to those figures? As I say, the pushback from my local authority is that it is not enough. I am just keen to understand



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how you come to those metrics.

Jeremy Pocklington: It depends on the fund. That is the answer to that. For the towns fund, essentially we funded a panel of advisers, which towns could call on to get support in order to help to prepare bids. We had a range of technical advisers that towns could use.

For the levelling-up fund, my recollection—I do not have all the details in front of me, I am afraid—is that for priority areas we identified a flat rate of funding for those in the highest-priority category of support. I want to double-check that. It is a similar issue to the one that Mr Wild raised earlier, so I will double-check that and get back to you.

Shaun Bailey: Yes, you could perhaps write to us.

Chair: Somebody might tip you the wink before the end of Mr Bailey's questions.

Jeremy Pocklington: If I get a note before the end of the hearing, I will let you know.

Chair: I am sure someone very clever behind you has the answer to that.

Sir Geoffrey Clifton-Brown: Inspiration will come.

Chair: It is the benefit of being in a Department, having all those brains behind you, not that you do not have some yourself, to be fair, Mr Pocklington.

Q29 **Shaun Bailey:** Again, it is fine if it is the same situation, Mr Pocklington. You may need to double-check this. On the panel of advisers in respect of the towns fund, just so I understand how that worked, as a newly elected Member of Parliament it was an odd experience for me, because I came in and it was almost pretty much there. The next thing you know, we were plonked on a superboard and that was it. Was that panel of advisers a specific set of individuals?

Jeremy Pocklington: It was companies or individuals.

Q30 **Shaun Bailey:** The local authority could approach them to assist it in pulling together a bid, so there would be no upfront cost to the local authority for that. Was that funded entirely through the Department?

Jeremy Pocklington: That is my understanding, but I want to get you the full picture on capacity funding. I am very happy to write on that, if I do not get a note.

Chair: It would be helpful to have some indication before the end of the meeting, if that is possible. This is a burning issue on the ground.

Q31 **Shaun Bailey:** I wanted to turn to housing and homelessness. We know the Government have set this target of 300,000 new homes a year. As a starter for 10, how are you going to achieve it?



Jeremy Pocklington: You are right: the Government's aim is to deliver a million more homes this Parliament and to create a market that ultimately can deliver 300,000 homes a year. I would say it is important that we build the right homes in the right places, so it is not just about numbers; it is not just about building homes anywhere. Ultimately, an objective as challenging as this will require a number of different elements. First of all, there are the programmes being run by the Department—the affordable homes programme, our support for infrastructure through the national homebuilding fund and our support for developers as well through that. In addition, last week there was announced a new £1.8 billion for brownfield regeneration funding. There is a set of programmes from the Department.

Ultimately, this is delivered largely by the private sector. I think 80% of completions are delivered by private enterprise. We need to look at the structure of the market to ensure that the market is sufficiently diverse and competitive, and that we can bring forward the smaller builders and the innovators that are going to drive change in this area. Ultimately, that will then be supported by the planning system as well. There are multiple different elements of our housing programme.

Q32 Shaun Bailey: If I could just touch on the planning element, the planning for the future White Paper was originally launched in August 2020. Within that were some reforms that made quite interesting reading for colleagues across the piece. As part of that, there was a hope of creating a bit more of a flexible system and a focus on having residential development in areas that we perhaps would not see as traditionally being part of that.

From the Department's perspective, how much of that flexibility was factored into the 300,000 figure being achievable? In other words, as part of that, my understanding of the proposals is that one of the elements, for example, was about making it easier to convert commercial premises into residential premises. How much of that was factored in as part of your challenge to meet that core number? As a Department, did you envisage that that would play into it? What had you perhaps quantified would be the impact of those proposals on meeting those numbers?

Jeremy Pocklington: I presume that the specific flexibilities that you are referring to are change-of-use flexibilities and maybe permitted development rights as well. There is a series of those. They certainly were a factor. We know that permitted development rights have led to several tens of thousands of new units being delivered over recent years, so they were a factor. I do not have this in quite the way you might be hoping. For planning reform, it is not possible to always attribute a specific number to a specific reform. Unfortunately, it is too complicated. The system is too complicated to provide a very accurate—

Q33 Shaun Bailey: Have you done some form of analysis on this? Even if you could not give us a specific number, did you do some form of analysis on the impact that would have had? From my reading of the flexibilities proposed and the proposals in this, it seems to me like there is some sort of scope here to assist or at least alleviate the issues that you are having



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in meeting that target. Did you do any sort of work around the impact that could have had in meeting that target of 300,000 homes a year?

Jeremy Pocklington: Can I bring in Ms Waltho? She leads this work.

Tracey Waltho: It might help to just give you the scale of the impact of current permitted development rights. It is 6.5% of current completions. It is that kind of ballpark figure that you get from changing permitted development rights.

Q34 **Shaun Bailey:** Would the potential flexibilities within the White Paper have perhaps assisted? We are sitting at 6.5% at the moment. The point I am trying to make is that we are massively under-hitting that 300,000 target at the moment. Would the proposals in that White Paper perhaps have gone some way to making that 300,000 target achievable?

Tracey Waltho: Yes, the changes in permitted development rights that you are talking about were not a feature of the White Paper. They were a feature of various elements of legislation over the last year. They are in place and we expect them to have modest impacts on supply.

Q35 **Shaun Bailey:** Do you have any sort of quantifiable figure on that?

Tracey Waltho: I do not have it at my fingertips, no.

Q36 **Shaun Bailey:** That is fine, but there are some somewhere that we could perhaps see.

Tracey Waltho: There might be. I can certainly go and check.

Q37 **Shaun Bailey:** If there are, it would be very useful, Chair, to have a look at those.

Chair: We have had to-ings and fro-ings on this as a Committee before, bearing in mind that residential home beds, student accommodation and of course office conversions can be counted into this 300,000 target, which is not quite what most people think of 300,000 new homes as.

Tracey Waltho: We have done quite a lot to improve the quality coming forward in terms of legislating for space standards and making sure that natural light is built into the prior approval process as well.

Q38 **Chair:** Could you elaborate on that, Ms Waltho? When you talk about the quality, what do you mean? Does that mean a bad office conversion that is legal would not quite count in your housing target?

Tracey Waltho: No, we have legislated to ensure that, when conversions come through under permitted development rights, they meet the national redesignated space standards and have access to natural light.

Chair: You would think that is basic, really, would you not? Maybe I will leave it to Mr Bailey, who looks horrified, to pick that up.

Shaun Bailey: I am sorry, Chair. I am a bit flabbergasted.



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Chair: Yes, we are all a bit. It is one of those moments, is it not?

Q39 **Shaun Bailey:** Just going back to the point about planning reform, in response to this Committee's inquiry on starter homes, one of the points raised was that you were hopeful that streamlining and modernising the planning process was a way by which you could increase supply. I suppose the point I have been trying to drill down on again is this: what does that tangibly look like?

The question that I have been trying to draw out is about what changes we can make to ramp up the supply and hit that target. Last year, we did not hit 300,000; we hit 147,000. I am just keen to expand on the point that you raised in the Treasury minute, really. What does that look like? I do not know if you want to take that, Ms Waltho.

Tracey Waltho: In the latest data we hit 244,000 homes being delivered.

Chair: In what period?

Shaun Bailey: Is that in this calendar year?

Tracey Waltho: That is for 2019-20. That is the last published data. We are about to publish data for 2021, but there is a leading indicator from the EPC certificates that is suggesting around 220,000 this year.

Q40 **Shaun Bailey:** This is still lower than 2019-20.

Tracey Waltho: We needed to take a decision, in light of Covid pressures, to slip around 50,000 affordable homes that had been due to be delivered that year as well. As a picture, we are making progress. Covid has certainly had an impact on what is deliverable. Those schemes that the Permanent Secretary set out in terms of onward delivery, affordable housing programmes, the big infrastructure investments coming through the SR and so on, will also start to build up.

Q41 **Shaun Bailey:** Just talk me through it from a practical perspective. Certainly in my constituency, we have a big construction and civil engineering base. Certainly speaking to the businesses that I speak to, they press upon me the fact that, for them, it was very much business as usual, even in the pandemic. They closed their sites for a few weeks, but they carried on. Could you just talk me through, from your perspective, what the Covid impact has been and how that has impacted on those numbers? I would just be keen to understand that. Certainly, the good news story that my developers and civil engineers are telling me is that they have soldiered on. I am keen to understand that. Has it just been because of Covid? What would have been the impact without Covid being there?

Tracey Waltho: That is a very good question, and it is hard to answer absolutely definitively. We know that many sites were closed for the first quarter of the relevant year because of Covid impacts, but the industry did bounce back very significantly. As I have said, we will publish the data on net additions in the coming weeks, but we can see from the energy



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performance certificates that 220,000 certificates were issued, which is a good indicator of the likely level of supply for that year. For a pandemic year, having lost a quarter of output, we find that reasonably encouraging. It would be better to have been higher.

Q42 Chair: Can I just ask about energy performance certificates, residential homes and student accommodation? Are they issued for the block or for each individual accommodation? Are the energy performance certificates issued for residential homes, nursing homes and students? I am just not aware of how they are issued. Is it per unit or per block?

Richard Goodman: I think they are per unit, but we might check that for you during the hearing.

Q43 Chair: So a student room could count into that.

Richard Goodman: We should check that. It varies. Normally it is on a per-unit basis. If you have an up and down house, it will be on a different basis, but there may be some nuances to that.

Jeremy Pocklington: They are a good leading indicator. In the past few years, they have slightly overstated the net additions number, which is the thing we really track in monitoring against the 300,000. When net additions were 244,000, the energy performance certificate data was 254,000 for that year. It gives you a sense.

Chair: Yes, because it does not take into account demolitions.

Jeremy Pocklington: It gives you a sense.

Q44 Shaun Bailey: I ask you an obvious question? This might sound like a silly one. Are EPCs the only way you track the net additions? How else do you track them?

Tracey Waltho: No, we have a formal count of net additions.

Chair: They are an early indicator.

Jeremy Pocklington: There are official statistics.

Tracey Waltho: I cannot give you those figures yet. We are trying to be as helpful as possible.

Q45 Shaun Bailey: Picking up on the Chair's point there, do you find that, as an early indicator, the EPCs are an effective way to monitor that? I am conscious that we have had an exchange on what we are defining as a unit for the purposes of this. Do you find that an effective way to do this? How did you come to the decision for that to be used as the earlier indicator? I know it might sound like a basic question, but I am just very keen to understand this.

Tracey Waltho: It is used as an early indicator because it exists, really. As the Permanent Secretary has said, it tends to be just slightly higher than the net additions, but it will vary year to year.



Q46 **Shaun Bailey:** There is probably a question that is underpinning all of this. Are you confident that you are going to reach these targets? Year on year, we have undershot so far. Concerns have been raised across the piece that at the moment we do not seem to be getting there. How confident are you that you are going to reach this target by the end of the Parliament?

Tracey Waltho: In terms of the 1 million homes, we think the prospects are good. Clearly, a lot depends on the broader macroeconomic position, given that 80% of delivery comes from the private sector.

Q47 **Shaun Bailey:** Again, I am sorry if these are really obvious questions. How do you measure those prospects? What is the quantum that is used?

Tracey Waltho: We would have an understanding of the delivery that comes from Government programmes and a range of scenarios for private sector delivery as well.

Q48 **Sir Geoffrey Clifton-Brown:** Mr Pocklington, can I just ask you about the planning White Paper? The last time you appeared before this Committee, you said that we were likely to see a response to the White Paper in the autumn and legislation early in the New Year. Is that still the intention?

Jeremy Pocklington: The Secretary of State has set out to Parliament that he wants to consider carefully and review the planning reforms that we have underway and that he will set out his plans in due course.

Q49 **Sir Geoffrey Clifton-Brown:** What does “in due course” mean?

Jeremy Pocklington: It means he will set out his plans in due course. I am afraid I do not have a specific time to give you.

Q50 **Sir Geoffrey Clifton-Brown:** Will it be this year or next year?

Jeremy Pocklington: We are working incredibly hard to support our ministerial team so that they are ready to make decisions as quickly as they can, but I am afraid I do not have a timescale to give you today.

Q51 **Sir Geoffrey Clifton-Brown:** I see that I am not going to get an answer to that. You said that 80% of these houses are built by the private sector. Does the private sector have the capacity to step up in the sort of line that Ms Waltho was giving in answers to my colleague Mr Bailey?

Jeremy Pocklington: It is a good question. It is something that we look at closely. On the positive side, I would say that we had seen in the years preceding Covid a steady increase in capacity by the private sector. Those net addition numbers have been increasing each year for a number of years. The private sector was expanding its—

Q52 **Sir Geoffrey Clifton-Brown:** We are seeing significant skills shortages now.

Jeremy Pocklington: Indeed, and if I can come back in terms of where we are now and the impact of Covid we are seeing some of the supply chain challenges and pressures that other sectors are seeing in the



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housebuilding sector. They comprise, yes, at times skills. Materials is the thing we are hearing quite a lot about at the moment, whether that is timber or other materials. It is fair to say that there are some supply-chain challenges in the sector at the moment. We are working very closely to monitor the situation.

There will be inflationary pressures. The volume housebuilders are publicly reporting their numbers. There are inflationary pressures in build costs of 4% to 5%, which ultimately needs to be absorbed into land prices, given the nature of the housing market. That gives you some sort of indication of what is happening at the moment.

Q53 Sir Geoffrey Clifton-Brown: Is capacity going to be a limiting factor for the number of houses that you would like to build and, indeed, for which there is planning permission?

Jeremy Pocklington: In the short run, we are seeing challenges and constraints, but we need to work with the sector so that they are unwound and we can continue to make progress. As a Department, we need to be constantly looking at materials and skills, and whether there is sufficient work underway with the Construction Leadership Council and the Home Builders Federation. Are we bringing sufficient people into the industry?

If we are going to create a market that can deliver 300,000 homes, diversifying the industry and some of its techniques is going to be important as well, not just relying on the volume builders and their traditional approaches to housebuilding. We can get new capacity through modern methods of construction, innovators and more modular construction. At an extreme, that can be fully factory pre-fabricated housing. That can certainly play a role. That is a very different supply chain to the traditional volume builders, but there is a whole spectrum between traditional brick and mortar and fully fabricated. We are making the most of that and encouraging that through some of our funding. The national homebuilding fund and its predecessor, the housebuilding fund, are both ways of doing that. Through the work of Homes England, that is going to be important.

Q54 Sir Geoffrey Clifton-Brown: I hear a long list of aspirations in answer to my question. It is a simple question. Can we try again? Will capacity limit the number of houses that you would like to build and, indeed, that there is planning permission for? It is a very simple question—yes or no.

Jeremy Pocklington: What I am saying is that, ultimately, if we are going to continue to grow the sector, we need to encourage more diversification and more new entrants. Ultimately, given their business models, which are well understood and about very slow growth, the volume housebuilders alone are not going to deliver it.

Chair: How worried are you on a scale of one to 10? I suppose that is the question.



Jeremy Pocklington: We are going to need new entrants and we are going to need to diversify the market. I think I am being reasonably clear.

Q55 **Sir Geoffrey Clifton-Brown:** All of that takes time. Your ambition is to build a million new houses this Parliament. Are we going to get anywhere near that?

Jeremy Pocklington: We have a very good chance of meeting the ambition of a million new houses this Parliament. The more challenging element is creating a market that can move from 240,000, 250,000 or 260,000 to 300,000 homes a year. That is the challenging element. It is not going to be a simple matter of planning reform or each individual programme.

Sir Geoffrey Clifton-Brown: It will take time.

Jeremy Pocklington: It is going to be about genuinely shaking up the market and diversifying the market to bring in more new entrants and more new types of construction.

Sir Geoffrey Clifton-Brown: That will take time.

Jeremy Pocklington: It is not going to happen overnight, no.

Q56 **Sir Geoffrey Clifton-Brown:** We seem to have this obsession about numbers but not types of houses—back to your “right houses in the right places”. In my constituency, a very wealthy housing area, the developers will go for the biggest houses they can get away with—four, five or six-bedroom houses. They can build all of those without building any small houses, one or two-bedroom houses, which are needed for first-time buyers, for social housing and for elderly people to step down to. What more can be done to give local authorities the powers to compel developers to build certain sizes of house?

Jeremy Pocklington: We do not have all the answers to that, but there is quite a lot in the system at the moment that gives local authorities a lot of power and influence in setting local plans to determine the appropriate mix of housing for their local populations and their local areas. Ultimately, that mix has to be set at a local level rather than somehow by Department or by central Government, which, as a model, will not work. This has to be part of our plan-led system and integrated into that.

As a Department, we would recognise that we are not seeing enough appropriate housing for older people coming forward, recognising the demographic changes. We are looking very hard at the moment at what else we can do there. We are targeting our support and intervention. Very big fiscally, Help to Buy has deliberately been targeted at first-time buyers and, in effect, at smaller houses, partly to encourage developers to build the houses that we need for certain sections of the population. Ultimately, it has to be a plan-led system led locally. We have an important job of encouraging the very best behaviour.



Q57 Sir Geoffrey Clifton-Brown: I entirely agree. It has to be a plan-led system and it has to be done locally because each constituency, each area, is different. As a suggestion, what about strengthening the master plan system for each development so the developer has to stick by what is agreed in the planning permission?

Jeremy Pocklington: Master planning can play a big role for significant sites. I do not have all the details at my fingertips, but we have made it harder in recent years to stop the problem that you are alluding to, which is developers getting planning permission for one thing, saying the site is not viable and then changing their design. It is shocking and it actually reduces trust in the system.

We did make changes to ensure that, when risks materialise, if they are known risks, the developer cannot suddenly say that the site is not viable; it has to carry on with the design that it had. I support the principle and the worry that you are raising there. We have looked at it in the past and will continue to look at what else we can do.

Q58 Sarah Olney: I just wanted to amplify the point that Sir Geoffrey was making about having the right homes in the right areas. My constituency is also quite a wealthy housing area, but we have precisely the opposite problem. All of the new developments coming forward are for one and two-bed flats, and yet the need in my area is overwhelmingly for family homes. That is at all levels: both for those who are currently in overcrowded social housing and need to move, and for those in the private sector who are perfectly capable of affording a bigger home that would be more appropriate for their family, but simply nothing is available. Nothing is coming forward that would meet that need.

To pick up from what Sir Geoffrey was saying there, it is all about the numbers. Where I am, that basically means 25 storeys of two-bed flats, which is not what local people want or need.

Jeremy Pocklington: I am aware of the sorts of flats.

Q59 Sarah Olney: Beyond the targets, are you confident that prioritising volume is going to address the housing crisis?

Jeremy Pocklington: Focusing too much on volume is a real risk, and it is certainly a risk that my Secretary of State has identified. It cannot just be numbers for the sake of numbers; it needs to be, as I say, the right homes in the right places. I do ultimately come back to how this needs to be part of the local plan. It needs to be local authorities leading on determining the right type of homes for the local population and the local area.

I do not know about your area. Some local authorities are building houses themselves. They then have quite a lot of discretion about what it is that they are building and who they will support. I am aware of the concerns that have been raised in some constituencies about the mix of housing.



Q60 Sarah Olney: Could we come back to the quality point that Ms Waltho raised earlier? There was a collective intake of breath. “Oh, natural light is now required”. There is a broader point there about how some of these million homes, however they are being accounted for, are going to be produced in this next Parliament. I am concerned that we do not yet have basic standards on carbon emissions. This is the subject of great debate up in Glasgow as we speak, but we do know that emissions from households is a substantial proportion of overall emissions. We need to go much further and be much faster in addressing emissions from households.

We had your colleagues from BEIS on the green homes grant not many weeks ago. There is work to be done about retrofitting, but there seems to be a huge missed opportunity here. For new homes, we do not yet have those standards in place to ensure we are doing everything we can to reduce emissions from future homes. I feel like this is a question for you, Mr Goodman.

Jeremy Pocklington: Yes, I will bring in Mr Goodman, who leads on this area. It is an important issue.

Richard Goodman: The Government set out in a consultation for the future homes standard and the future buildings standard the fabric-first regulation to ensure that new homes will be net-zero ready from 2025.

Q61 Sarah Olney: Can I just ask about that? I have previously asked questions of Ministers about this, and I was told that they were aiming for a 75% reduction in emissions by 2025. Are you telling me that it is now targeting net zero?

Richard Goodman: What the regulations will do for 2025 is effectively make sure that any new home is net-zero ready. That is to say, depending on how green the grid is, you are ready to go without a boiler, because the home will meet the fabric standard in order to, for example, take a heat pump.

There will be an interim uplift to kick in before them, for which we expect to bring forward proposals over the next few months. That will effectively provide a stepping stone to that 2025 bridge. What has to happen is that the fabric standards of the building need to meet the greening of the grid, if I can put it that way. The relationship that was set out in the heat and buildings strategy by BEIS is effectively saying, “Here is the pathway to phasing out boilers and scaling up heat pumps”. The future buildings standard and the future homes standard effectively ready the new stock to be able to take that new heat source without requiring any further retrofit—it has the right ventilation standards, the windows have the right sealant and so on.

Q62 Sarah Olney: Is 2025 fast enough, given the scale of the challenge?

Richard Goodman: That is exactly the challenge that we are chewing over now in terms of the interim uplift. There are effectively two things happening at once. First, we need enough certainty for the industry to be



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able to plan and scale so that the units built genuinely correspond to that standard, meet the fabric requirement and can be built in time. At the same time, we recognise that every step we take towards net zero is urgent and needs to be taken at the fastest possible pace. That is really why there is an interim uplift and why we are working with ministerial colleagues at the moment to define exactly where those parameters sit.

Q63 Sarah Olney: How many of those million homes that are going to be built in this Parliament will be required to be retrofitted because we did not have the standards in place at an early enough stage?

Richard Goodman: The likelihood of that is comparatively low. I cannot give you a number straight off. EPC C is the benchmark for most heat pumps to work. It will be quite contingent on the home, though, for instance. If you are looking at larger blocks of flats, bluntly, the surface area to volume ratio there is different from what it is in a large home. If you have a very large building with a lot of unique features to it, it is much more likely to require some work in order to align it to its heat source, if I can put it that way. If you are looking at other types of consolidated development, the likelihood of that is much lower.

Q64 Sarah Olney: Will the future homes standard include electric vehicle charging points?

Richard Goodman: We are doing work on electric vehicle charging points for the building regulations at the moment. I am afraid that I cannot tell you exactly the parameters of what the regulations say on that point. I would have to write.

Sir Geoffrey Clifton-Brown: Could I stick with you, Mr Goodman?

Chair: Do take your mask off.

Sir Geoffrey Clifton-Brown: I am sorry. The Chair keeps reminding me about taking this mask off. I have them off all the time.

Chair: Usually I am saying "on".

Q65 Sir Geoffrey Clifton-Brown: I produced a private Member's Bill about two years ago to up the homes standard. In fact, I am delighted that the future homes standard Bill is likely to adopt a number of these things such as insulation, car charging points and broadband enabling. Why are we taking so long? An awful lot of houses are going to be built between now and 2025. Why do we not introduce the Bill and then gradually ratchet up the standards to where you want to be in 2024 or 2025? Otherwise, every house that is being built every day is going to need to be retrofitted in some way or another. We are wasting an opportunity, are we not?

Richard Goodman: I have two answers to that, if I may. The first is that the building regulations set a minimum standard; they do not set what to aim for. There are a number of industry schemes that are promoting green construction in all sorts of different ways. The second is that this strategy



is at the centre of Government strategy around the future homes standard, which is to get there as quickly as is possible, recognising that the industry needs time to adapt to that specification. That is why there will be an interim uplift, of which we will announce the detail in the coming months, to try to push that pathway as fast as we can, recognising that there are constraints in industry capacity. We should push the industry to develop the highest possible green standards as quickly as it can to make those homes net-zero ready.

Q66 Sir Geoffrey Clifton-Brown: I will ask the most honest question. Is EPC standard C the highest standard that we should be aiming for? After all, I suspect that most of those Scandinavian houses that are built are higher than EPC C and they hardly need any heating at all. Surely we ought not to be relying on heat pumps or anything else; we should be looking to put in the minimum amount of heating of whatever sort, whether it is environmentally friendly or not, just by building to higher standards.

Richard Goodman: The fabric-first principle, which was set out in the heat and buildings strategy, aims broadly to do that. There is an important balancing measure to bear in mind. The more that we can incentivise higher thermal performance, the better for everybody. Everybody wants higher thermal performance. We are going to need heat sources in our homes in order to keep them warm. Particularly on the retrofit question, there is a balance there as to how much investment needs to go into thermal performance versus the investment in heating units.

Heat sources for homes is the responsibility of BEIS—and I should be careful not to tread too far beyond the threshold of my knowledge—but in terms of fabric performance, broadly speaking, EPC C enables you to have a green source of energy, which is the absolute top priority. Any movement beyond that is a dividend. It is important to remember that every home is different and that different homes will have different types of standards.

That is a long way of saying that, for example, listed buildings with very particular features are going to require a different—

Q67 Sir Geoffrey Clifton-Brown: We are not likely to have many listed new houses. I am talking about new houses.

Richard Goodman: The priority standard for new homes is to make sure they are net-zero ready.

Chair: There is so much more that we could go into there, but not in the time we have.

Q68 Shaun Bailey: I want to touch a bit on homelessness and rough sleeping now. Just looking at the data to begin with, Mr Pocklington, we can all agree that Everyone In was a real success in terms of how it operated and, across the piece, has been held up as something to look at. Everyone In estimates to have helped get around 37,000 people who were rough sleeping off the street. However, the official snapshot that preceded that stated that there were only about 4,000 people rough sleeping. Where is



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the disparity here? Clearly, that difference is rather concerning.

Jeremy Pocklington: The snapshot that you are referring to for the year before last was 4,266.

Shaun Bailey: Yes, that is correct.

Jeremy Pocklington: You are asking how that relates to the 37,000. The snapshot is actually a collection of estimates or counts taken in all parts of the country on one night. It is not necessarily—

Chair: We know exactly what a snapshot is.

Jeremy Pocklington: It is not necessarily the same night in the autumn. It is happening at the moment; the process is underway.

Chair: We know that.

Jeremy Pocklington: However, given the characteristics of rough sleepers, it is not the same people sleeping rough every night. We know that people go in and out of rough sleeping.

Chair: We know that, yes.

Jeremy Pocklington: Then this is the answer to your question. That is a stock measure. Ultimately, the 37,000 becomes a flow. Secondly, given the nature of Covid, we quite deliberately asked local authorities to support people who were rough sleeping or at risk of rough sleeping as well. It was a very conscious decision that we took in the early stages of the pandemic.

Q69 **Shaun Bailey:** Particularly taking away the learnings from Everyone In, would it not be fair to say that there must be a better way that we can record those people who are rough sleeping or at risk of rough sleeping? The Everyone In programme showed the importance of cross-working. There are workstreams now where we can pull in data on people with vulnerabilities. Having spoken to my own local authority, literally going round of an evening and doing a headcount is probably not the most effective way in 2021 of recording people who are rough sleeping.

What work is the Department doing to enhance this data? As I say, a 33,000 gap is clearly concerning. What are you doing to try to enhance that?

Jeremy Pocklington: I have explained the difference. You are not comparing apples with apples, if I may, Mr Bailey. The 37,000 is not comparable to the 4,266.

Q70 **Chair:** Mr Bailey has been very clear. The point is that the difference shows that, as we all know and as you have highlighted, the headcount one night is not adequate. What are you going to do to make sure you no longer rely on that but you rely on the real figure, which has been made very apparent during Covid?



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Jeremy Pocklington: If I may, the one thing I do not agree with here is that somehow the 4,266 is not a real figure. The 4,266 is a very useful number.

Chair: It is a real figure for that night.

Jeremy Pocklington: It is a real figure and a useful number for that night, but you need to combine it with a wider set of data on homelessness, which the Department is working hard to improve.

Q71 **Shaun Bailey:** It sounds as if you and I are then in agreement, because the point I am trying to make is about how you are trying to widen that data. I agree with you: if I am hearing you right, that 4,000 is a specific set of data. As I say, the point I am trying to make is that it is clearly not as representative as it could be. How are you trying to get it as wide as possible?

Jeremy Pocklington: What we are looking at and where we have undertaken a lot of work in recent years is improving the quality of our data around homelessness and to have a dataset where we track individuals. It is called the H-CLIC dataset, which provides a much richer picture of what is actually happening in this part of the housing system, looking at homelessness as well as rough sleeping.

Ms Waltho leads on this. I do not know if there is anything more you want to say about that.

Tracey Waltho: It is a dataset that captures those who are owed a homelessness prevention duty. That would not be the full set of people who are experiencing rough sleeping, but it is case level. We will also be exploring across Government the extent to which it is possible to link up rough-sleeping data with other data sources so we can see whether people's experiences, how they are supported when they come out of prison and so on, make a difference to rough-sleeping outcomes.

There is a set of measurement issues and then a set of policy effectiveness issues. In terms of our policy response, it is really well understood that the rough sleeping population is very dynamic. That is what that gap is showing. That means there are some people who will not need that much support. In London, something like 78% of new rough sleepers to the street are captured for one night within their CHAIN data. You also have a very entrenched population of rough sleepers, on which we have made progress within Everyone In.

The key for us is to make sure that we are tailoring the policy response and that we are developing the approaches that really work for those who are sustained rough sleepers, working progressively upstream to prevention as well. That is where the H-CLIC data has a particular role to play, because it is so focused on prevention.

Q72 **Shaun Bailey:** Ms Waltho, are you confident, then, that you can obtain an accurate picture of the rough-sleeping landscape at present? As you said,



it is quite dynamic; it is quite fluid. Are you confident that you can have that picture so that, going forward, in terms of longer-term interventions, you can scope those appropriately?

Tracey Waltho: We also do a lot of bespoke data collection to inform evaluations and so on. We will probably come on to the Everyone In response. We are tracking individuals; we are looking at their outcomes in terms of the rough-sleeping accommodation programme. We collect data on destinations. We are building our evidence base all the time.

Q73 Shaun Bailey: That point around destinations leads on quite well in terms of Everyone In. As I say, broadly speaking it is held up as a real success. I believe the Department has stated that, from the 37,430, it has helped roughly 26,000 people and moved them into settled accommodation.

A report from Shelter actually found that the figure was closer to 8,600 for those people who were in settled accommodation for six months or more. Can I just clarify what that 26,000 is? Is that people who are in settled accommodation? Is there a specific timeframe? How has that figure been come to?

Tracey Waltho: It is reports that we receive from local authorities in terms of their destinations. It would include settled tenancies of six months or more and supported housing, which can sometimes be shorter-term, because the need for supported housing is very individualised. It could also include things like reconnecting with family and friends. I do not think those last two categories were captured by the Shelter data.

Q74 Shaun Bailey: That is where the disparity is likely to have come from, probably but not definitely.

Tracey Waltho: Yes, it is puzzling data from Shelter. It took our 37,000, which included the 26,000 in longer-term accommodation, and then applied a series of factors to it. We found it a little difficult to follow what it was up to.

Q75 Shaun Bailey: That is helpful context. Looking at the lessons from Everyone In, in the west midlands the combined authority led that approach. I am conscious that one of the Department's big focuses as part of its remit is around devolution and, particularly, the increased call for mayors. Did you find that the combined authority delivery model was the most effective in ensuring that Everyone In worked in the areas where it was required? From our experience in the West Midlands, we certainly found that it ramped up collaboration among authorities.

Tracey Waltho: I have not looked at specifically in those terms, but the overwhelming lesson from Everyone In is that collaboration, particularly to ensure that we are wrapping services around rough sleepers, building relationships and anticipating potential challenges is the thing that really starts to make a difference.

Q76 Shaun Bailey: Perhaps for you, Mr Pocklington, in terms of the push for more devolution and particularly the metro mayor model, does this perhaps



support the case that this is an effective delivery model for support mechanisms like this?

Jeremy Pocklington: In the case of tackling homelessness and rough sleeping there is certainly an important role for combined authorities. We have seen that during the pandemic, whether it is in the west midlands, in Manchester or in the GLA. We have seen the value of co-ordination at that scale with us and, perhaps more importantly, with other local delivery partners.

Q77 Shaun Bailey: That is really useful. More broadly, as part of the strategy to tackle rough sleeping, we had the £203 million of additional funding announced in May of this year. Mr Pocklington, can you just talk me through where we are in terms of utilising that £203 million and the broader aims around that? As I say, at the time it was very much lauded as a way in which to build on the legacy of Everyone In. I am keen to understand where we are.

Jeremy Pocklington: The number that I have is £202 million, but I am going to assume it is the same thing. I may be out by a million. That is the continuation of the rough sleeping initiative for this year. That is absolutely the heart of our rough sleeping strategy. It is providing support for accommodation and wraparound services to support the rough sleepers who are most in need. That model underpinned our approach to the pandemic, and I am delighted that we have continued to invest in it during the course of this year. We are coming up to the crucial winter months, and we allocated some additional funding within our overall budgets only last week to support that.

Q78 Shaun Bailey: Are you confident that you can really follow through on the legacy of Everyone In? Clearly, it came at an extraordinary time. Are you confident that, now we are going back to more BAU, that is going to be possible?

Jeremy Pocklington: Everyone In has provided us with a moment or an opportunity to make further progress on this agenda. That is for a number of reasons. First of all, there are the new ways of working that we have got. Ms Waltho referred to the collaboration and the partnership working. Those new working arrangements are continuing. Secondly, the investment that we have made and are continuing to make in creating new forms of move-on accommodation and new pathways out of rough sleeping is creating a permanent benefit.

Thirdly, we have made progress with the stock. I do not particularly like talking about individuals in these terms. We made progress with the stock of rough sleepers and those who are at risk of rough sleeping at the time, but there is still going to be a flow of new people. Many rough sleepers have very entrenched problems and so will go back to the streets.

We are well placed. We got significant investment in last week's spending review. Given those high-level allocations, we now need to work out the detail of how we are going to allocate them. This is a potential advantage



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of multiyear budgets as well, following the spending review, for the first time in a number of years. This is an area where multiyear budgets can help particularly. We are confident that we can make further progress towards the ambition we have, but it is not a world of guarantees and absolutes.

Q79 Shaun Bailey: One of the big planks of that will be around the rough sleeper accommodation programme. I am conscious that you have written to the Committee as well. How confident are you of hitting your targets around that? I know you set the target of 3,300 homes. Just talk us through that.

Jeremy Pocklington: That target was set on a best endeavours basis in an extraordinary period. In the timescale, our delivery partners delivered slightly under 2,100 units. That reflected challenges that were happening in the wider property sector in the first part of this year in particular. There was essentially a new lockdown due to Covid, constraints on access to sites and constraints on access to professional services.

We have said that we will have another update early next year, but we are confident that a significant majority of the 3,300 will be delivered of this phase of the programme, and then we will continue on with the overall programme of delivering 6,000 units this Parliament. Where a project perhaps does not quite get over the line this time, it will be able to re-enter a later wave of the programme.

Q80 Chair: In your letter, you highlighted £433 million as being allocated for those 6,000 move-on homes. These are long-term assets; they are not in the private rented sector, from what you are saying.

Jeremy Pocklington: Local authorities could let them. That is my understanding in terms of the model for the RSAT programme.

Chair: The model is that they will be with a housing association.

Jeremy Pocklington: There will need to be a partner that is running them, if you see what I mean, rather than just in the private rented sector.

Q81 Chair: These are long-term assets. What is your definition of that? Just to be clear, is a long-term asset a permanent home?

Jeremy Pocklington: The principle is that an individual will be able to be in a move-on home for about two years before they move on to, if you like, their ultimate destination.

Q82 Chair: What happens to that unit?

Jeremy Pocklington: The unit can then be recycled. There may be some circumstances—we are talking about individuals and complex cases—where a local authority or a housing association has to replace that unit with another unit, but we have said that upfront. If, ultimately, in a small number of cases—



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Chair: There will be no net diminution.

Jeremy Pocklington: There will be no net diminution. That is the key principle.

Q83 **Chair:** It then talks about accompanying support services. How much of that £433 million is capital and how much is resource?

Tracey Waltho: Approximately a third is resource.

Q84 **Chair:** Just to be clear, which financial year are we talking about?

Tracey Waltho: It is running over the life of the programme.

Jeremy Pocklington: It is until 2023-24.

Tracey Waltho: Yes, that is right.

Jeremy Pocklington: We have already pre-committed the resource spend until 2023-24.

Q85 **Chair:** After that period, you will have to go and fight with the Treasury again for that support funding.

Jeremy Pocklington: Yes.

Tracey Waltho: It may well be at that point that the wraparound support is bid for from local authorities through the rough sleeping initiative that is already in place, because we are seeking to consolidate funding where we can.

Q86 **Chair:** Consolidation is all right if the money is there.

Tracey Waltho: Agreed.

Jeremy Pocklington: The spending review has allocated us £639 million in 2024-25. That is an 85% increase on 2019. It is a very significant amount of money.

Chair: It is a great start, but it only works if it continues.

Q87 **Shaun Bailey:** Mr Pocklington, just to pull you back to a point that you raised, you probably know what I am going to ask. You said you would try to report back in terms of an update in the earlier part of next year. What is your timeframe?

Jeremy Pocklington: I do not have a time, but when I write I will set that out. It will be through the outcome delivery plan, I am told by Ms Waltho.

Q88 **Shaun Bailey:** Moving on, we had the lifting of the moratorium on evictions or the eviction ban. Do you have any data yet as to what the impact of that has been since that has been lifted? Has that placed any pressures back on the system? How did you factor that in as you have developed these programmes in the longer term? That must have been a consideration for you as you were building this up.



Jeremy Pocklington: I will bring in Ms Waltho on the data.

Tracey Waltho: We monitor data on possessions, reposessions and homelessness very carefully. We start with the extent to which people are up to date with their rent, so 93% of tenants in the private rented sector are up to date with their rent at the moment. Looking at the MoJ data on possession proceedings and evictions, possession claims are still significantly down, 74% on pre-Covid, and reposessions are down 80%. That is April to June data. It starts to pick up some of the impact of the return to bailiff-enforced evictions.

We then looked very carefully at the H-CLIC data that we were talking about in terms of homelessness. We can see that the number of households accessing the relief duty and the prevention duty is down in total again against pre-Covid levels, but temporary accommodation is starting to rise. There are some quite interesting features of the data, but I do not want to pre-empt your question so I will pause there.

Chair: We are armed with lots of questions on this issue.

Q89 **Shaun Bailey:** What I really want to understand is the stress test that you have factored in, so to speak. What is your modelling in terms of how far this could go before the impact of the schemes that you have put forward start to be reduced? Clearly, there is going to be an impact on the system if more and more people are coming into temporary accommodation. What stress tests have you done in terms of the schemes you have brought forward and the funding we have seen? Where does that start to lessen its impact as a result of increased stresses on the system?

Tracey Waltho: It is more that we look very carefully at the leading indicators in terms of rent arrears and the prevention duty. We look at the MoJ data. We have very regular data, fortnightly and monthly, with individual local authorities to understand their perception of pressures building. That is why Ministers decided to act in terms of the extra £65 million to go into the homelessness prevention grant to prevent rent arrears or to deal with rent arrears that have built up as a result of Covid.

Q90 **Shaun Bailey:** Broadly speaking, then, from what I am hearing from you, there is not a concern that perhaps this build-up that we have seen during Covid is going to add pressure to the schemes you have brought forward. I am just conscious that you announced some really positive things that will hopefully have a long-term impact, but, clearly, if there are built-in pressures there, it could have an impact perhaps on the longer-term benefits of these schemes. I am just curious to understand the assessment that you have done.

Tracey Waltho: I suppose you could infer from the fact that we wanted to put more money into the homelessness prevention grant in order to tackle these rent arrears that we were concerned about the build-up, having looked at some of the leading indicators. That felt like the appropriate sum to manage the risks.



Q91 Shaun Bailey: You talked there about how you are focused on cross-working now. The previous Secretary of State made a statement recently where he said that, to ensure we have the longer-term benefits of Everyone In and to ensure that we tackle this, ongoing cross-Government working is going to be key. In his statement, he highlighted a number of Departments that are going to need to be part of this conversation going forward.

Perhaps for you, Mr Pocklington, are you developing cross-workstreams with Departments in terms of looking at this more broadly, in the round? This is perhaps a controversial question, but are local authorities the best placed frontline delivery model for tackling homelessness? Do we perhaps need to be looking at different ways to offer up that delivery model?

Jeremy Pocklington: Can I answer each question in turn? On your first question about cross-Government working, that remains very important and we are continuing to strengthen our working with other Departments on this. At times it is my Department funding, for example, some health programmes but working closely with the Department of Health and Social Care. At times it is other Departments funding their own programmes themselves. To give you a very concrete example, the Ministry of Justice is funding a programme to put housing specialists in resettlement prisons. I spend time working with other Permanent Secretaries on this. I know Ms Waltho also leads a group at director-general level to bring in the senior officials across Whitehall in this area. We are only going to tackle it if we can work closely with partners in health, justice and the Home Office as well.

Are local authorities the right delivery partner? Yes, I think they are. Local authorities are better placed to understand what is actually happening on the ground and to tailor support for specific needs. That is something we have seen through the pandemic and before. To give you a very concrete example, in Reading there was a particular issue with women who were rough sleeping. A gender-specific approach was the intervention that the local authority led in that area. In Bristol, mental health was the concern there. It is tailoring to the needs of the local population, which outside of Westminster, Camden, Manchester or Birmingham is often very small. That is why local authorities are best placed to deal with it.

Q92 Shaun Bailey: I am sure you can appreciate the challenge that a lot of the time the homelessness teams in these local authorities, particularly in mine, will sit within a subsection of another team such as housing. The pressures being applied on those Departments are coming from about five or six different directions. You can appreciate the challenge that is coming forward. I have certainly had it from my local authority: "We are concerned that we are having this pressure put on us, but we are also being pulled in five or six different ways". I am just conscious of that. That was the basis of the question.

Tracey Waltho: I have two points that might be helpful. First, local authorities can make the most difference when they are building



multiagency partnerships and providing that kind of leadership. I would also note that, through the rough sleeping initiative funding, we are funding 2,700 staff within local authorities to work on these kinds of issues. There is provision there.

Q93 Shaun Bailey: Finally, I just wanted to touch very briefly on no recourse to public funds. Mr Pocklington, you and I had an exchange around this earlier this year. I am sorry to repeat myself, but are we any closer to any clearer guidance for local authorities?

I appreciate what you said last time you were in front of us about how this is driven by the Home Office, but local authorities are still very frustrated by the fact that they are normally left to deal with it within their own statutory powers and their own discretionary funding. Some local authorities, through their own experiences, have built up that knowledge and that work set to do that. Clearly, you must agree that there needs to be more clarity in terms of what local authorities can do for people with NRPF.

Jeremy Pocklington: I recognise this is a difficult issue, and NRPF hides multiple different categories. There is a key document to which I would refer you. Subsequent to the last hearing, the Department wrote to local authorities on 5 July setting out our guidance or our approach to this issue. I would be very happy to provide a copy of that letter to the Committee.

Chair: Give us the headlines.

Jeremy Pocklington: Ultimately, the steer is for local authorities to carry out a rapid assessment of need and to exhaust all options when considering appropriate interventions, as long as they are acting within the law.

Q94 Shaun Bailey: There is no uniform framework, is there? There is no uniform framework that a local authority could go to and say, "I will do that". My understanding is—again, forgive me if I am wrong—that they are effectively falling back on discretionary funding that they are able to use.

Jeremy Pocklington: Of course, ultimately, that is the law. Again, we have to be careful not to generalise. Clearly, there are some people who have a right to reside in the UK, some people who do not have a right to reside in the UK, and different rights to work in the UK. Ultimately, local authorities need to utilise their discretionary powers, as they have done and can do. I am not downplaying the challenges involved in that. Probably the simplest thing is to provide a copy of this letter.

Q95 Shaun Bailey: That is helpful, but that is effectively saying, "Use your own judgment". Local authorities are asking for clarity and a framework to which they can refer. If I am a director of adult social care or homelessness, or wherever I sit, I am effectively having to, along with the monitoring officer or the council solicitor, interpret quite complex legislation. Given the other pressures that are on local authorities, would it not just make sense to say, "This is the legislation. Broadly speaking, this is what you can and cannot do within it"?



I appreciate the points that you have raised previously, Mr Pocklington, around where this resides and the multi-departmental view, but, clearly, it is not hard to produce some form of consistent and clear document that says, "This is how you handle this".

Tracey Waltho: The letter will help, when we share that. We cannot step away from the fact that the responsibility is for individual assessment. That is the bit that local authorities need to take forward. We have shared that "exhausting all available options" means exploring partnership approaches with the voluntary and community sector; it means working with the Home Office to see what can be done in terms of—

Q96 **Chair:** I am sorry. This is not really good enough, though, is it? Your Department is the champion in Whitehall for local authorities, which are at the brunt of this. The discretionary payments depend. In my area, where housing is very expensive, any support for housing, even if you could qualify under the housing benefit cap, would be enormous. In Mr Bailey's constituency, there are different issues.

Shaun Bailey: There is a massive waiting list.

Chair: There are volumes in both areas. Different constituencies and different councils will have different issues. Discretionary funding is a limited pot of money, and there are huge demands on it in most areas. Yet you are the Department that is supposed to be championing this with the Home Office. Mr Pocklington, as Permanent Secretary, have you spoken to your opposite number in the Home Office to see whether there is any way of finding a better solution than just saying, "Well, councils, you go off and work out for this individual whether you have any leeway and use some of the money that you have to spend as discretionary funding on them"?

Jeremy Pocklington: I have had discussions with the Permanent Secretary at the Home Office, as you would expect, on this and a range of issues.

Q97 **Chair:** Has there been any progress?

Jeremy Pocklington: We worked closely with the Home Office in producing the guidance that we set out to local authorities. We are working within the law, ultimately.

Q98 **Chair:** The Coronavirus Act, which has been renewed again for the most part, has given huge discretion, but on this issue we seem to be hitting a brick wall every time. As Mr Bailey just hinted at there, different bits of the council will have to go through an evaluation about whether someone would qualify for social care, social services, housing support and so on. The council's judgment is between somebody and destitution in many cases. Yet they are the ones that are having to foot the bill.

Jeremy Pocklington: It is a complex area. Your question alludes to issues well beyond my Department's remit.

Q99 **Chair:** That is the point of my question, is it not?



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Jeremy Pocklington: Ultimately, that level of question is better directed to the Home Office. Our job is to work with councils to provide the clarity that we can within a complex legal framework as to what the options are to support the individuals in that category.

Q100 **Chair:** Have you done an analysis of what it is costing councils in discretionary funding to support these individuals?

Jeremy Pocklington: We would not have that level of granular detail.

Q101 **Chair:** You are having these monthly returns from treasurers. Has it come up from treasurers in councils about what they are having to do to support this cohort?

Jeremy Pocklington: The monthly returns included data on support on homelessness. We do not have the granular level of data that you are looking for.

Q102 **Chair:** Is it something that you are curious to know?

Jeremy Pocklington: We review at all times what data it is that we want to collect from councils, but we are imposing a burden on councils as well by seeking to collect data. Ultimately, there is a balance that we need to strike.

Q103 **Chair:** Councils do collect some data on no recourse to public funds, because they have to put that into certain other Government returns on their funding. It feels a bit like the three wise monkeys: not hearing it, not seeing it and not talking about it. You are saying it is the Home Office's responsibility; the Home Office will say it is councils' responsibility. In the end, councils, local communities and individuals are caught in the middle of this. In legislative terms, what would you want to see done to sort this out? It is just a muddle at the moment.

Jeremy Pocklington: I do not have proposals to offer the Committee. We are making sure that the law is followed, and that is a priority for this Government. I recognise that is contentious, but that is a priority. We are supporting local authorities to carry out their obligations under the law as best we can.

Q104 **Chair:** I hear what you are saying, but it is a sign that Whitehall does not always work in a joined-up way. Can I touch on the issues around temporary housing? In the letter you wrote to us last week, pre-empting this hearing, you talk about the 6.1% decrease in the number of families in temporary accommodation. That was as of 31 March 2021. I understand that Ms Waltho may have the up-to-date figures. More figures came out in June of this year. Those were not the latest figures, were they?

Tracey Waltho: That is right.

Chair: It has gone up since then. There were 60,000 families in accommodation, which is roughly the figure that you give, but the total is 70,000 to 90,000. Some of that will include people from Everyone In.



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Jeremy Pocklington: I do not have the data on the total number to hand.

Tracey Waltho: We are jumping between different things. The total number of households in temporary accommodation currently stands at 96,600.

Q105 **Chair:** That is quite a big difference from 59,000.

Tracey Waltho: The number of families is 60,490.

Q106 **Chair:** It is 60,000 families. Just say it simply and clearly, Ms Waltho, so we are talking about the right figures. These are the June figures.

Tracey Waltho: These are the April to June figures. The total number of households is 96,600, of which families were 60,490 and single households were 36,110.

Q107 **Chair:** That single figure will include a lot of the people from Everyone In.

Tracey Waltho: It will, yes.

Q108 **Chair:** That is a lot of people in temporary accommodation. You then have all this money that is being put into the Department to deal with various housing issues and the £65 million to local authorities through the homelessness prevention grant. Have you thought at all about trying to put money into bricks and mortar housing, one way or another? Rather than preventing people from getting homeless, have you thought about giving them homes in the first place?

In my constituency, I have an awful lot of people who are in temporary accommodation on top of the number of double families living in a single home. They are hidden homeless and are not always in your statistics. These little pots of money might prevent the occasional eviction, but it does not really solve their problem long term.

Tracey Waltho: It is a balance of both. We are investing very significantly in prevention, because avoiding people reaching temporary accommodation is effective, if we can do so. You are absolutely right: the numbers in temporary accommodation are high. It is for local authorities to find suitable onward accommodation. We are providing some help with that through the investments in Everyone In and the rough sleeping initiative for some of the cohorts, and we are also supporting this through record levels of investment in the affordable housing programme.

Q109 **Chair:** Just to be clear, affordable housing in my constituency at 80% of private rent is not affordable for the people who are living in temporary accommodation or in overcrowded households. If you are working full time in retail, you cannot afford 80% of private rents locally. What is the solution for those families who are in temporary accommodation or overcrowded households?

Tracey Waltho: The local authority would need to work with them closely to find appropriate ongoing accommodation. I do recognise the constraints that you are—



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Q110 **Chair:** Does levelling up include levelling up in cities like London, or in places like Richmond, Hackney or the Cotswolds, where house prices are expensive? Mr Pocklington, you mentioned that you are having early conversations with Ministers. You talked about those four pillars and raising living standards. It would be good if people had a roof over their head.

Jeremy Pocklington: There are areas of deprivation within all our major cities. We absolutely need to continue to do everything that we can to support local authorities in London.

Q111 **Chair:** In the conversations you are having with the Secretary of State on the four pillars—we understand that some of that will be privileged at this point—one of the pillars is raising living standards. Does that include housing and giving people a roof over their heads permanently?

Jeremy Pocklington: I do not want to go too far into those conversations.

Chair: No, I appreciate that.

Jeremy Pocklington: Of course housing is going to be an element of levelling up. We are very aware of the issues that you are alluding to in your constituency in London. The Government increased the proportion of homes that are going to be social rent homes in this affordable homes programme compared to the previous programme. They did respond on this issue; they doubled the number. Ultimately, Government have to make tough fiscal decisions about how much they can afford. It is an £11.5 billion programme that we now have well underway to increase the amount of social housing in this country.

Q112 **Chair:** I am just thinking that I could be tempted to compare £11.5 billion with many of the projects that we have looked at that have not done so well recently, one of which will have some publicity next week. I will not go down that route, but it does take a long while to turn it round and deliver a home that is affordable for people. People are waiting. I have seen children grow from babies into teenagers and then not leave home, because they are stuck in their childhood bedroom, unable to move, as there is no housing available for them.

There is a reality about levelling up, but I will get off my hobby horse for a moment because I want to get on to one of my other big issues, which is cladding. When will all ACM cladding buildings be fully remediated? Is that Mr Goodman?

Richard Goodman: Yes, I am happy to start on that. It is worth saying that there are 30 buildings that have not started so far within the ACM fund. Five of those are vacant and 17 of those are new into the programme. There is a hard core, effectively, of eight—

Q113 **Chair:** What are the reasons that they are not in the programme, particularly the eight, the hard core?

Richard Goodman: It is worth saying that three of those have a start date for the end of this year; two have a start date for quarter 1 of 2022; and



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three do not have a start date. That often boils down to clarity of ownership. For example, we have companies that are dissolving and transferring ownership that moves through.

That is an unacceptable situation for a number of reasons, not least for the people who live in these buildings, who are the focus of all of our work and who have to live with both the uncertainty and the fear about the safety of their building. There has been consistent enforcement action across that cohort of buildings. Across the cohort as a whole, there has been enforcement action on 64 buildings with ACM cladding. We have taken steps to name those owners who we think are not fulfilling their duties effectively, which we continue to publish.

Q114 **Chair:** Does you think that seriously makes any difference to companies that are just finance vehicles owning people's homes?

Richard Goodman: It makes a difference to some of them. The honest answer is that it depends on the nature of the individual owner. Speaking frankly, some of the owners have displayed reprehensible behaviour in terms of taking their responsibilities seriously. There is no universe in my mind in which it is acceptable for, out of a cohort of almost 500 buildings, over 10% to require some form of enforcement action before anyone does any work. That cannot be right.

The status quo also shows the importance of the teeth that we will be giving to the Building Safety Regulator. That is pending the Bill making its way through Parliament; I recognise that fact. It shows the nature of the enforcement gap that has arisen, which is being filled helpfully by fire and rescue services and local authorities using the powers they have. It shows the gap that the Bill needs to fill in terms of pushing those buildings into compliance.

Q115 **Chair:** It is worth remembering that it is four years and a bit since the Grenfell fire. In February, you announced the loan scheme for buildings under 18 metres. What is the update on that?

Richard Goodman: It is worth me saying upfront that Ministers have been clear that they want to look afresh at the support they are giving to leaseholders in 11 to 18 metres. We are supporting them to do that.

Q116 **Chair:** To intervene on that, they are looking afresh. The previous Secretary of State has come out saying that the reason it did not happen—this is not a big surprise to most of us—is that the Treasury was not keen to put more money into the fund. When Ministers are looking at it afresh, are they also having discussions with the Treasury?

Richard Goodman: The prior issue will need to be, "What sort of support do Ministers want to give those in 11 to 18 metres based around the work that actually needs doing in those buildings?" Some of the work that we started on the finance scheme during the spring, about which we wrote to the Committee, was about trying to get underneath the data on the scale of the issue in 11 to 18 metres. Of course, there is no central register of



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building stock at the moment that tells us this. We are contingent on freeholders looking at those risks.

What that revealed to us in often quite stark detail is far too many leaseholders getting bills for work that does not need doing at all. That led the previous Secretary of State to engage the panel of independent experts who reported in July, who were very clear about there being no systemic risk in 11 to 18 metres.

Q117 **Chair:** That did not help people on the ground, did it? The mortgage companies were still not going to take that as an answer. A number of the main mortgage lenders did not engage, because that was not enough to indemnify them, effectively. It was a bit of a smoke and mirrors announcement. I am not saying it was smoke and mirrors from you. It sounded like it was very promising but, when you looked into the detail, it did not actually—

Richard Goodman: That is not quite a fair analysis.

Chair: Why not?

Richard Goodman: It is the case that EWS1 forms are still being asked for by some of the lenders. The Government are very clear that we do not think that is a proportionate response to the issues in 11 to 18-metre buildings.

Q118 **Chair:** The Government said that, not the regulator or the professional bodies. Is that not the key point?

Richard Goodman: That statement was endorsed by the Institute of Fire Engineers.

Q119 **Chair:** It was endorsed by them, but is it their policy? I just want to be careful. I want to be clear about the wording. Did they actually say, "You do not need an EWS1 form"? That is not my understanding on the ground.

Richard Goodman: First off, an EWS1 form is a market valuation tool. It is not a regulatory tool.

Q120 **Chair:** Many lenders are still requiring it. That is the point.

Richard Goodman: I agree with that, but it is an important distinction that it is not a regulatory tool. Fire and rescue services are the regulators for those buildings, and they are certainly not enforcing on the scale that we hear about EWS1 forms being used. The lenders themselves have been clear that this creates a pathway towards moving away from EWS1 forms. Individual valuation guidance is undertaken by RICS. It has committed to re-evaluate its guidance.

Again, I recognise that has not happened yet, but it is meaningful for the people who live in those buildings first as a matter of substance, because many of those people have been afraid and feel they are living in buildings that are subject to a systemic risk, which is just not right or true.



Secondly, while I appreciate that the environment around this is at best imperfect, it has allowed the leaseholders in those buildings to ask very pertinent questions of freeholders, which they should be doing already and which the Bill will enable them to do. "Is this work genuinely essential for critical life safety reasons? Has the freeholder undertaken a second opinion about it? Can they justify why that work needs to be done?" Then they can exercise their rights under section 20, if need be, to challenge the nature of the consultation that has been done. It is of genuine practical benefit to leaseholders now. I accept that it is not the financial package of 11 to 18 metre support, which Ministers want to look at afresh.

Q121 Chair: That is quite candid, Mr Goodman. It is not yet the solution that it was presented to us as in July. Remember that this was presented to us on the Floor of the House during the Bill's reading, so we did not have much time to get under the skin of it at that time. There are still a lot of questions to be answered there. You are saying that Ministers are looking at it. When will we have proper clarity on the EWS1 form? When will all of the RICS reviews and so on have happened, first of all?

Richard Goodman: I cannot tell you Ministers' views before they have reached them in terms of timing. The RICS review is basically concluding now. I do not know what the RICS review of guidance is yet to culminate in. We remain engaged with it on that basis. There will be, in terms of overall proportionality in the system, further guidance forthcoming from the British Standards Institution in December, which will effectively provide much better and more specific guidance around cladding. Ministers will need to take a view in light of those guidance changes, which is slightly contingent on where RICS lands, about the consolidated advice note.

Q122 Chair: Just to be clear, we are waiting for RICS; we are waiting for the British Standards Institution. Then it is up to the lenders whether they decide, on the basis of those decisions, they still want to see an EWS1 form. It is really still in the hands of the lenders, is it not?

Richard Goodman: EWS1 forms are a lending tool, but the lenders were very clear in their statements in July that they—

Chair: It was interesting. Not all major lenders were on that list in July.

Richard Goodman: It was a position endorsed by UK Finance and the trade bodies as well. Individual lenders make their own lending decisions; they have their own fiduciary duties.

Chair: Yes, which is quite significant for people who have loans with those lenders.

Richard Goodman: What the Government can do and have done is, first, to ensure there is an evidence base behind the valuation criteria that banks are applying and developing and, secondly, to ensure there is sufficient guidance to be able to enable the ordinary course of fire-risk assessment, if I can put it that way, to fulfil this purpose. The Fire Safety Act has brought external wall systems unambiguously within the scope of the regime, which



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is part of the anxiety that drove lenders to conceive of the EWS1 form process in the first place. There is work to do to conclude that pathway, but the Government have set out the paving, if you like, to enable that to happen and to progress.

Q123 **Chair:** Just to be clear, in terms of the levy on developers that was re-announced in the Budget, in the Red Book last week, what progress is there on that?

Richard Goodman: You are right. In the Budget last week the Chancellor announced the residential development tax.

Q124 **Chair:** We want more detail, but it had been pre-announced, had it not? This is not a new thing on top of what was pre-announced.

Richard Goodman: No, the Government committed to £2 billion over 10 years as a contribution from the industry. On our own levy, our consultation on that closed on 15 October, from memory. We are reviewing the responses to that consultation now.

Q125 **Chair:** What does that mean? Will we actually see a levy on developers? It is promised that it will happen, but you have just done a consultation on it.

Richard Goodman: We have done a consultation on the method of collection and the volumes. The Government are committed to that contribution from the industry. It will be contingent on the building safety Bill passing, because it is tied to gateway two, which is effectively the build point for developers.

Q126 **Chair:** It is still a little way before we will actually see any of that. Again, I am just reminding everyone that it is four and a bit years since Grenfell. Leaseholders in shared ownership flats pay rent on part of the property and own part of the property, but have to pay for the whole bill. I appreciate that you cannot tell me what Ministers might be deciding, but is there any thinking, as it is being reviewed, about support for shared owners in particular?

Richard Goodman: Yes. The first thing to say is that the expectation we have of building owners generally applies for building owners who are in shared ownership in terms of meeting that cost, including on social landlords. Shared owners do benefit from existing cladding funding protections to the extent that they exist in the Building Safety Fund.

You are right that for non-cladding defects the charging model there is subject to the terms of the individual lease. That will vary. We have changed the model prospectively, although I appreciate that this does not help those in a retrospective position. Those shared owners will be insulated from repairs and defect works for the first 10 years of their shared ownership in future. That is the new model.

Q127 **Chair:** At the moment, there is no new news or no good news for shared owners. There is nothing retrospective.



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Richard Goodman: There is no bespoke shared ownership intervention that is beyond that for other leaseholders in the 18 metre-plus context.

Q128 **Chair:** For people even in an expensive area like mine or Ms Olney's, where they might end up benefiting from a quarter of that property, the bill for the whole value of the property is life-changing or life-breaking for lots of people, particularly that cohort where many of them are shared owners because they are in jobs where they cannot be a full owner. Is this in the mix?

Richard Goodman: Support for leaseholders overall is absolutely in the mix.

Q129 **Chair:** Are shared owners being looked at particularly by Ministers?

Richard Goodman: Yes, among all the different ownership types and different heights.

Chair: So it might be a different model. It could be considered. I am perhaps pushing you too far, because Ministers are looking at it. We may need to lobby Ministers.

Q130 **Sarah Olney:** I was interested in what you were saying there at the beginning of this section about how unbelievable you found some of the actions of the freeholders. Some of that frustration will certainly be shared by MPs who have had casework from leaseholders on not just this cladding issue but all sorts of different issues arising from leasehold. Dame Meg has just raised a number of them.

I know that part of the solution to the cladding crisis is going to be appealing to developers to pay their share. We have talked about the levy, but there has been talk about going back to developers and trying to reclaim some of the costs of remediating ACM cladding. There are two different aspects to that particular issue. The first is that we have seen this phenomenon time and time again of shell companies that are instantly dissolved once the development has been completed. Once that corporate body has disappeared, there is no one to reclaim that liability from. What is the Department looking at in relation to that particular issue?

Richard Goodman: As you will have gathered, I absolutely share your frustration about some of that behaviour. I am going to take you back to my earlier answer to you, Chair, in terms of giving the regulator the teeth to do this sort of enforcement. The Bill includes criminal penalties, which means a shell company cannot be hidden behind for some of the work that comes through. There will be personal purchase, if I can put it that way, to consequences for some individuals who do not discharge their duties properly. That is included in the ongoing regulation of those buildings.

In terms of redress and liability, there are two things to say. First, we know this can work for developers in particular. Almost half of the buildings that we know had ACM cladding on have been remediated by developers. I have been very heartened to see developers put money into the remediation of



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blocks. It is not enough money. I can look into the Building Safety Fund and identify the development chain. I do not know who caused what defects where, but it is plain that developers can go further. That is not a new position from the Government.

In the general funding agreement that we have in the Building Safety Fund, we have put an obligation on owners to make reasonable endeavours to recover money from those who caused the problem. It has been apparent in that, as has become clear through the Grenfell inquiry as well, that often the audit trail around what has happened in a building is poor. There is not a huge amount that we can do about that retrospectively, but it is a feature of the Bill to ensure what Dame Judith Hackitt describes as the “golden thread” exists. Along with extending the Defective Premises Act, this will help those affected by defects to pursue liability.

The overall question of redress of those buildings in the fund is very challenging, because, in the absence of that historiography of what has happened in the building, it is very hard to pursue people. I recognise the issue that you describe.

Q131 Sarah Olney: The flipside of that issue is for those developers—obviously they exist—that have behaved responsibly and completed the buildings to the standards that were expected at the time. Now the standards have changed, to what extent is it fair to hold them responsible for revised safety standards in the wake of new information, for example on ACM cladding?

Richard Goodman: I do not quite share the view of the regulatory standard at the time. As phase 1 of the Grenfell inquiry made clear, it was never compliant in the building regulations to cover a building with Grenfell-style cladding. The premise I have heard rehearsed from some people in the industry about how this was all very compliant at the time is not one that the inquiry endorses and it is not one that I would share either. The Government have put that beyond doubt with the ban on combustible materials above 18 metres. Bearing in mind the accelerant nature of that material, no reasonable professional would have done that.

Notwithstanding that, we can accept, as we accepted with Dame Judith’s report, that the regulatory system has not performed in the way the public can legitimately expect it to. That is at the centre of the reforms that we are pursuing through the Bill in order to reinforce that position overall. We have seen some leadership develop in the industry. There has been an expansion of the Considerate Constructors Scheme to the safe constructors scheme. I am very pleased to see that energy happen. The industry still has some way to go in order to demonstrate a consistent and reliable safety and quality culture in newbuild infrastructure.

The work with the regulator will help do that. The regulator is fundamentally a backstop. The work that, for example, Dame Judith does through her industry safety steering group is designed to help the industry itself take leadership over its overall safety and quality responsibilities.



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That should be the first port of call, not bits of building control or a backstop regulator.

Sarah Olney: It is encouraging to hear you say that. My concern is that there will be retrospective claims against developers, but they will fail because the developers will say they do not have the liability. It is really encouraging to hear from the Department that that is not necessarily going to be the case.

Q132 **Chair:** Just before we finish, I wanted to touch on the very knotty and important issue of local government audit, Mr Pocklington. In September, we were expecting to see more of the accounts returned, but we understand only about 9% have been submitted. This is very worrying, is it not? What are you doing about it?

Jeremy Pocklington: It is deeply concerning. You are correct: by the end of September, only 9% of local authorities had completed their audit. That is due to capacity issues in the sector, which we discussed at length in a previous hearing, but also particular challenges associated with Covid.

There are three elements to the response. First, this reinforces the need for continued momentum on all the reforms that we talked about at the previous hearing, bringing in new system leadership, which we discussed at considerable length. Secondly, more specifically, we have established, as we said we would, the liaison committee, which currently the Department is chairing. In due course, we want the system leader to chair that, bringing together all the actors in the sector: the NAO, CIPFA and PSAA. We are looking urgently at what additional action needs to be taken to bring this closer to a more appropriate timescale. I would rather complete that work and then write to the Committee about where we get to, but we are urgently working through what our options are now.

Thirdly, we are working very closely with and providing additional support to PSAA on the next audit procurement. That is absolutely essential, again, as we discussed at length at the previous hearing.

Q133 **Chair:** Will fees alone solve the problem, if we do not have enough auditors to do this work and private firms are choosing to do private work instead of public work?

Jeremy Pocklington: We need to bring more capacity into the sector through the next audit framework.

Chair: That is easy to say.

Jeremy Pocklington: It is not straightforward to do, but we are working closely with PSAA.

Q134 **Chair:** Are there enough auditors out there, both auditors generally but also auditors who want to work in the public sector?



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Jeremy Pocklington: There clearly are not enough at the moment. That is one explanation for the low numbers. We ultimately need to grow the market.

Q135 **Chair:** It will take a while to grow the market. We have councils and councillors making decisions on their budgets. In about February, most of them will decide their budget, the vast majority of them without audited accounts as of now.

Jeremy Pocklington: We have provided additional funding this year to local authorities, and we will also want to look, as part of the local government finance settlement process, at what additional funding is required next year.

Chair: Funding alone is not going to solve it for them either.

Jeremy Pocklington: Unfortunately, this is not an area with a simple magic bullet to bring capacity back into the sector. Funding is not going to solve it, but it is important. Getting the procurement right is important, but in itself it is not the answer. We are looking with the liaison committee at what our other options are and what the requirements are as part of the audit process. We have not reached any decisions there, because quality of audit is important. Ultimately, the timeliness of an audit is part of quality. There are some difficult things that we are looking at there. No single element here is going to provide the answer; we need to look at all the individual elements.

Q136 **Chair:** When do you envisage, in all honesty, this getting resolved? It is not going to be resolved in time for next year's Budget, is it?

Jeremy Pocklington: It is going to take a number of years to resolve this. That is what we said, and that remains our view.

Q137 **Chair:** Are you giving any guidance on financial management to councils that will not have had their audits completed?

Jeremy Pocklington: We are continuing to work with councils on the importance of financial management as part of our agenda to improve skills in the sector.

Q138 **Chair:** You have some authority over this system. The system has let councils down. It is not all down to councils, and yet they are going to have to make financial decisions on the basis of unaudited accounts.

Jeremy Pocklington: Indeed, and we need to get as many audits as possible done, first of all, but we need to be realistic about that. Given the progress to date, they will not all have been completed by that timescale. It is essential that councils bring to bear their highest quality financial information in order to make those decisions as part of the usual budgeting round. It is an issue of concern to me and the Department.

Q139 **Chair:** Are you monitoring any councils? Are you using this as a mechanism to monitor councils that might fail as a result? We have some major



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financial failures in councils.

Jeremy Pocklington: It is an area that we have talked about at length with the Committee. We continue to monitor it closely.

Q140 **Chair:** Is this an indicator?

Jeremy Pocklington: It can be a risk factor. It is not the only risk factor; it is not the most important risk factor. We will come on to this, I suspect, at the next hearing. Slough has revealed the importance of looking at minimum revenue provision—the MRP approach. There are a range of factors that we are looking at, but we will come on to that, I am sure.

Q141 **Chair:** Just finally on the Audit, Reporting and Governance Authority, you are consulting on that. Do you have anything that you can tell us about that?

Jeremy Pocklington: That is right. We are undertaking a technical consultation on that. Our intention is to respond by the end of this calendar year.

Chair: We will look forward to seeing that. We would like to go into that more, but we know we have got you in front of us again. Can I thank you for your time? It has run on a bit longer than we expected. The transcript of this will be up on the website in the next couple of days uncorrected, and we expect to publish the Report before Christmas.