



Housing, Communities and Local Government Committee

Oral evidence: Work of the Department 2021, HC 818

Monday 8 November 2021

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Members present: Mr Clive Betts (Chair); Bob Blackman; Ian Byrne; Brendan Clarke-Smith; Florence Eshalomi; Ben Everitt; Rachel Hopkins; Andrew Lewer; Mary Robinson; Matt Vickers; Mohammad Yasin.

Questions 1 - 93

Witness

I: Rt Hon Michael Gove MP, Secretary of State, Department for Levelling Up, Housing and Communities.

Examination of witness

Witness: Michael Gove.

Q1 Chair: It is my pleasure to welcome, for his first appearance before the Committee—I had better get this title right—the Secretary of State for Levelling Up, Housing and Communities and the Minister for Intergovernmental Relations. That has taken the first five minutes of our time.

You are certainly welcome, Secretary of State—thank you very much for coming. I suppose the big question that everybody wants the answer to is “What does levelling up actually mean?” Have you managed to work it out now in your time at the Department?

Michael Gove: Yes, absolutely. In a sentence, it is making opportunity more equal across the country. It is based on an analysis, which I think is relatively widely shared, that while there are many good things about the United Kingdom and about England, one of the challenges or problems that we have is that, in the Prime Minister’s phrase, while talent is spread equally across the country, opportunity is not. If we look just in geographical terms at our productivity, our economic strength and indeed some of our health and educational outcomes, there is a geographical inequality in the United Kingdom that needs to be addressed.



HOUSE OF COMMONS

There are four particular elements that we have stressed as critical for levelling up. The first is helping to strengthen and improve local leadership; I can say a little more about that in a second, if the Committee would like. The next is improving living standards, particularly where they are lower; that links to the economic question that I mentioned. The third is improving the quality of public services, particularly where they are lagging. The two often go together, but not always. The final element is helping to restore and enhance pride in place. For some it is an intangible thing, but we all recognise that in some communities that are more successful, people can feel that there are focuses for local identity and their community is on the up as a result of that strong local leadership, and the private and public sectors are playing their part as well.

Q2 Chair: Has that changed since you have taken over, then? Clearly, when the BEIS Select Committee had a look at the issue, it was pretty critical of what it thought was a lack of clarity about what levelling up meant, and certainly about any measures or lack of measures to judge whether it was going to be successful.

Michael Gove: I think that that criticism, at the time, was understandable. Ever since the Prime Minister secured his majority in December 2019, this has been central to his ambition for this parliamentary term. Inevitably, the focus on covid meant that some of the conversations that might have been had in public about what levelling up involved were overshadowed by the covid pandemic. Having those conversations is also a necessary prelude to establishing the sorts of metrics by which people can judge whether the country has been levelled up. We hope to publish a White Paper before Christmas, and in it we anticipate setting out some particular missions by which the Government can be judged and some metrics by which we and others can be held to account.

Q3 Chair: So in the White Paper there will be a clear indication of metrics by which the success of levelling up can be measured.

Michael Gove: Yes.

Q4 Chair: Another issue that has come out is that your Department is responsible for the overall policy of levelling up. It is one Department among a considerable number that will have an input into this. There has perhaps been some criticism in the past that the Department—by previous names, I accept—did not always punch its weight in Whitehall; it was perhaps a Department that sometimes just passed on money from other Departments that really controlled the policy. How do you see that going forward?

Michael Gove: There are two things that I would say. First, in terms of a co-ordinating role, I think it is right. A comparison—not a perfect comparison—would be to the leadership role that BEIS plays on net zero. We will not reach net zero without action by the Department for



HOUSE OF COMMONS

Transport, DEFRA and others, and of course you cannot achieve any of these things without Treasury support and leadership, but BEIS and its Secretary of State have been driving progress in that direction.

Similarly, the intention is to use this Department to co-ordinate across Whitehall the steps that are needed. It is appropriate for the Department because if there is any Department that thinks in terms of geography and places, it is this one. Levelling up can succeed only if you recognise that you will need slightly different solutions in different parts of the country. Again, I can say more about the *Anna Karenina* issue, as it is being called: all successful parts of the country are successful for the same reasons, but those parts of the country that have challenges have different challenges—coastal communities, communities that have suffered deindustrialisation and so on. Because we are particularly focused on place, it is logical that this Department should lead on it.

As for the views of the Department in the past, a bit like BEIS, the Department has grown, then reduced in size, then grown again over time. Whether you go back to the Department of the Environment that Michael Heseltine and John Gummer led, to the Office of the Deputy Prime Minister when John Prescott was there, or to DETR, at different times there has been a recognition that this Department has to lead in this area. If you look at the calibre of people who have occupied this role before me, they have been some of the most formidable political intellects and some of the biggest political beasts in respective Cabinets at different times.

In that sense, of course there are always things that you can do to improve the effectiveness of a Department within Whitehall and beyond it, but I do not think that there is anything but a reservoir of expertise and a sense of destiny that the Department has.

Q5 Chair: I suppose I might follow on from that, Secretary of State, and say, "You are considering yourself to be one of these big political beasts, then, are you?" Or maybe you would like to be Deputy Prime Minister?

Michael Gove: No, both of those things are not true. If we look at Eric Pickles between 2010 and 2015, there are very few people who would say that he was anything other than a reformer who ensured that the Department was absolutely at the centre of things. If we look at my friends Greg Clark, the late James Brokenshire and Robert Jenrick, all of them were people who brought real intelligence to this role. If we look back not just to the days of the Heseltines and the Prescotts but more recently, there has been a significance attached to what the Department does that has been recognised by successive Prime Ministers.

Q6 Chair: In the end it is all very well to say, "All the Departments are going to work together," but it does not always work like that in Whitehall, does it?

Michael Gove: No.



Chair: What mechanisms are you going to put in place to make sure that all the relevant Departments are together in the same place doing joined-up work?

Michael Gove: It has to be done through a Cabinet Committee. In the same way, in a previous role I played a part in helping us to prepare for our departure from the European Union by chairing a Cabinet Committee, XO, which was focused on making sure that each of the Government Departments was ready: for example, the Department for Transport when it came to making sure our ports were ready or HMRC when it came to making sure that we were ready for life outside the customs union. That Cabinet Committee had convening power. Similarly, there is a strategy committee that looks at the move towards net zero and an operations committee that looks at the move towards net zero; one is chaired by the Prime Minister and one is chaired by the BEIS Secretary of State.

My view is that our logic here is to have the Prime Minister chairing a strategy committee looking at levelling-up strategy and the operational outworkings of that being done in a committee chaired by whoever happened to have the job that I currently have.

Q7 **Chair:** Coming back to the White Paper and the measures that are going to be set out, given the key role of place and local government's role in representing different places throughout our country, have you been talking to local government at all about the appropriate measures that should be put in place?

Michael Gove: Yes. Right from the beginning of assuming this role, I have been keen to hear from local government. I have talked not just to the representatives of each of the individual arms or representative bodies within local government, but to councils and indeed Mayors across the country.

I have had the chance to talk to the LGA, its various sub-groups and those who lead them, such as the leader of South Tyneside Council, who is in charge of the group of local authorities that represent coastal communities, the leader of the District Councils' Network, the leader of the County Councils Network and so on. In particular, I have had the opportunity to listen to combined authority Mayors about their expectations for the Department.

Q8 **Chair:** I have two other areas to pursue before I pass on to colleagues. One of the clear issues that we need to address is housing investment, which I know you are particularly committed to, Secretary of State. I made one or two comments in the Budget debate that I saw you nodding at quite vociferously—I am not quite sure whether you were nodding off at that point in the middle of my speech.

Michael Gove: No!

Chair: The two issues that I raised were the current requirement on Homes England to spend 80% of its resources in the richer parts of the



HOUSE OF COMMONS

country that have the most housing pressures in terms of demand, and the way the Treasury Green Book measures the success of housing investment, effectively judging it by how much land value has increased. Both those things are completely counterproductive in getting housing investment to be part of the levelling-up agenda. Do you have an intention to try to change those?

Michael Gove: Yes, I thought you were completely correct. It was described by the Prime Minister in his speech on levelling up as the Matthew effect: to them that hath shall be given. If you already have high demand for land and high prices for the homes that are built on that land, and if you follow exactly the two principles that you have outlined, you create an incentive to build in areas that are already hot in market terms. That reinforces a geographic trend in our society that we want to rebalance.

I have been discussing with Homes England how we can invest in proper urban regeneration projects outside London and the south-east. Leadership on this has been shown over recent years, for example, by local leaders in Manchester. Critical to our success as a country will be making sure the resources and the investment are there to allow other local leaders outside the south-east to do just that.

Q9 **Chair:** That is very positive, and we look forward to those changes. No doubt you will be announcing the details in due course.

Michael Gove: Yes, absolutely.

Q10 **Chair:** I have one final question. On the shared prosperity fund, the commitment was to have the same level of resources for more deprived communities that would have been available if we had stayed in the EU. As I understand it, however, the level of resources will not increase to the level that the EU would have provided until the third year of the shared prosperity fund. Is that not really going back on the Government's commitment?

Michael Gove: No, I do not believe so. There are many ways of assessing how UKSPF funding is being spent. There is a tail of EU project funding, which for obvious reasons is winding down. We then layer UKSPF money on top of that. If you take the two together, what you get overall is matching, and in some cases exceeding, the amount that we would have got had we carried on being in the EU with spending at that level.

If there is a commitment, because of contracts that individuals have entered into, to carry on funding projects that the EU originally agreed we should fund, we take that as part of the total amount to match that which the EU is spending. It is new money layered on existing payments.

Q11 **Chair:** I think it might be helpful to have a note about that, Secretary of State; I see one or two faces in the room who would be ready to take up that point.



Michael Gove: I would be delighted to do that, yes.

Q12 **Chair:** The other issue that needs to be raised is about objective 1 areas—those with particular problems, which would have had significant funds, including for infrastructure and capital, if we had stayed in the EU. Is there any guarantee that those areas will get the same level of funding that they would have got if they had had objective 1 status within the EU?

Michael Gove: There are specific commitments that we have made that neither Scotland, Wales, Northern Ireland nor Cornwall will receive any less for the lifetime of this Parliament than they would have received under EU funding. There are other ways in which we can deploy funds and tools to support different parts of the United Kingdom and different parts of England. The overall manifesto commitments were to continue funding at the same level as the EU would have and in particular to continue funding in those four parts of the United Kingdom.

Q13 **Chair:** That rather leaves other areas out, does it not, that either had objective 1 or, like South Yorkshire, would have had objective 1 within the current terms of the EU?

Michael Gove: We need to look not just at the UK shared prosperity fund, but at the levelling-up fund—I know we are going to get on to other funding as well—and the other interventions that we are making and will make in order to assess whether central Government is supporting regeneration or improving productivity in different parts of the country.

Q14 **Chair:** I accept that there are a number of funds, but I seem to recollect—no doubt somebody will look back at the records and correct me if I am wrong—that your predecessor indicated that shared prosperity would be seen as a distinct entity and would not simply be used to balance out or connect with other funds in determining what help people got.

Michael Gove: No, that is exactly right. In the first year of the administration of the funds, we explicitly set up, for the £200 million-odd that was spent then, a programme through the UK community renewal fund to make sure that funds were available to communities to prepare for the implementation of the UKSPF. The reason why the UK community renewal fund was £220 million and not £1.5 billion is that we still had that tail of EU funding, which is winding down.

Q15 **Chair:** Okay, but that is not a commitment to give all areas of the United Kingdom what they would have had if we had been in the EU, in particular if they had had objective 1 status.

Michael Gove: Again, one of the questions will inevitably be about the extent to which, as we look at all the levers we are applying, areas that might have received objective 1 funding in the past are now, for a variety of other reasons, receiving support that means they are performing better and that they might have moved out of those criteria.



HOUSE OF COMMONS

The overall sum that we will spend is exactly the same, if not slightly more, than it would have been had we been in the EU. Those four areas have geographical protection. Within the rest of England, of course we can make a judgment about which areas are most in need of that funding. Part of taking back control is being able to make an assessment about where additional support might be needed and which areas are succeeding on their own terms.

Q16 Chair: Given that objective 1 status was measured by GVA, it is highly unlikely that any of the other funds being given to the deprived areas that you have just mentioned would change their GVA overnight.

Michael Gove: We hope, and there is evidence, that GVA is changing. GVA is just one metric that you can use when assessing where the money should go.

Q17 Chair: But that would have determined whether areas got objective 1 status, and they might not now get the same level of help through the shared prosperity fund. That is true, is it not?

Michael Gove: We would have to wait and see, because no decisions have yet been taken—but they will be, imminently, as the prospectus is drawn up, which leads to bids being invited.

Q18 Chair: I think the commitment is not quite there.

Michael Gove: People will draw their own inferences.

Chair: I have drawn mine.

I have just been informed that it was remiss of me not to ask members to declare their interests at the beginning of the inquiry, but I think we can just take it that the interests are the same as at the last hearing. I will put that on the record.

Q19 Mohammad Yasin: Secretary of State, your new Department now carries a significant portfolio: levelling up, housing, communities, local government, United Kingdom governance and elections. Within this huge range of areas, what are your most immediate and pressing priorities?

Michael Gove: The most immediate is making sure, exactly as Clive indicated, that we give coherence to the operation of a set of levelling-up missions across Government.

The second is to make sure that we develop an approach towards housing that deals with a set of interconnected issues, in my mind: improving supply, improving quality and dealing with the difficulties that individuals have in making sure that they have a decent home and a chance to get on the housing ladder.

The third area that I would mention alongside those two—it is intimately linked—is thinking about how we strengthen local leadership to make sure that local government is being seen visibly to effect a beneficial



transformation in people's lives, both economically and in the quality of the places where they live.

Q20 **Mohammad Yasin:** One of the concerns that has been raised is about capacity and resources. Does your Department have the capacity and resources to implement policies effectively in all the areas you now carry responsibility for?

Michael Gove: Yes. There are two things that I would say. First, there are some outstanding people in the Department, some of whom I knew before I joined and others whom it has been a pleasure to get to know. It is also the case that we have had additional resource allocated.

For example, in Andy Haldane we have the temporary deployment of someone from outside Government who has amazing intellectual abilities and convening powers to help us on levelling up. At the same time, the team that was in the Cabinet Office that dealt with the constitution and with intergovernmental relations has moved over—lifted and shifted—into the Department. We have had new people coming in from completely outside Government and people moving from different parts of Government into the Department. That has strengthened what was already a strong team.

Q21 **Mohammad Yasin:** Given that MHCLG was focused largely on England, how are you ensuring that your Department has the necessary expertise to handle issues relating to Union and UK governance?

Michael Gove: Again, I mentioned Andy Haldane as a permanent secretary who has joined the Department, although of course he is also working with the Cabinet Office. Similarly, Sue Gray—who was recruited when I was at the Cabinet Office to help lead work on making sure the UK Government had an even stronger set of relationships with the devolved Administrations and were thinking holistically about the Union—has come over and taken her team over.

There is a very strong group of officials who are working on precisely that area. I cannot take any credit, but Sue and her team definitely should, as should Ministers with whom I have worked in the past, such as Chloe Smith, for making sure that the relationship we have with the devolved Administrations has moved on to an even better footing, and that the rhythm and nature of the way in which we meet and the issues that we tackle are even more cordial and coherent.

That is not to say that there is not still more work to do, but we recently wrote out to all the devolved Administrations saying that we believe that this is the basis on which intergovernmental relations can be effectively run in the future. The response so far from the Welsh and Scottish Governments has been that while not every point they wanted to make has been reflected, this is nevertheless an improvement from where we were before.

Q22 **Mohammad Yasin:** Given that the UK Government intend to directly



administer funding in devolved areas, how important are the devolved Administrations and the devolution settlements in your levelling-up agenda?

Michael Gove: Very. The Department is determined to make sure that it has a relationship with the devolved Administrations that is constructive and pragmatic, that we learn from them, and that at the same time we have a relationship with local government in every part of the United Kingdom. One thing that was welcome from my point of view is that on my arrival in office, the representative bodies for local government in Scotland, Wales and Northern Ireland all asked for meetings. I am keen that we develop stronger relationships with them, not to usurp the role of the devolved Administrations but just to make sure that we can learn from one another.

Q23 **Mohammad Yasin:** You have previously stated that the Cabinet Office was a natural fit for intergovernmental and constitutional affairs. Why have you retained responsibilities for these areas as the Secretary of State for Levelling Up, Housing and Communities?

Michael Gove: When I was at the Cabinet Office, it had a responsibility for the constitution. As I recall—my recall may be imperfect—my argument was that the Government Department that was responsible for the constitution should logically also be responsible for Union relationships and intergovernmental relationships. Now that responsibility for the Union and elections has moved to this Department, it is logical that intergovernmental relations should be carried on alongside that as well. It is not prising intergovernmental relations out of the constitution; it is taking it as a coherent set of policy considerations.

Chair: We will move on now, back to the basics of the Department—local government and local government finance.

Q24 **Rachel Hopkins:** The Institute for Fiscal Studies has warned that despite announcements in the spending review, we could still see some local authorities having to cut services over the next few years. Do you agree with that analysis? How will you work to ensure the long-term sustainability of local authority finances?

Michael Gove: You cannot rule it out, but we have the single most generous settlement that local government has received for 13 or 14 years. That is wise and right, and it reflects the Chancellor and the Chief Secretary's priorities. Every part of the public sector and the public realm has to look for efficiencies overall, but in the conversations that I have had so far with local government there has been a measure of reassurance that we have a spending review settlement that covers three years and that sees the core spending power of local authorities increase.

On that basis, we can begin to plan more rationally for the effective maintenance and continued provision of services in the future. As we both know, there may be individual local authorities that, for whatever reason, find themselves in difficult circumstances. I suspect we might go



on to discuss how we deal with local authorities that do find themselves in those circumstances. Overall, the approach the Treasury has taken is one that embeds the idea of sustainability in local government finance at its heart.

Q25 Rachel Hopkins: Earlier and in your response to the Committee's report on local authority finances, you referred to a need to take stock of the impact of covid on local authority finances before moving forward with any reforms. When will you be implementing the fair funding review and when will 75% business rate retention be introduced?

Michael Gove: On 75% business rate retention, for all the reasons that people in the local government sector will know well, it is important that we ca' canny—that we proceed with caution.

For reasons that this Committee will know well, within local government finance—please forgive me if I am merely stating what everyone in this room knows, and knows better than I do—you have a situation where those local authorities that have the most resilient council tax base and the highest proportion of business rates are in, relatively speaking, a stronger position. Relatively speaking, they are more in the south-east. It goes against the broader principle of levelling up to move precipitately to a system whereby 75% of business rates is retained, because that works against the process of redistributing money to those who need it most, particularly in the wake of covid, which has reinforced some inequalities.

We are not moving precipitately in that direction. At the moment, we are looking to see what headroom we have for a redistribution of funding to better reflect the additional needs and responsibilities that local government has in those areas where it does not, for whatever reason, have the same resilient council tax base or the same level of business rates on which to draw. It is not as crude as seeking to help local authorities in the north more than we are helping other local authorities, but if it had to be boiled down to a single sentence, that is very much something that is in my mind.

I am not for a moment taking away from the strains and pressures faced by local authority leaders like my own county council leader, for example, but I am conscious of the fact that, if you have a less resilient council tax base and you have been through covid, we may need to look at how we can do more to help your local authority in the next three years.

Q26 Rachel Hopkins: I am always pleased to hear about redistribution taking account of need. I come from a town that has a very small council tax base. Whether or not it is resilient, it is small because of the housing stock. That has been an impact over recent times, particularly with regard to section 114 notices. How many more councils is the Department expecting will need to issue section 114 notices in the next 12 months or so? What support is your Department providing to help some of those struggling authorities put their finances on more sustainable footing?



Michael Gove: I cannot speculate on how many more, but we have been very energetic—it predates my arrival—in seeking to help those local authorities that have run into real financial difficulties. Of course, there will be different reasons in different parts of the country—sometimes it will relate to the quality of leadership in the local authority, sometimes it will relate to a perfect storm of factors that have hit an already less resilient local authority—but we absolutely stand ready to make sure that we intervene and support local authorities that find themselves, for whatever reason, in the most severe financial difficulties.

Q27 **Rachel Hopkins:** As a Committee, we have previously highlighted ongoing issues with regard to short-term ringfenced funding allocated on the basis of a competitive bid process. Do you agree that this sort of process presents a problem for local authorities? If so, what do you plan to do about it?

Michael Gove: Yes, I do. You can have too much of a good thing. As Clive has pointed out, there are something like 117 different pots for which local authorities are encouraged to bid. Provided that it is not overdone, the principle of bidding and of contestable pots is a good thing. The experience of Michael Heseltine in introducing the city challenge funds was beneficial, first because communities often exceeded expectations in their capacity to put together very good bids, and secondly because those that initially did not succeed learned from others, so you had a sort of virtuous competition, as it were.

When you have so many pots and potentially overlapping criteria, it is entirely understandable that people in local government should say, “We spend more of our time bidding than concentrating on improvement in our communities.” There needs to be some simplification and rationalisation of the process overall. That is one of the things that I have asked the Department and my colleague Neil O’Brien to lead on.

While I know much of that funding will have been welcome, we need to do two things: simplify overall and, where there is very strong local leadership, ensure that we do not have over-specification of what the money should be spent on. If you have a good and strong local leader—this is very much the direction in which I wish to go—you want to be able to trust them to use their resources wisely without trying to second-guess every single decision.

Q28 **Rachel Hopkins:** I am pleased to hear about that trust in local government, but what you have just said about maintaining competitive bidding seems to go against the stuff you said earlier about recognising that some stuff needs to be redistributed on the basis of need. How do you square that circle?

Michael Gove: When the city challenge was introduced by Michael Heseltine, he made it clear that the money was being bid for from communities that were already in greater need. The money he provided, whether it was for regeneration in Knowsley or elsewhere, was designed



explicitly to help those areas that were experiencing tougher challenges. It was not the case that, for the sake of argument, Surrey or Berkshire could outbid Knowsley. The communities that definitely needed additional investment were putting together strong bids and then learning from one another afterwards about what had worked and what had not. Maintaining an element of competition in some funds has been and can be a good thing, but overall the landscape is far too complicated at the moment.

Q29 Rachel Hopkins: There will be winners and losers under that system. Even if they are identified as places of need, some will still lose.

Michael Gove: I absolutely take the seriousness of the point, but you can always argue that in any process of resource allocation there will be winners and losers. One of the things about an element of competitiveness in bidding for a pot is encouraging a greater degree of creativity in the ideas that people will put forward. As I say, the evidence has been that that has worked in the past and that creativity has led to those local authorities that did not initially succeed learning from the process and then coming forward with improved bids in the future.

Q30 Andrew Lewer: In addition to the problem identified of having lots and lots of pots for lots and lots of bids, and lots of lots of officers spending lots and lots of time working it all out, the other concern has been about devolution. It is not just about the money, but about the powers. The levelling-up paper was originally going to be a devolution paper, but the word “devolution” has disappeared. Does that mean that the Department’s enthusiasm and plans to progress with devolution have disappeared as well?

Michael Gove: Absolutely not, no. Building on Rachel’s point—I hope this was implicit in what I said, but let me say a wee bit more—for precisely the reasons that you mention, Andrew, we want to ensure that there are fewer strings attached where there is strong local leadership. As you quite rightly point out, not only do we free up leadership time because they are no longer navigating the extensive bidding process, but we believe we can demonstrate the virtues of strong local leaders setting their own priorities and then being judged on that.

Without wanting to pre-empt the White Paper in detail, we will be looking at mayoral combined authorities. Should their geography change, i.e. grow? Should there be new ones? Should we give additional powers to some of those mayoral combined authorities? We will also be looking at the relationship with individual local authority areas and whether individual local authority areas, whether that is Leicestershire, Northamptonshire, Nottinghamshire, Cornwall or whatever, can assume a greater degree of responsibility for the functions that are currently exercised at a national level.

Q31 Rachel Hopkins: High-quality public audit is essential for accountability and trust in public finances, but your Department rejected the Redmond



HOUSE OF COMMONS

review's recommendation for an independent regulator. How will you ensure that the reforms you are introducing fix what has been referred to as the fragile market here?

Michael Gove: I think that not all the Redmond review recommendations were rejected. One of the concerns about the model of regulation was that it would remove from local authorities the ability to decide who would be an appropriate partner to provide audit functions. We are putting in place a new body to replace the Financial Reporting Council, which will provide a greater degree of assurance about the quality of audit.

It is an area where I am completely open-minded. There are two other things that I would say. We need not only to develop in terms of traditional financial audit functions, but to develop a better understanding of what is working well and less well in local government by making sure we have a clearer sense of data. Going back to the original point about metrics for levelling up, we need to be able to make even more powerful and meaningful comparisons across local government.

I am not thinking of restoring the Audit Commission, but I am acknowledging that it once discharged functions that, in a world where we were all better able to gather data and make comparisons, would be in that position. The idea is for an information-sharing function allowing voters and others to make judgments rather than a compliance function, which is what we felt the Audit Commission had become overly towards the end of its life.

Q32 **Rachel Hopkins:** Just to press you on the independent regulator: you do not support an independent regulator. You referred to another body.

Michael Gove: Yes.

Rachel Hopkins: Will more details be forthcoming?

Michael Gove: Yes.

Q33 **Chair:** You referred to business rates retention and the need to have resources that you can then use to reflect the particular need of authorities in the system. The Committee has said in the past that it was concerned that the business rates retention scheme was trying to do two almost contradictory things. One was to reward authorities which were successful in getting development going, and the other was to be used as the residual element to help authorities in particular need—the equalisation function. Are you effectively accepting now that there is always going to be a need for a residual grant from Government that does that equalisation function, separate from the business rate system?

Michael Gove: For the foreseeable future, yes.

Chair: That is a helpful comment to understand what is happening.

Q34 **Andrew Lewer:** For existing pressures on adult social care, the



Government's "Build Back Better" health and social care plan said that local authorities would "have access to sustainable funding for core budgets at the Spending Review." However, in response to the spending review, we have heard from the Nuffield Trust, which says that "social care is once again treated as the poor relation" of the health service, and that the promised rise in local authority spending power is "not enough to address the disastrous situation in social care." What is your response to that?

Michael Gove: The amount that will be raised by the new levy that the Chancellor announced in advance of the Budget is a significant sum. I recognise that many voices in local government have expressed concern that the larger portion of the fund initially goes to the NHS, but for reasons that we are all familiar with, dealing with the backlog in the NHS that was generated by covid has to be the first priority—the acute priority.

But money has specifically been allocated to local government to deal with change and reform to social care. That amount will increase over time as a proportion of the amount raised through the levy. Sajid and DHSC will also be bringing forward more proposals for better integration between the NHS and social care.

Some within local government have articulated a sense that the NHS has grabbed the lion's share and that there will be very little jam tomorrow, or indeed the day after that, for local government. Some of that is going to be addressed by the way in which Sajid will be bringing forward his proposals.

Q35 **Andrew Lewer:** The Nuffield Trust has said, "Taking money away from the NHS is a task that has not been done before." I cannot think of an example when acute care or NHS spending has ever reached a stage where somebody has said, "I tell you what—we now need to spend this money on something else. We'll start taking a proportion of it away". Given that that is unlikely to happen, how are you going to get a proportion into adult care?

Michael Gove: I absolutely understand the scepticism, but without wanting to anticipate or steal any of the Secretary of State's thunder, I think the plans for more effective co-ordination between health and social care should provide people with not just reassurance, but a sense of optimism about the ability of prioritisation between health and social care to be organised more rationally than in the past. I cannot say more at this stage.

Q36 **Andrew Lewer:** I understand that you do not want to spell out the paper altogether, but a critical issue and one of the most high-level concerns across the whole local government family will be that social care responsibilities will disappear from local government, and indeed from your Department altogether—not least in the light of all the other multifarious responsibilities that the Department has now taken on in



addition to its previous roles. Can we have some reassurance that local government will stay involved and empowered, and that your Department will be keeping an eye on and play a role in social care in the future, whatever the forthcoming legislation brings?

Michael Gove: Yes.

Q37 **Chair:** That is very helpful. A lot of worry has been created that social care will simply go into the NHS or a parallel national organisation that will be created. Can we have a reassurance that that is not the intention?

Michael Gove: It is not, no.

Chair: Let us move on to another really big issue that the Committee has spent a lot of time on in the last few years, for obvious reasons: building safety.

Q38 **Florence Eshalomi:** Welcome to your new role, Secretary of State. I hope that this is an area that you will give enough foresight to when you look at some of the issues on which, if we are honest, your predecessor stalled. You will know that there have been unacceptable delays in the surveying and remediation of buildings with fire safety defects. We are here now almost four and a half years after Grenfell. Does your Department now have the complete data on the number of buildings with non-ACM cladding and the number of buildings under 18 metres requiring that remediation?

Michael Gove: I think we have a very good picture, but not a perfect one. I would say two things in connection with that. First, I have had the opportunity to meet some of the survivors of the tragedy, some of those who were bereaved, relatives, next of kin and others in the community. This Committee needs no reminding that what happened was absolutely horrific. As the inquiry has shown, there are a number of related elements. They struck me at the time, and they have really struck me since I have come into the Department.

It is impossible to look at the question of cladding without asking a series of prior questions. Who were the developers who allowed this material to be used? Who were the people who sold it to them knowing that there was a potentially catastrophic risk involved? Why were individuals prepared to think that they were acting legally, when we now know that manifestly they were not?

You are absolutely right that there is an urgent need to deal with the persistence of ACM cladding on tall buildings, but there is an equally urgent need to ensure that justice is done. The Government have a responsibility to make buildings safe, but we also have a responsibility to relieve some of the obligations facing leaseholders at the moment, who are innocent parties in this and who in many circumstances are being asked to pay disproportionate sums, when there are individuals in business—some of them are still in business—who are guilty men and women.



HOUSE OF COMMONS

Q39 **Florence Eshalomi:** That is reassuring. I am sure that many leaseholders up and down the country from all our respective constituencies will be pleased to hear that reassurance from you, but it is important that we see some action.

Coming back to data, is that something that could that be provided to the Committee?

Michael Gove: Absolutely. My view is that there should not be any barrier to total transparency on data on buildings we have identified, work undertaken, who has had access to the BSF money and so on. Again, it is an incredibly complicated set of issues because, as we know, registered social landlords and housing associations will want to make sure that those who are living in their homes are safe, but if they shoulder the burden of this work, as has been well advertised, that means that the capacity to provide new housing is limited as well.

I am trying not to stall any of the progress that has been made, but to ask again about the levels of support we are giving and where the responsibility lies. Again, it seems to me that an insufficient level of responsibility is being shouldered by those who were most responsible for getting us into this terrible situation in the first place.

Q40 **Florence Eshalomi:** We are all agreed on that. One of the things we are looking at, on the nightmare that leaseholders are facing, is what is deemed a risk. On this Committee, we have called for a comprehensive building safety fund that moves away from risk in terms of height and products used. Those are very important, but we need something that deals with the fire safety defects. What would you say to those proposals?

Michael Gove: I would not dismiss them out of hand, but I am trying to look at the different levels of risk. As we know, by definition, if you have a tall building, and you have cladding that acts as a conduit for or a conductor of fire, which means you have a catastrophic risk as a result, that is a terrible thing and action needs to be taken. With small buildings that have other fire risks, those fire risks are not negligible, but the question has to be asked—I am trying to assess this—“What is the best way of mitigating them?” The whole principle of limiting fire risk is to ensure that theoretically if a fire broke out in one part of a building or a dwelling, it could be contained.

Manifestly, far from playing a part in containing, cladding exaggerates and increases the risk for everyone else. Part of the question in my mind when we are looking at containment elsewhere is what steps or interventions we need to take to reduce the risk overall. I have asked for that information because I just want to be certain that we are using our money as wisely as possible, that people can have reassurance that the homes in which they live are safe and that those who want to move on, who are leaseholders, have the reassurance of knowing that they can participate again in the housing market.



Q41 **Florence Eshalomi:** So many leaseholders cannot, even though your Department has made it clear that EWS1 forms should not be required for buildings under 18 metres. This was back in July, but up and down the country, we are seeing lenders refusing to lend, people being unable to re-mortgage and people being trapped, including people who need treatment for terminal diseases such as cancer. They are all trapped and they are unable to move. There are people who want to start families.

No urgent action seems to be happening yet. What additional measures will you be putting in place to make sure that we see some movement on that, and that people are not trapped with no end in sight to this nightmare?

Michael Gove: I completely sympathise. It comes back to a fair assessment of risk, rapid action to deal with it and the right people paying or being held ultimately accountable. We, collectively—the Department, some in local government and others in the private sector—failed people at Grenfell. There are people who were and still are in buildings where there is a significant risk and we are reducing it. There are also some buildings where the real level of risk is less than had been feared, but for the reasons you outline, the assessment that has been made of what is required in order to provide reassurance to lenders is such that leaseholders, to my mind, face an excessive burden.

Part of this process is being clear about what is high risk, about what is lower risk, about who should pay to deal with higher-risk buildings and about what we can do to minimise risk in the lower-risk buildings without creating a situation whereby people cannot move and cannot access mortgage finance. It is inevitably a delicate process and I am coming to it as much as possible with a fresh set of eyes. We must not hang around in dealing with it, but we also need to recognise that while lots of steps have been taken by people with the very best of intentions, we have got to a situation in which simultaneously we are not dealing fast enough with some of the big issues, we are not getting the right response from some in the private sector, and there are leaseholders in particular who are being unfairly penalised.

Q42 **Florence Eshalomi:** I appreciate the urgency with which you want to deal with this. To my understanding, lenders are still waiting for the Department's expert panel to withdraw that consolidated advice note.

Michael Gove: Yes.

Q43 **Florence Eshalomi:** Can we have a timetable or a clear indication of when that advice will be out to the market?

Michael Gove: I want to do that before Christmas, because we know that the Building Safety Bill will ideally be having its Report stage before then. As I say, there are a number of interrelated issues. Everyone concerned with this question is owed from me and from the Department an explanation or an account of how each of the interconnected parts of this terrible situation will be addressed.



HOUSE OF COMMONS

If we are saying, through new advice, that the risk is less than we feared in particular areas, people need to know whether we are dealing with those that are truly risky in an appropriately urgent way, whether we are really relieving of that burden individuals who do not have to spend the amounts we have been talking about, and so on. There is a connected set of issues. You are, of course, right that the quicker we can provide clarity on all of them, the better.

Q44 Florence Eshalomi: That would be the best Christmas present for a number of people who do not require that EWS1 form on their buildings, so they can move on.

One of the other big areas is waking watch. Your predecessor highlighted the exorbitant fees faced by residents. It is essentially a rip-off. Do you agree with that statement, Secretary of State?

Michael Gove: Yes, but it is not the only rip-off in the system. One of the dreadful things is not only that there were people who, before Grenfell, were cutting corners and putting people's lives at risk, but that there are now other people who in the wake of the tragedy are saying, "In order to be safe, you need to have this or that or do the other." That is also unfair on people in social housing or private housing who do not have enormous resources. Yes, he was right, but it goes beyond that.

Q45 Florence Eshalomi: Will anything be done on that? I represent an inner London constituency, Vauxhall. People are paying over £5,000 a month for waking watch schemes.

Michael Gove: Yes. As I say, lots of people made decisions in good faith to try to make sure that we learned the lessons, but there have been some individuals and organisations that, instead of making themselves part of the solution, have seen an opportunity to make money for themselves. We need to look at it all in the round to try to deal with that.

Q46 Mary Robinson: Secretary of State, lots of people made decisions in good faith to get their properties. I would like to look at remediation and cost. Your predecessor stated that the introduction of a 15-year period for claims under the Defective Premises Act would deal with the lion's share of outstanding issues in multi-occupancy blocks. Is that right?

Michael Gove: I have asked to review that on the basis that the types of issues that resulted in the situation at Grenfell happened as a result of cladding being applied and interventions being made in that period. As a snapshot overall judgment, I completely understand why that is the inherited position; I just want to satisfy myself that it is right. It is not that I instinctively disagree with it or think there is anything wrong. It is a decision that seems commonsensical and was taken in good faith by a very good Secretary of State. I just want to be absolutely certain that I have looked at the small print and can agree.

Q47 Mary Robinson: Will we see some data to back up this decision?



Michael Gove: Yes. Again, building on Florence's point, if you are talking about what is safe and what is not safe, and if you are talking about why you are not extending liability beyond a certain number of years, people want to see that data so that they can understand why the decision was taken and the basis on which it was taken.

Q48 **Mary Robinson:** Absolutely. You mentioned earlier that a lot of the people affected are not people with enormous resources. The Government are now only protecting leaseholders from unaffordable remediation costs. Why should leaseholders have to pay for a crisis that they did not create?

Michael Gove: That is one of the first things that I asked. I do not believe that they should. As a general rule, as a leaseholder, you accept that you have a responsibility at certain points to pay for repair. I felt two things before coming to the Department. Putting the building safety issue and Grenfell to one side, I felt that the balance between freeholders and leaseholders was wrong and that leaseholders were often unfairly stung—not by every freeholder—through service charges and other charges.

Some people have said to me that it is a case of caveat emptor. I think that is rubbish. People bought these flats in good faith. Now they are suddenly being landed with charges that are in many cases grotesquely disproportionate and out of all proportion to their ability to pay. There are other players in the system who bear a greater share of responsibility. That is my starting point.

I have been told, as I imagine this Committee has been told, that you cannot just give freeholders the responsibility to pay for it; that the ultimate ownership of some of these properties is extremely hard to discern; and that the developers and others who may have been responsible in the first place for these decisions may have done this work through special purpose vehicles or corporate structures that are deliberately opaque. That might all be true, but it is wrong to say, "Well, that is all too hard. We are not going to do that. The easy people to sting are the leaseholders."

It may well be that I have to come back to this Committee or back to the House of Commons and say, "I have tried my very best and I have failed," but I just do not think that as a starting point, with people who have been landed with these bills through no fault of their own—exactly as you say, Mary—we should be asking them to pay on the scale that is being envisaged.

Q49 **Mary Robinson:** We are looking forward to hearing more about that, as I am sure people watching will be. The Committee's April report highlighted issues raised by leaseholders who were attempting to access the building safety fund, because measures are being put in place, specifically concerns about funds not being accessible until funding was in place for all non-cladding remediation works. The Minister said that this was not the case and the Committee recommended that the fund



agreement be updated to make that clear. What are you doing to ensure that applicants are not prevented from accessing the fund because of funding issues for these other non-cladding-related remedial works?

Michael Gove: I have specifically asked the very good team who are dealing with building safety and the administration of the building safety fund to look at precisely this issue. As I mentioned to Florence and as this Committee knows, there is an interconnected set of issues. If you are going to fix how access to the building safety fund works, and at the same time you are saying that we want leaseholders to face significantly less of a burden and taxpayers collectively to face less of a burden, there are ways in which we can do that. I have talked to some of the leaseholder groups and so on about what we can do, but I want to try to come back with as coherent a package as possible, rather than say in a piecemeal way that I am dealing with this aspect or that aspect. As I say, it might be that any changes I come up with are inadequate and do not meet the need, but that is my starting point.

Q50 **Mary Robinson:** The issues around this have affected a lot of people in these premises. Particularly with regard to the 18 metres, in calling for proportionality, your predecessor claimed that, following expert advice, the Government now believe that the number of buildings requiring remediation under 18 metres is likely to be very small. Are you satisfied with this approach and that it represents the best way forward? Are you concerned that it may leave some buildings still unsafe?

Michael Gove: Again, building on the conversation with Florence, that is broadly right, but I want to be absolutely certain. People can say, “You are drawing a line arbitrarily because of height” and so on, but the key thing, as I understand it, is whether a building has a catastrophic risk because it has been built or changed—enhanced, as it would have been thought of in the past—in such a way as essentially to encase it in petrol, which is unacceptable and means we should get rid of it all, or whether it is a building where, yes, there is a risk, but it is one that you can better mitigate through other means, such as making sure that compartmentalisation is done appropriately, that the fire and rescue service knows how to deal with these events, and so on.

The overall point that Dame Judith made and that Robert articulated is that we just need to have that proper scientific and rigorous assessment of what is really ultra-risky and of other risks that are lesser but not negligible.

Mary Robinson: Thank you. I think a lot of people will be looking forward to hearing more about this.

Q51 **Bob Blackman:** Secretary of State, can I take you up on two issues? The first is one that your predecessors have not been able to answer, so I hope we can make some progress—namely that developers will say, “We built in line with building regulations, as they were. We tested our products according to the tests that the Department had used for fire



HOUSE OF COMMONS

safety, and we were all completely in accordance with them.” The products are not safe and the buildings were not put up properly, but they were signed off as acceptable either by someone at local level or by a company at regional level.

We have a problem here. People say, “This was not down to us—it was the regulations at the time.” It is a reasonable argument to say, if the regulations have changed or been modernised as a result of Grenfell, that the Government are changing the goalposts. Why should the developers have to pay for it? Why should the Government not be stumping up the cash to make sure that now the regulations and the fire safety issues have improved, everything is put right as it should have been? I think we all accept the principle that the leaseholders should not have to pay anything, but the key is who is responsible for the problem in the first place.

Michael Gove: I cannot claim to have perfect knowledge of the issues that have been raised so far in the inquiry, but in so far as I have looked at it, it would seem that if developers and construction product manufacturers say they are squeaky clean, they are wrong. What we have seen so far in the inquiry, it would seem to me—obviously we have to be careful about various legal questions—is that at the very least, developers have to ask whether or not they were engaging in “value engineering”. In other words, they were seeking to reduce costs in a way that, not just with the benefit of hindsight but at the time, people would have known was putting cost reduction ahead of safety.

If I were defending the construction product industry, I would say that it is not that a product is intrinsically unsafe; it is about how you use it. Nevertheless, the inquiry has uncovered examples of tests of the safety of a product in particular circumstances being manipulated, it would appear, in order to evade responsibility. We have one particular company that is hiding behind the law of its own country in an unprecedented way to avoid answering questions here. Just on the basis of the evidence that is laid out—if I am wrong, I would be more than happy to apologise—it seems to me that there is a direct responsibility on companies that still exist, where mistakes were made.

On top of that, the system of assessing compliance with building regulations and the responsibilities placed on local government meant that they were not discharged effectively. I am not criticising any particular local authority, but in effect the deregulation of assessment and the way in which it was done was mistaken. I also think—and this will be very painful—that as the inquiry turns its attention to the Department’s role, the Department itself will be seen on a couple of occasions not necessarily to have appreciated the importance of fire safety or done everything it should have done in the wake of the Lakanal House tragedy.

In stressing the role and responsibility of those in the private sector, I am not for a moment saying that central Government or local government do



not have responsibilities. But on the basic point—"That was all fine, and now you have changed the rules, so you must pay"—no. You can look back and see what was happening at the time, and you can say, "The sheriff or sheriffs might not have been on the ball, but the cowboys were behaving like cowboys, in an unregulated way."

Q52 **Bob Blackman:** One of the issues here is that we were told in the Fire Safety Bill that the place to correct this was in the Building Safety Bill. My understanding of the progress in Committee is that we are not getting amendments to the Bill that get back to the polluter actually paying the cost. Are you now looking at what we can do to that Bill to make sure that it is fit for purpose, given the comments that you have made already?

Michael Gove: Yes.

Q53 **Bob Blackman:** Excellent. The second issue that I want to pick up on very briefly is the forced loan scheme, which my colleague has been referring to. As I mentioned during the Budget debate, we were promised the details of it some 18 months ago. We were promised that it would be revealed at the time of the Budget; it has not been. We now have leaseholders who, as Florence was describing, are sitting there not able to sell their flats, insure them or get a mortgage, and are being told that they will have to pay the cost of this. At the same time, there is a Government commitment that there will be this loan scheme and no one seems to know how it is going to operate, which will be revealed. In the meantime, nothing seems to be moving. Where are we?

Michael Gove: The loan scheme, while others thought grants might be more appropriate, was a perfectly rational way of addressing the issue, but for the reasons that we have just discussed, I wanted to take a couple of steps back and say, "I can see why, given everything else, we would think this was the right idea. Can we just pause and see if this is a necessary way of dealing with it?" I am still unhappy with the principle of leaseholders having to pay at all, no matter how effective a scheme might be in capping their costs or not hitting them too hard at any one time. My primary question is why they have to pay at all.

As I say, it may be that I come back to the House and this Committee to say, "I have tried and tried and tried, but I fear for the following reasons it is too difficult," but I would want to be able to explain why we could not achieve, exactly as you point out, a polluter pays approach.

Q54 **Chair:** Let me make sure we are clear. What you have said today is very welcome, Secretary of State, and we look forward to your view on the matters once you have had a further look at them. In terms of leaseholders not having to pay, is your intention that that should apply to non-cladding fire safety issues as well as cladding issues?

Michael Gove: This is at the heart of it. Going back to my earlier point, in ordinary circumstances a leaseholder will find themselves paying for the repair and upkeep of their building. It seems to me that there are



HOUSE OF COMMONS

leaseholders who have been hit with massive sums of money in order to deal with the cladding issues and, in some cases, other remediation issues.

If it is the case that other remediation or fire safety issues do not need to have the cost or be done in the same way as those in the catastrophic areas, you can perhaps reduce the obligations overall. I want to be able to make a judgment about how we can get resource from elsewhere and what might be a fair *de minimis* or other rule for what leaseholders may have to pay. That is against the backdrop of my own belief that we need to reform the leasehold system overall because of its unfairnesses.

Q55 **Chair:** Your intention, then, is to look at all these costs, including non-cladding costs, because for many people they can be bigger than the cladding costs.

Michael Gove: Yes.

Q56 **Chair:** That is very helpful. On leasehold, the Committee did a lot of work on this. I am sure we stand ready to help with pre-legislative scrutiny, if that is how the Government choose to pursue this in the future. In terms of polluter pays, the residential property tax is welcome. Are you having discussions with the Chancellor about how maybe that should be in addition to the £5 billion in the building safety fund, rather than a contribution towards it?

Michael Gove: The Chancellor decides all these things in his wisdom and then we just follow on.

Chair: I am sure his wisdom can be assisted in these matters.

Let us move on to another important issue that happened during covid: the issue of homelessness and evictions.

Q57 **Ian Byrne:** Speaking as someone who has served on the Building Safety Bill Committee over the last three months, the direction of travel you are moving in here is very welcome. To echo what Bob said, we look forward to Report stage. It has been a very interesting hour listening to what you have been saying after sitting on that Bill Committee for three months, worried about what was actually getting said in that Bill Committee.

Research from the Bureau of Investigative Journalism suggests that renters and families in the private rented sector are now facing eviction for covid-related arrears. Will the recently announced £65 million support package for low-income renters in arrears be enough, when this Committee estimated that a fully funded relief package is likely to cost up to £300 million?

Michael Gove: I hope it will be enough. It is certainly the case, without wanting to put words into their mouth, that Shelter and others welcomed the additional funding. It is not the only way in which local authorities can help and not the only means by which we can attempt to deal with problems of overcrowding, homelessness and the fragility of people who



find themselves in reduced resources as a result of covid. I hope it will be enough, but I am open-minded about what other steps we might need to take.

Ian Byrne: I want to move on to something that goes to the heart of where we are now. The Bureau of Investigative Journalism reports: "One in five cases involved the controversial Section 21 'no fault eviction' notice, which states that landlords do not need to give a specific reason for wanting a tenant out. Lord Bird, founder of the Big Issue, told the Bureau: 'It's clear that the government must act now to suspend no fault evictions. We need to keep people in their homes at all costs—or we risk facing a mass homelessness crisis like never before.'"

Given the repeated commitments to end section 21 evictions and reform ground 8 evictions, why has your Department now announced a delay to the renters reform White Paper?

Michael Gove: We are not intending to punt it into the long grass, for all the issues that you mention. I want to make sure that we take the right approach towards the private rented sector. We were discussing only today within the Department what we can do in order to better regulate the private rented sector, while at the same time not disincentivising people from providing decent homes at a fair rent to those who need them. There is not just scope; there is urgency in the need for reform, but I am just reviewing if what we have in mind is sufficiently comprehensive.

Q58 **Ian Byrne:** Where we are now, going into the winter, you understand the consequences of that being kicked down the road. How are we going to deal with that?

Michael Gove: The £65 million is there to help to deal with coming out of covid. More broadly, we need to address the position that people in the private rented sector find themselves in, but when it comes to legislation, it will take just a little bit of time to get that on to the statute book and in a position that will provide them with protection. The £65 million is there to deal with the acute issue; we then need to deal more broadly with the degree of reassurance about their future that people in the private rented sector need.

Q59 **Ian Byrne:** Can I also invite you to look at the success of Liverpool's landlord licensing register scheme, which was scrapped, unfortunately, and the success that it had in shifting that power imbalance between landlord and tenant? In your new role, it would be good if you could visit that, speak to people in Liverpool and readdress the removal of that licence.

Michael Gove: Absolutely. I know that similar schemes operate in Scotland and Wales, and people speak well of them.

Q60 **Ian Byrne:** The Everybody In campaign was a significant move to support those facing street homelessness during the pandemic and was



HOUSE OF COMMONS

recognised as a huge success. This Committee has repeatedly flagged the internal conflict between your Government's commitment to end rough sleeping and their policy on no recourse to public funds. What is your Department doing to ensure that limiting access to benefits for non-UK nationals does not lead to street homelessness?

Michael Gove: Two things. Thank you very much for your words about Everybody In. They give me an opportunity to say that Robert, my predecessor, did an amazing amount to deal with the pressures that covid placed on local government and some of the most vulnerable in our society. It was a public policy success that he drove and that he led; I just want to emphasise my appreciation to him for that.

You quite rightly raise the issue that a significant number of people who find themselves sleeping rough do not, because of their migration status, have recourse to public funds. We want to work with the local government sector to make it clear that we can provide appropriate accommodation for those people who are at risk of destitution.

There is a broader question, though, which the Home Secretary and other members of the Government would want to emphasise alongside what I am about to say. While we want to treat everyone decently, we also want to make it clear that taxpayers and citizens in this country expect us to be vigilant in making sure that people who may have come to this country by routes that are not legal do not feel that they can then have access to funds and resources that people who are here legally, and who have been paying their taxes, have set aside to help the most vulnerable. It is a balance.

Everyone should be treated decently, but there is a difference between people who arrive here legally and who are in need, and people who arrive here by other routes, to whom we must show compassion but who are in a different type of category.

Q61 **Ian Byrne:** A recent report from the Kerslake commission argued for a cross-governmental national strategy and a new interministerial group to bring an end to rough sleeping. Do you think these are necessary to deliver on your Government's commitments?

Michael Gove: Lord Kerslake's report had a lot in it that was good. Eddie Hughes and I are looking at it. Eddie has just done a great job in making sure that other Government Departments support the work that he is doing. Indeed, the money was available in the spending review as a result of Eddie's work to ensure that, for example, resources were there for people leaving custody and for people living with substance misuse issues, so that appropriate prevention could be there and appropriate accommodation could be found. Yes, there is more to do.

Q62 **Ian Byrne:** There are nearly 60,000 households with children in temporary accommodation, and over 4,000 families are accommodated in B&Bs or hostels across England. What are you doing to help those



HOUSE OF COMMONS

families trapped in unsuitable temporary accommodation? You might answer some of this in section 8 on social housing.

Michael Gove: The key thing that we need to do is build more homes where they are needed. I am in favour of helping to provide people with decent accommodation by any means necessary, so I do not have any problem at all with supporting local government to provide social housing for those most in need.

Q63 **Ian Byrne:** There is no ideological block on council housing or social housing?

Michael Gove: Absolutely not at all.

Ian Byrne: Good.

Q64 **Florence Eshalomi:** As someone who grew up in social housing, I am glad to hear those words coming from your mouth, Secretary of State.

Going back to temporary accommodation, the key problem we have—I am sure that this is the case across many constituencies—is the sheer state of the temporary accommodations that councils are having to essentially force residents to live in because they just do not have enough stock. I am sure you will have seen the presenter Daniel Hewitt's report, *Britain's Housing Shame*, about the sheer squalor that we are asking people to live in. What more can be done now to address the state of the temporary accommodations that councils have to pay private landlords for people to live in? It is taxpayers' money. That should not be happening.

Michael Gove: You are right to draw attention to it. It goes to the whole area of the quality and decency of homes. We can make sure that there is appropriate regulation in place, but the fundamental problem—you are right; Ian is right; the Committee is right—is in making sure that there is appropriate high-quality accommodation for people to move into with appropriate security of tenure. That can come through councils and housing associations providing new stock.

I recognise it is a huge leap, if you are in temporary accommodation, to imagine that you could own your own home one day. But if you get someone in social housing, that individual is then no longer reliant on housing benefit in the same way. The cost of their housing is lower, their capacity over time to save is greater, and their capacity over time to move into ownership is greater.

That is not going to happen overnight, by definition, but one of the reasons why I said to Ian that I do not have any objection to social housing—quite the opposite—is that it is urgently needed in significant parts of the country. There are partners who can provide it and we need more of every different type of housing, with respect both to tenure and to appropriateness to the position in life that someone is in. At different times, people might socially rent; then they might have shared



ownership; then they might go on to own themselves, and then they might in due course downsize later on. When we are looking at housing policy overall, we should all try to rid ourselves of positions that date from the '80s, which reflected a very different world.

Q65 **Bob Blackman:** I have two quick questions on homelessness. I asked you during the Budget debate about the rolling out of Housing First. Given the success of the pilots, it seems to me absolutely right that we orientate not only providing someone with a roof over their head, but the support that they need to overcome why they ended up sleeping rough in the first place. What is the plan for rolling out Housing First now?

Michael Gove: I absolutely agree with you. We are just reviewing the success of the pilots to see what the next stage is. When I first arrived in the Department—it was not that long ago—one of the thoughts in my mind, and I have changed my mind in the period, was that rough sleeping in particular is not primarily a function of housing. Rough sleeping is a function of catastrophic life events that mean that people find themselves on the streets because of being overwhelmed by a perfect storm of unhappiness, whether those are catastrophic financial circumstances, mental health or whatever.

One of the things that being in the Department has made me see the light on is that if you can get someone into a secure, warm, decent place, it is then much easier to provide the additional support that means that they are less likely to find themselves back in difficult circumstances. I am doing no more than recycling to the Department the rationale and the principle behind Housing First and other initiatives. That is what we need to do. It is not enough on its own, but it is a very powerful example of a useful, potentially transformative social policy intervention.

Q66 **Bob Blackman:** The other issue I want to touch on, which Ian referred to, is the position in relation to those people with no recourse to public funds. When we were doing our report on this, your colleague came in front of us and said that the Department did not have the data on the number of individuals with no recourse to public funds who were brought in under Everybody In. I do not know if anything has changed, but without the data it is very difficult to do anything about this.

Michael Gove: That is a very fair point. We should give you that or do our very best to. I do not know the answer; I do not know how effectively that record keeping exists. We know, as everyone on this Committee does, that rough sleeping is concentrated in urban areas, particularly in central London, with a significant proportion of people from EU accession countries, so we must be able, by some means, to provide better information on that. If we cannot, I will explain why.

Q67 **Bob Blackman:** Moving on to social housing, I completely agree that we need to build more homes, and clearly more social rented homes. It is not just the quantity, but the quality of those homes that matters.

Michael Gove: Absolutely.



HOUSE OF COMMONS

Q68 **Bob Blackman:** You have said already that in some parts of the country the quality is “scandalously poor”. The key then is that the social housing White Paper set out plans to improve the regulation of social housing. When are we going to see those proposals implemented?

Michael Gove: Shortly—I know that that is a politician’s answer. But you are right: we need more. The biggest problem in terms of quality is in the private rented sector, not in the social housing sector. Yes, we do need to, and there will be more detail shortly about the legislation that we aim to bring forward in this area.

Q69 **Bob Blackman:** Is that a ministerial “shortly”—soon, the spring?

Michael Gove: As soon as we possibly can, but as this Committee session has shown, there is a lot of work to be done. I do not shy away from the fact that it has to be done. I am not making excuses yet.

Q70 **Bob Blackman:** I am not sure if you saw the ITV report on the Eastfields estate in Merton, which is obviously part of London. The regulator told ITV that it does not have the power to carry out visits or proactively seek tenants’ views. When you are introducing those reforms, will you make sure that landlords can be held to account for these poor conditions? Frankly, you talked about city challenge earlier. I was leader of Brent Council when we won city challenge and implemented it. We tried to make sure that tenants’ views on everything associated were taken into account before we made decisions. It seems scandalous that this is still going on.

Michael Gove: I agree.

Q71 **Bob Blackman:** Obviously one of the other issues is cladding remediation. Social housing providers told us that their being excluded from the building safety fund means that they have to divert funds away from building more social housing and maintaining existing homes, to deal with the safety issues. What is the Department going to do under your leadership to redress this so that we get on with building the homes we need?

Michael Gove: I sympathise with housing associations that feel they are caught in a Sophie’s choice between dealing with safety and providing new accommodation. Without prejudice to the fact that safety needs to be dealt with, as I mentioned earlier, we need to be clear about where the catastrophic risk is and clear where other risk can be managed. We also need to be clear about how we can provide the money in the spending review, which is designed to do this, and work with housing associations to increase housing stock overall.

Q72 **Chair:** Does that apply to working with local authorities as well?

Michael Gove: Yes.

Chair: Thank you very much. We will move on to issues of home ownership and affordability.



Q73 Ben Everitt: The natural laws of supply and demand show that as we have demand for more houses and supply does not keep pace, affordability creeps away from us. It is great that we have the affordable homes programme out in September: £7.39 billion—we measure everything in billions nowadays—for 130,000 planned additional affordable homes over five years. Is it going to be enough? We have seen research by the National Housing Federation and Crisis indicating that the number should be 145,000 and recognising that even as we chip away at that, affordability still creeps away from us.

Michael Gove: Yes, you are spot on. There are several aspects that need to be addressed to deal with the affordability problem. The first is that supply overall needs to keep pace with household formation. There are various economists who have sophisticated arguments about whether if you create more homes, you create more households—whatever, but we have to have more homes overall.

The next thing is how you do that. It is a mixture of money and unlocking land. By unlocking land, I am very keen, working with Homes England and local government, to get a brownfield-first policy that really works and to provide people with the sort of housing that is welcomed and needed in particular areas. It goes back to the points I made, following on from Mary and Florence's questions, that there are going to be a variety of types of home that will be attractive and, I hope, affordable in urban settings that we need to concentrate on. There are other things we can do to help local government and local communities to welcome the right sort of development in their area.

On top of that, there are things that we need to look at in the realm of mortgage finance. In the aftermath of the 2008 crash, banks and lenders everywhere became much more cautious. I really am exceeding my brief here, because it is a Treasury matter, but a problem in the American housing market led people here to be over-cautious in aspects of their lending and particularly in calculations they made about loan to value. Obviously it is difficult to move them, but you cannot have a conversation about housing affordability without looking at both supply and access to finance.

Q74 Ben Everitt: We have almost looped back round to the questions Clive was asking at the start, in that it has to be across Whitehall, notably leaning in on the Treasury here, and it has to be the Government pump-priming in terms of levelling up, essentially picking some winners. Is this how it is going to have to happen?

Michael Gove: Inevitably, there are some local authorities and some local leaders who will be in a better position to be early partners in regeneration, yes.

Q75 Ben Everitt: Back to affordability, I am of course a south-east MP. Milton Keynes North is the very tip of the south-east, probably the southern tip of the red wall. If we look at affordability from a local perspective, the



term “affordable home” is a bit of a joke. You referred earlier to mortgage products and your conversations with the Treasury. The Joseph Rowntree Foundation suggests that the Government’s current suite of home ownership projects, including the mortgage guarantee scheme, are still unaffordable for up to 90% of low-income renting families. How are we going to get over that? How are we going to rise to the challenge of turning generation rent into generation buy?

Michael Gove: You are right that the products that we have in place cannot cover everyone who wants to get on the housing ladder. Following on from the points you made in your first question, we are looking at what all the levers are to make sure that people can aspire to be in a decent home, can be in a decent home and can then aspire to ownership. There are different levers that need to be pulled. Because of the way in which the situation has developed over time, it is a challenge.

The argument is made that you can increase the number of homes. That will always have an impact on affordability, but given the amount you would have to build to have a dramatic impact on affordability, you cannot say that just building new stock is the answer, because manifestly you are adding to an already big total and it cannot be anything other than a relatively limited one.

Q76 **Ben Everitt:** To use the Bill Clinton phrase: it’s the economy, stupid. In this case, it is the local economies—getting those local economies thriving.

Michael Gove: Exactly—you are absolutely right. This goes back to the point that the Chair made earlier. If you redress the 80:20 rule and you make sure that there are real reasons why economic regeneration is occurring across the rest of the country, you relieve some of the pressure on areas that have felt particularly under pressure in terms of housing numbers.

Q77 **Ben Everitt:** The problem here is that housing is the biggest, the most expensive and the longest part of the levelling-up puzzle, but it has to be central to the whole thing.

Michael Gove: Yes, that is absolutely spot on.

Chair: We have gone quite a long way without mentioning planning, but I am sure that Matt Vickers will redress that.

Q78 **Matt Vickers:** I am sure that planning reform is a hot potato you are delighted to get your hands on. In your letter to the Committee, you said that you were “taking time to speak with key stakeholders, as well as considering the feedback...on the White Paper” on planning before proceeding with any reforms. Who were those key stakeholders? What are the priorities being discussed? What messages are you taking from those discussions?



Michael Gove: The stakeholders include, first and foremost, those in local government, because it is through local government that plans are developed, the community's voice is heard and decisions are made about the future of places. I am also listening to organisations that have been campaigning, quite rightly, for more homes and for homes in the right places—everyone from Shelter and Crisis to CPRE. They all have an interest in helping to address this problem fairly.

I am talking to people in the sector. I have been cautious about engagement with individual developers, but I am talking to people who have a role overall in helping to ensure that we get housing quantity and quality to improve. I have also been talking to people who have been involved in the work undertaken by my predecessor and by James Brokenshire to put beauty at the heart of new developments.

My provisional conclusions are reflected in the letter. We want to be in a position where communities accept and welcome new development. What are the reasons why people have resisted that in the past?

One is aesthetic: people have thought that the quality of development has not been good and it has been out of sympathy with what is already there. The second is infrastructure: people worry that new development will mean that there will be pressure on GP practices, on their roads and on school places, which they will not secure adequate compensation for. The third is environmental: people fear that new development will contribute to everything from a deterioration in air quality to a loss of green space, a loss of biodiversity and so on. The fourth is the feeling that this is being done "to" rather than "with"—the idea that a combination of top-down numbers and a certain approach from the Planning Inspectorate in line with a certain degree of "Computer says no" operation from the Department means that reasonableness is not taken into account.

We want a planning system where people can feel confident that beauty is taken seriously, that the environment is benefiting, that the money will be there to support their infrastructure, and that ultimately the community has a role in determining what is right. What we want to do, and I think what everyone really wants to do, is make sure that in every part of the country there are up-to-date, thoughtful, sensitive plans that have the maximum amount of community buy-in.

Q79 **Matt Vickers:** How long do you plan to pause the reform process? Is there any chance that it will be abandoned altogether?

Michael Gove: No, we will not be abandoning it. There are some things in it that everyone agrees are sensible. There is no one who has yet said to me, "We mustn't digitise the planning system." There is no one who has said, "I'd like to keep it as paper-based and bureaucratic as possible." As we have just discussed, you cannot look at questions of housing just through the prism of planning. Improving the planning system is one thing, but there are lots of other things that we need to do



to achieve our goal of more people in decent homes in the areas that they want to live in, with communities welcoming regeneration.

Q80 Matt Vickers: In their manifesto, the Government committed to building 300,000 homes per year by the mid-2020s, yet MHCLG's outcome delivery plan makes no mention of the target. Does the target still stand?

Michael Gove: Yes. I think it is going to be stretching, because of all the other factors that we know about—the rise in the cost of materials, pressure on the labour market as a result of covid and so on—but yes. The thing about the outcome delivery plan is that, because it was a new department, I just wanted to make sure that we had an opportunity in the immediate aftermath of the spending review to take a drains-up approach towards it.

I am not retreating from the desire to have 300,000 new homes as soon as we can. The key figure, as we have just been discussing, is where and of what tenure. I want to make sure that people recognise that we are not taking the approach of saying, "Let's hit that target as quickly as possible and devil take the hindmost." We absolutely want to hit that target, but we also want to take account of beauty, the environment, quality, decency, local democratic control and infrastructure.

Q81 Matt Vickers: What is your view on the role of street votes in any future planning Bill?

Michael Gove: I love the idea.

Q82 Matt Vickers: I am happy with that. Do you agree with conclusion of this Committee's recent report that to make new housing carbon neutral, net zero has to be at the heart of the planning policy?

Michael Gove: Yes.

Q83 Matt Vickers: That is nice and decisive. This Committee has conducted significant work in this area and offered to carry out pre-legislative scrutiny on any forthcoming planning Bill. Is this something you would be willing to facilitate?

Michael Gove: We would happily work with this Committee on pre-leg scrutiny of any significant new piece of legislation that we bring forward, whether it is on planning or on anything else.

Q84 Mary Robinson: Local authorities are under what they regard as quite a tight timeframe to have their local plans updated and in place by December 2023. Is there is going to be any leeway in that, or are we still on that tight timeframe? In my local area, the Greater Manchester spatial framework was abandoned by Stockport Council. They are now having to rush to get their plan in place. Are local authorities going to be really held to this tight timeframe?



Michael Gove: At the moment, we definitely need to make sure that everyone gets on with it. As the Committee knows, something like 50% of local authorities do not have a plan in place.

There will always be reasons why certain local authorities face difficulties. Some might well legitimately say, "Look, it is all very well your demanding this, but the resources that we would want to devote to getting a plan in place have been occupied in appeals and in other activity." But as this Committee knows, the best way in local government of making sure that you can control how your community grows and develops is by having a plan in place. There is a legitimate concern on the part of local government that the resources have not always been there to help. That is why some of the changes that we can make, not just to provide the resource but to simplify the process, are important.

Q85 **Mary Robinson:** Local authorities are also trying to avoid, where possible, building on green belt. They are going for the brownfield-first policy. Yet they are set a target, as they see it, from Government that they think is a Government target. We have heard that it is not really a target from Government and they have to make their own decisions, but when they go to the local inspector they need to know that the inspector is going to look at it from the point of view of guidance that says that there is some leeway in there too. Is there going to be?

Michael Gove: Yes. My colleague Chris Pincher has made it clear that in developing a plan a local authority can say, "Right, this is the number to which we have been working. However, in this community, in this area, you have to take account of the fact that we have AONBs here, SSSIs here, green belt there and so on. It would be unrealistic to expect us, consistently with all those factors, to meet the figure that has been produced."

In making a calculation about housing need overall, I want to look at how the numbers are generated in the first place. Some of the assumptions are probably out of date. Exactly as you say, some of the ways in which those numbers are deployed by the planning inspector can be more sophisticated. I do not want to over-promise at this stage, because I recognise that there is a complex interrelationship between them all.

Q86 **Chair:** That is helpful. This Committee has been on record over many years in calling for a simplified way of doing local plans, which should be at the heart of our planning system, so that is really welcome.

Mary has raised a very interesting point about the numbers. Towards the end of looking at the reform proposals, what I think was called a metropolitan uplift was suddenly announced, where London and then other cities in the midlands and north suddenly got an extra number of homes as their target.

In my own case in Sheffield, 40,000 homes over 15 years would have been a real challenge, but the council is basically on the same page as the Government on it. It would mean building on some greenfield sites,



HOUSE OF COMMONS

but that could just about be done. It was suddenly lifted up to 50,000. That will simply mean building on the green belt. It is going to change the whole dynamics of the process. I just wonder whether you are going to go back and look at this. That number was just plucked out of thin air, it seems to me. Many councils, including in London, are just saying, "We cannot deliver this. It is impossible."

Michael Gove: Without prejudice to individual cases, let me look again at what the impact has been overall.

Q87 **Chair:** That is really helpful.

I have a question on permitted development. There has been criticism that some of the schemes have not been the best. Indeed, it was welcomed that the Government brought space standards in as a requirement. Are you prepared to have a look at whether environmental issues should also be allowed to be taken into account by councils? Converting an office block into residential in the middle of an industrial estate, for example, is probably not the best way to deliver homes for people who are often in real need.

Michael Gove: No, I do take that point. I think I need to take a couple of steps back, because the nature of cities is changing over time, because of covid and everything else. Most people would assume that the demand for office space and commercial property in many towns and city centres is going to diminish and we need to think again about how high streets can be lively and attractive. I absolutely take the point that you can have perverse outcomes and unintended consequences through relaxation, but I do not want to immediately leap into saying, "I am going to stop this or prevent that," just at the moment when we need to think about this system in the round.

Q88 **Chair:** That is almost the next question, which is about taking a rounder look at the planning system. Are permitted development and how it fits in going to be part of it?

Michael Gove: Yes.

Q89 **Chair:** That is really helpful, because I think you are right: many towns are going to have to change their approach to the number of shops and offices they have. Doing that in a strategic way, rather than individually, bit by bit, is something we need to encourage.

Michael Gove: Yes, exactly.

Chair: That is really helpful. Will you also have a look at permitted development not having to contribute to section 106 and the infrastructure levy or whatever replaces it?

Michael Gove: Yes.

Q90 **Chair:** On the sequential test, one of the concerns is that now office blocks can be converted into retail, it is possible to convert an out-of-town office block into retail through the permitted development route and



HOUSE OF COMMONS

avoid the sequential test in the planning system. Will you have a look at that as well, because that could undermine retail in town and city centres?

Michael Gove: Yes, quite. No one had yet brought that to my attention, so yes, absolutely.

Q91 **Chair:** Thank you for that. Going back to what we were talking about earlier on the fair funding review, we did not quite get a final answer. Is that going to be done during this spending round?

Michael Gove: That is just what we are considering at the moment—the extent to which we can, in this spending round, move resources so that they are more closely correlated to need. That is exactly what we are considering at the moment.

Q92 **Chair:** So “We don’t know” is the answer?

Michael Gove: But we will—I know this is becoming a theme—before Christmas.

Q93 **Chair:** Before Christmas, when the local government spending settlement is announced.

Michael Gove: Exactly.

Chair: We will find out whether we all have more money or less at that point.

Michael Gove: Yes.

Chair: Secretary of State, thank you very much indeed for answering so many questions today; it has been really appreciated. We will have a note back from you on one or two points, and then maybe further discussions on building safety in due course.