



Communities and Local Government Committee

Oral evidence: Performance of the Department
for Communities and Local Government 2013-14,
HC 878

Tuesday 24 February 2015

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Evidence from witnesses:

Panel 1 (Questions 164-245)

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Members present: Mr Clive Betts (Chair); Bob Blackman; Simon Danczuk; Mark Pawsey; John Pugh; and Chris Williamson

Panel 1 Questions [164-245]

Witnesses: **Rt Hon Eric Pickles MP**, Secretary of State, **Brandon Lewis MP**, Minister of State, **Kris Hopkins MP**, Parliamentary Under-Secretary of State, **Penny Mordaunt MP**, Parliamentary Under-Secretary of State and **Stephen Williams MP**, Parliamentary Under-Secretary of State, Department for Communities and Local Government, gave evidence.

Q164 Chair: Welcome, everyone. This is our third and final evidence session on the performance of the Department. Before we start taking evidence, I ask Members of the Committee to put on record their interests. I am a Vice-President of the Local Government Association.

Chris Williamson: I have two members of staff who are elected members on Derby City Council.

Simon Danczuk: My wife is a councillor and a number of staff in my constituency office are councillors.

Mark Pawsey: I have two members of staff who are local councillors.

John Pugh: I am Vice-President of the LGA and have a member of staff who is a councillor.

Q165 Chair: Welcome, Secretary of State, to your final appearance before this Committee—in this Parliament, just for reassurance. Perhaps you could begin by introducing yourself and your Ministers to us. That would be helpful.

Mr Pickles: Mr Betts, it is a pleasure to be here. I have prepared a 20-minute opening address, but we will skip that, shall we? It is my pleasure to introduce Kris Hopkins, who is the Minister for Local Government; Brandon Lewis, my deputy, who is the Minister for Housing and also for Planning; Penny Mordaunt, who is absolutely brand spanking new, as our new Minister with responsibility for firefighters, for coastal communities and for town centres; and my old mate Stephen Williams, who has responsibility for really interesting things like building regulations and also helps me with community work, and has a general oversight, as part of the coalition, on everything.

Chair: Thank you, Secretary of State, for that introduction. We understand we have time constraints, and you will be reassured I have to get away to get to Millwall for a 7.45 kick-off, so things should not take too long, in that sense.

Mr Pickles: I admire your athletic prowess.

Q166 Chair: You may see me tomorrow. On to an issue that clearly is a serious matter, Secretary of State, which is the issue of Rotherham Council: can I once again thank you for the courtesy of allowing me, as Chair of the Select Committee, to have a read of Louise Casey's report to you before the statement you made the other day? There has been widespread agreement on the action you have taken. We talked to Louise Casey about the issues yesterday. One thing we did discuss with her is that taking action to take over responsibility through commissioners for services in Rotherham is one thing, but finding your way out at the other end to get services back into democratic control, in some ways, may be even more challenging. I wonder what your thoughts are on how that might proceed.

Mr Pickles: If you will forgive me for saying so, Mr Betts, that is exactly on the money. It is all right making these grand gestures and moving in and making a decision, but the question is how you are going to get out. First of all, I did give a lot of thought in terms of doing a normal kind of intervention, which is what we did in Tower Hamlets and

what we did in Doncaster, which was to take over part of the function and to leave the core. When I started to look at Rotherham, I started to look at licensing and we could not really leave licensing, because of the mess they were in. I thought about town and country planning, and waste water.

Then I thought the sensible thing was to do the whole thing, but then start the process of rolling it back. It will be the commissioners' job to start that process of rolling back. I expect to see the major functions, particularly childcare, start the process in 2016, but I would anticipate some of the other functions, say for example but not necessarily planning, coming back much quicker, because I would be a lot happier to see full democratic control of services there. It will be part of the commissioners' duty to offer confidence to the staff—it is about rebuilding morale, rebuilding a spirit within Rotherham—and also I am particularly keen that officials, alongside the Local Government Association, look in terms of building some sustainability within members of the council, which I have to say they were very successful in doing in Doncaster, as you know.

Q167 Chair: So it will be looking at all members, but particularly lead members who may be taking on those responsibilities in some areas in a few weeks or months, and them working closely with the commissioners to make sure that process goes smoothly. Is this what you are seeing?

Mr Pickles: Absolutely. I also put some fail-safes in, as you will recall. I want to review every three months and, at each month, I want to know what services can be handed back, what services are ready for handing back, which services have started to hand back. If we do that, we will have learned a lot from Doncaster. It is proving more interesting in Tower Hamlets, but we have learned a fair bit in terms of how we can get things back.

Q168 Chair: Today, who is responsible for issues of child sexual exploitation in Rotherham and dealing with them?

Mr Pickles: Tomorrow we will be announcing the commissioners, but the council did stay in place; officials did stay in place. Rotherham very soon will get back to a position where they can take on some of the better aspects because, after all, they do not need to look very far in adjoining authorities to actually see some quite good practices.

Q169 Chair: If one of the issues that is identified is the need for additional resources, not because Rotherham has just got the ongoing issues of child sexual exploitation, which will exist in other authorities, but they have this awful legacy of people who have been abused, not listened to and feel very damaged by it all—I think Louise Casey said that the council had found some additional resources, which she gave some credit for yesterday, but maybe there is a lot more to be done—how can you help?

Mr Pickles: There are two things that can be done. The first thing, as you will have seen from Louise’s report, is that the one part of Doncaster that got it absolutely right was Risky Business, which unfortunately was absorbed within the council. I am clearly looking at ways in which we can revise a Risky Business type of function.

I am also very impressed by the work of Barnardo’s in dealing with victims within Rotherham. They are very robust, and I am looking at ways in which we can support them there. It is important not only in terms of the esteem of local government to get things moving quickly; it is important to re-establish confidence within the system, confidence within the police, confidence within the Health Service, confidence within the local authority. I am certainly looking at one or two and, as you know, I have been talking very closely with local members and with members in adjoining authorities, adjoining parliamentary constituencies, in terms of how best to approach this.

Q170 Chair: Finally on Rotherham, Louise Casey made a recommendation that, at the end, there might be a way of achieving closure by having a re-inspection of the authority by herself. Is that something you are minded to think about favourably?

Mr Pickles: Certainly, whether it is myself or my successor in title, we need to give a lot of thought, given that we took over the entirety, though of course the council still exists—it will set a council tax and has those functions—but given that we have taken over the entirety, we have to think about a symbolic way in which we can offer to the people of Rotherham that it is not business as usual, that there is a new council there that is invigorated and that questions of child sexual exploitation will not be brushed under the carpet.

Q171 Chris Williamson: Just a quick supplementary, if I may, Secretary of State: in terms of the selection process for the commissioners, I wonder if you could set out for the Committee what that will be and what the criteria for successful applicants for the commission

are. If there are going to be applicants for it, what criteria will they have to satisfy?

Mr Pickles: As you know, I have consulted very widely, talking to leading Opposition Members, talking to leading members of local authorities. If I could talk about the type of commissioner that we are going to be putting in, we will be putting in a lead commissioner. That lead commissioner will be the person who drives the process along. He will be kind of like the leader, in the sense that they are there to make sure everything works, but I thought it was very important to put in a managing director commissioner. That person will effectively be a kind of chief executive to work the process along. As you know, the Secretary of State for Education has a child commissioner in there; they are going to increase their hours, their time there, and we will have two additional commissioners to support the main thrust. I will be making an announcement tomorrow, or at the very latest on Thursday.

Q172 Chris Williamson: Will it be subject to the Commissioner for Public Appointments? Will they have a role in it or not?

Mr Pickles: No, it is my appointment. I have done this three times. I never thought I would do this, but I have done this three times and you really do need to get a particular type of person into that. You are looking for somebody with vast experience of local government, somebody who would be seen and respected, somebody who would be seen as not having a political axe to grind and people who will return local government in Rotherham to proper democratic control. I want to see Rotherham come out of this a much stronger authority.

I never believed I would have to do this three times. The first time in Doncaster proved to be an enormous success. Doncaster is a much stronger authority than it was. The jury is out with regard to Tower Hamlets. We are going to see what comes out there. They seem to have made a fair amount of progress and I will be reporting back to the House in due course, but the biggest test is Rotherham.

Q173 Chair: Just to move on to another issue, just questions to follow up on the session we had with Sir Bob Kerslake about the Better Care Fund, eventually we got out of Sir Bob, in terms of the accounting, that the money for the Better Care Fund that came from the Department of Health was within the Department of Health's budget, so it was Department of Health spending. In terms of councils, it was counted as local authority spending power and it was included on both counts. It is double-counting, is it not?

Mr Pickles: It is not double-counting.

Chair: We were getting on so well there.

Mr Pickles: Bob, with his customary charm and patience, never conceded a point to you on this issue. I sometimes feel—and I do not mean this at all rudely, Mr Betts—that there seems to be a feeling that we put this together in order to massage the figures. We did not. This is about proper transparency and it is about the changing nature of local government. Local government is in a state of enormous flux, in terms of powers and responsibility. You will recall there were Members of this Committee who were urging us to go over to this kind of system of calculation.

The reason it was important to have this degree of calculation is I do see local government becoming much more involved dynamically in economic generation. I do see it being more and more involved with the local health provision. If we are to deliver what, as a young idealistic, wide-eyed and excited councillor, I wanted to achieve, which was a seamless transition between medical care and social care, this is the only way we can do it.

Just let me finish this. I will do this in a minute if I can. You must not see spending power just in relation to the amount of money that local government gets. It is part of the reform of local government finance; it is part of the planning changes; it is part of the Local Enterprise Partnerships; and it is part of the emerging role of health. I did kind of lay this out to you five years ago in terms of how I thought it would go and I think that has been the case, so I am disappointed in you, Mr Betts, that you continue to count the number of angels on a pinhead.

Q174 Chair: Secretary of State, I am not disappointed. I think it is very ingenious that we have the same amount of money that manages to show that the spending of local government has not been cut by as much as it has and, at the same time, the Government keep their commitment to maintain the NHS budget in line with inflation. The same money can do two things. It is a feat of accountancy is it not?

Mr Pickles: I could not disagree with you more. Your analysis holds more to a *Game of Cards* box set than it does to what is happening on the ground. It is a reference to the point that local government is going to offer in partnership much more with different organs of government than they have in the past. In order to understand the amount of money that is at their disposal, we need to ensure that spending power is there. Now, I do not think you could say that anything that we have done is anything other than completely transparent. The calculations are there. It would have been a temptation just to throw the Better Care Fund into the mix without

clearly showing the figures there and clearly showing what the figures were not if that money was there.

Q175 Chair: Secretary of State, no one could accuse the Government of lack of transparency, when it was very obvious, after a short while, when the Department of Health thought they were going to make £1 billion of savings from this and your Department had no idea that any savings were going to be achieved at all. There did not exactly seem to be a terribly joined-up approach to it from the beginning, did there?

Mr Pickles: It is inevitable that part of this process, which is to reduce the calls to accident and emergency, will save money.

Q176 Chair: £1 billion was the Department of Health's figure, was it not?

Mr Pickles: That is what Sir Bob dealt with extremely well. I think the sum that we are talking about in terms of the way it would affect local government would be around about the £300,000 mark. You have to understand that the savings that this joint working will do will be much greater, will free much more resources than the £1 billion that you are talking about. More important than that, it will deliver better, more dignified service for people who are at their most vulnerable.

It does seem to me that this is a rather arcane discussion, when it would be more fruitful to understand the changes that are taking place. In the Better Care Fund, we are just five weeks away from it coming into operation. It will revolutionise the way in which local government and the Health Service interact. It has been a very painful process in doing so.

Chair: I do not think there is any disagreement with the intention of the policy, maybe merely the way it has been accounted for. Anyway, Bob Blackman will move on.

Q177 Bob Blackman: Secretary of State, I have a couple of questions for specific Ministers, so shall I direct those to the specifics, rather than to yourself?

Mr Pickles: Mr Blackman, the thought that we would get in your way has not once passed my mind.

Q178 Bob Blackman: Kris, when Sir Bob Kerslake was in front of us, he alluded to the fact that your Department has got a number of authorities that are running into financial difficulties. Could you update us with how many are on your watch list?

Kris Hopkins: Every single authority has gone through a very, very challenging period, and the fact is that no authority has failed to balance its budget. That does not mean that authorities have not needed support, have not considered really difficult issues they have had, as far as certain priorities are concerned, working with partners to make sure that services can be jointly delivered. We have just talked about the Better Care Fund; that is a perfect example of where, as the Secretary of State said, fundamentally, regardless of monies, this has got to be about the path of a patient, and the idea that we finally get down to breaking the silos of acute hospitals, social care and GPs, and that we actually join up delivering those services. There are specific authorities that have been identified as struggling. Each individual authority has gone through very difficult times and they have made difficult decisions, set priorities against local need and delivered a balanced book.

Q179 Bob Blackman: Clearly there are a number of authorities. The budgeting process is very much coming to its conclusion for local authorities. A number of authorities have severe problems in terms of taking decisions on balancing their books. Are you saying that there are no authorities that are on your watch list that you are seriously concerned about that may get to a Rotherham position? Are there no authorities that you are looking at? Can you give me some detail?

Mr Pickles: Forgive me for interrupting, Mr Blackman. I have Sir Bob's testimony and I can see no reference to a watch list here.

Bob Blackman: No, I am saying that he referred to a number of authorities that had financial difficulties. Have you not got a watch list of certain authorities?

Mr Pickles: If Mr Blackman would be kind enough to point out where we have said there is a watch list and where we thought there some in financial difficulties, I have not read that.

Bob Blackman: On 3 February, "We have very good intelligence about individual authorities getting into difficulty. We have information about local government as a whole and we have information about authorities running into difficulties." That is a direct quote from Sir Bob.

Mr Pickles: Which page? Where?

Bob Blackman: Question 61.

Kris Hopkins: Perhaps I can in the interim identify the fact that I, as a Local Government Minister, meet with lots of individual MPs and meet with councils. During the settlement itself, there was a huge amount of interaction between the two. In terms of the statement, there was a period of consultation where people came to me individually as authorities or we had a conference call where over 100 authorities came in and made the point that life is difficult. They were not shy in exchanging that. I would also point out the fact that groups like rural communities came to us specifically and challenged us to make sure there was sufficient resource in there. They identified that they had, they believed, a greater burden because of the communities and the way they were constituted geographically and demographically, and we responded by putting an additional £15.5 million into that. You can also look at things like coastal communities; there was a whole range of different areas that had a response. We wanted to make sure that, where there was capacity—

Q180 Bob Blackman: That clearly would be the normal representational round that takes place.

Kris Hopkins: Yes, it is. This is not to say that local authorities have not struggled to make the difficult decisions that they have. They have to set priorities and they have to make choices. As the NAO has said themselves, councils have coped extremely well. As far as the public is concerned, the level of satisfaction with services has remained constant during this period, despite the fact that people have had to make those difficult decisions.

Mr Pickles: Just for clarification, the question was, “The Department therefore knows precisely what is going on in local government.” Sir Bob said, “We have a very good idea of what is going on in individual authorities. More to the point, we have had good intelligence about individual authorities getting into difficulty. We have information about local government as a whole and we have information about authorities running into difficulty.” There is no watch list.

Q181 Bob Blackman: No, I am asking if there is a watch list.

Mr Pickles: No, there is no watch list.

Q182 Bob Blackman: There are no concerns about any local authority from a financial perspective.

Mr Pickles: No.

Q183 Bob Blackman: Okay, fine. That is good. Taking us forward, Secretary of State, one of the issues for the next Parliament is going to be with the potential for ring-fencing of health, ring-fencing of education, potentially ring-fencing of defence expenditure, but a need to cut government expenditure overall. You have been and your Department has been at the forefront of greater efficiency drives. You have agreed your budget very quickly and very early, and it is a shining example to other sections of Government. Does it not mean that potentially, with all these other areas being ring-fenced, there will be an even bigger squeeze on local government as a result?

Mr Pickles: We need to understand that there is a changing nature in what local government is doing. It would not surprise me to see a natural kind of extension of City Deals for a much greater pooling of resources within those deals, not just of local authorities and Government, but also of the Health Service. The Better Care Fund shows a way.

I still think that there is room for greater efficiencies inside local government. Some of the criticism that was made at the very beginning about it being the end of local government and how local government simply would not be able to cope has proved not to be the case. Local government has done exceedingly well, but I still think there is money that we can get out of the system, and that is going to mean local authorities merging, not just their back office but their front office. It is going to mean an improvement of procurement. After all, a 2% saving would generate £1 billion a year in terms of savings. It is certainly my view that it is possible to produce good local government at still a lesser cost. That is why all the other forms of the ways in which we have been delivering have been so important, and that is why, I think, esteem and satisfaction with local government services have gone up over there period of the coalition, because people have had to look at things that are important.

Q184 Bob Blackman: You published, quite early on in this Parliament, a guide, a checklist.

Mr Pickles: "50 ways to save".

Q185 Bob Blackman: Have you kept a watching brief on local authorities and their implementation of this excellent guide to efficiency?

Mr Pickles: We may indeed, Mr Blackman, be bringing out a new edition of that and perhaps you might care to contribute to its foreword.

Q186 Bob Blackman: Can I just move on to another area, which is fire? Penny, you have obviously been at the forefront of dealing with this particular issue, and we have had, as Members of Parliament, another lobbying letter from the Fire Brigades Union. Can I just give you the opportunity for stating what the Department's position is, so we know where we stand in terms of resolving this dispute?

Penny Mordaunt: The regulations have now been laid in Parliament. In addition to that, we also tabled a statutory instrument in order to address concerns around, in seven years' time, bringing in basically protections for older workers, when that comes into effect. That is now law; it became law in mid-January and the new scheme will come into effect from 1 April.

It is incredibly important that, as well as addressing concerns that firefighters have, we also—and this is part of the reason why we brought in the statutory instrument—address their perception. It will be probably impossible that any firefighter, in seven years' time, faces not being able to do the job and not having an underlying medical condition why they cannot do that. There are currently 1,000 firefighters over 55. There has never been anyone ever in that scenario. Very much the perception that they might be, and the worry that they might be, placed in that position seven years hence is a real factor in them perhaps not staying in the service, perhaps choosing a second career. Obviously we want to keep them in the service. Contrary to the general rhetoric that has been going on, older workers in any sphere are incredibly valuable. In the fire service they would bring a tremendous amount of experience, so we want to hang on to them.

The statutory instrument that we tabled has three parts to it which, in effect, will guarantee a firefighter, if they do find themselves in that situation, either an unreduced pension or an alternative role. Obviously firefighters have been asked to work until 60 since 2006 and have not had any protections. What this does is require authorities to have a process in place where they must consider either a pension or redeployment. Prior to the SI being tabled, there was no requirement in the national framework for an authority to do that.

The second part of that guarantee is the fitness principles, which again we have now placed in the national framework. People cannot deviate from that. They must follow that. If they do not, the Secretary of State has powers, under the 2004 Act, to intervene. Those principles—for example, if someone loses fitness they have to have a period of remedials, the quality, etc, of the support that they would be given—we think will ensure that nobody ends up in that position.

The third element is the process that the firefighter would go through. Very much as we have had a clearly set-out process of what happens in the case of ill-health retirement, a firefighter will know that they will have a medical; they will go through this process. This is

what happens if it turns out that way; this is what happens if it turns out the other way, and what redress they actually have. That is very clear; they know where they are with that. There will be a similar process for someone who does not have an underlying medical condition. That has to be worked out by the employers. They have already started on that. They are coming into the Department early next month to go through their current thinking on that, and I would anticipate that that would have union input on to it as well. Obviously that will not be used until seven years hence, but I have encouraged the LGA to do this early. When firefighters can see that, that will answer any remaining questions they have.

There is absolutely no doubt in my mind that the changes to the national framework—indeed, there may be further things down the line that we can do. We have the fitness working group that is looking at good practice. If that produces a national fitness standard, then there will be further things that we can do. Right now, there is nothing further we can do in law, because we do not have one national fitness standard; we do not have one authority in England. We have done the most we can using the SI, but that, the fitness principles and that process will give firefighters the guarantee that they need.

Q187 Bob Blackman: What is the status of any negotiations with the FBU, just so we are clear?

Penny Mordaunt: Despite my repeated requests, the FBU has never said what its bottom line is in the dispute. There is no tangible thing to get hold of, in that respect. The issues that have been raised with me as Minister and previous issues that have been raised have been dealt with. There have been an enormous number of changes to the original scheme, an enormous number of improvements to it, the final one being that fitness SI. That is now tabled and regulations have been passed through Parliament. It will come into effect on 1 April, so there is no open negotiation in terms of those issues.

The FBU and indeed other unions—I have met with the Fire Officers Association this morning—are in touch with us very frequently on a whole raft of issues. They are involved with the fitness working group. The meeting I had this morning was about women's issues in middle management and leadership in the service. We are in frequent contact with all of the unions. Indeed, the FBU is coming in next month to progress the fitness working group with us. There is talk going on all the time but, in terms of the pension issues, they have now been through Parliament and will come into effect on 1 April.

Q188 John Pugh: Can I change the subject to local government reorganisation? Professor Tony Travers says somewhere that it is almost certainly going to be something revisited in the next Parliament. I know, Secretary of State, you thought that there may be more pressing issues we need to get on with in this Parliament. Can you see why Professor Travers says that?

Mr Pickles: Yes, because I have talked to him about it. Professor Travers has a very distinguished record of not only advising this Committee, but also advising Ministers of different political persuasions. I regard the whole process as being very loose, and I would prefer local government to change organically. We have tended to move on the basis of the lowest common denominator and to do it on a process of governance, so if you cannot cope with a particular thing, everything is designed around that. That is why the reorganisation that is taking place has been around the issues, which is why the City Deals have been so important. Those City Deals will pull local government into a very different direction, which is the bedrock of the change that is going to take place.

I am much happier seeing structure catch up with reality. It is important to get all those things that deliver quality services. If a local authority came around tomorrow and said, "We would like to reorganise", I would listen to them, but my first question would be, "How are you going to improve the service? How is it going to be better?" Everybody wants to reorganise, but they want their particular council to be the inheritor of the reorganisation and to abolish the county, or the county wants to abolish the district. I actually think, if they get used to working together, they could produce something that would be democratically very accountable and very efficient.

Q189 John Pugh: There is the issue of unitisation being proposed as a more efficient alternative to your solution, which you have just alluded to, of the impact of the city region agenda developing. If I can give you an example from my neck of the woods, you have a local authority like West Lancashire, which is slightly orphaned in the process and would wish to be more closely aligned within a city region or going to some region that is going some place, rather than being left stranded where it is. That comes up against legislation, the Boundary Commission and so on. Do you think in the next Parliament there will be a more permissive environment and where there is requirement, as you say, driven by service needs and so on, an authority like West Lancs could—

Mr Pickles: I do not have my face against reorganisation, but only on the basis of improving the service provision. So often I have had people come to see me, I have had council leaders come to see me wanting to do a reorganisation, and it is all about function, it is all about taxation and it is all about boundaries. We are at a point of two really significant changes that have taken place at contrasting ends of the country. The first would be the Manchester deal, which is just an amazing one and I do not think we are finished with that. There are more things that can be done there, and there are the Tri-boroughs.

There is an example of where you are actually getting a better service. You are actually getting a more efficient, more caring and more focused service than in other parts of the country. In a way, that is how local government started. It was the people who used to occupy these rooms who sought to codify it, restrict it and bring in the doctrine of ultra vires, because they became rather frightened of giving power. I think we should release a lot of power.

Q190 Mark Pawsey: Secretary of State, just to follow on that point on the issue of City Deals, Greater Manchester is going for a mayor. In the *Local Government Chronicle*, you said that that should only be introduced with the consent of the people. Is it your view that the consent of the people had been granted in that area?

Mr Pickles: Against the will of the council. If the councils did not want to have one, it would be quite permissible to have a referendum for the people to speak. In terms of delivering a mayor, I have never been one hung who has been terribly hung up on governance. I can see the advantage. I can see the advantage of Manchester as a whole having a single person in charge. After all, Howard Bernstein cannot live forever. You need to have a position whereby, if you want to do a deal in Manchester, if you want to get something happening, you see that person. I could see some advantage—let me be controversial—in Birmingham having a place. It is fair to say that Bristol has definitely had an advantage, but I am not hung up on governance.

Q191 Mark Pawsey: Is it your view that a referendum should have taken place before proceeding, or are you happy that the decision was made within the authority?

Mr Pickles: I am completely content. If the councils had been against the idea of a mayor, then of course we should have had a referendum but, as the council has consented to the idea, as indeed they did in Liverpool, there is no need for a referendum.

Q192 Mark Pawsey: The Manchester deal, Secretary of State, is a good example of one of the key issues that this Government have had, which has been the issue of localism and devolution. Looking back over the past five years, do you think this Government should have moved faster on this issue of devolution? Should we have done more in the period we have been in office?

Mr Pickles: I am immensely impatient with the pace that we have taken, but when we come to write the process of devolution we did something actually quite significant. If I am being absolutely blunt, I

do not think it would have been possible to have done it at a time of plenty. The fact that, at the time, we were taking out money forced us to concentrate on the important things. There is an understanding that true growth can only come from local growth. The people closest to the ground were the best people to take those decisions. For a Conservative and Liberal Democrat coalition to take a decision to hand a lot of power that we had to essentially places largely controlled by the Labour Party was an enormous act of faith. I have to say I do not, in any way, renege from that decision. It was a sensible one to take.

Q193 Mark Pawsey: To follow on from that, do you therefore understand, Secretary of State, the feelings of those who come from county areas—that they are looking over their shoulders rather enviously at these cities? You point out that they are Labour-controlled authorities, but there does not seem to be any urgency in delegating those powers to counties. Why is that?

Mr Pickles: We would do it tomorrow if the county and the district came with a unified plan. By and large, you can get them to come through the door together; it is just that one tends to linger looking at the photographs on the walls, tap, tap, to stay behind to say, "Actually, they are rubbish. Really what you should be doing is breaking up the county," or the county is saying, "What you should really do is actually abolish the district". We need a uniform plan. To tell you the truth, because I am quite a pushy soul, I have looked at a number of counties. I have said, "Would it not make an enormous lot of sense if you put a deal together around this economic area?" We may be in a position to be able to announce something not immediately, but certainly in the medium term.

Q194 Mark Pawsey: Has there not been five years in which those authorities have been able to do those things? You have already drawn attention to the fact that pressure on resource has driven these things in other places. What is holding the counties back?

Mr Pickles: That is the irony of localism. Five years in office, I have understood what localism is. Localism is taking a decision locally but, if you do not like it, then you say, "Why is the Secretary of State not taking decision?" or the Secretary of State takes a decision and, if something is unpopular locally, then "We should decide this". Actually, if you pass power down, power only comes to those who grab it. When we were putting together the deals for the Local Enterprise Partnerships, there was a particular authority that refused to go into any of the partnerships. My response was: "Fine, we can live without you not being in a partnership".

Q195 Mark Pawsey: Are the counties ever going to be in a position when they are going to grab this opportunity?

Mr Pickles: I am sure they will, because this is the future of local government. This is the way it is going to go. In a way, Manchester is a pioneer. We think of the Rochdale pioneers. We can think of a lot of things that came out of that area. This is the way it is going to be. The only way in which you can move devolution is the way in which we have moved devolution, which is you can get a better deal. This is a better way of running it. Manchester will demonstrate that. I am sure—let us take a punt—15 years from now, the overwhelming majority of all local government will be run like that. They will have very different powers from the ones they currently have.

Q196 Simon Danczuk: Secretary of State, would you describe yourself as a gut instinct or an evidence-based politician?

Mr Pickles: I have always regarded myself as an intellectual.

Simon Danczuk: I think we should probably move on from that.

Mr Pickles: I find a bit of both is usually very helpful, but not to be obsessive about either end.

Q197 Simon Danczuk: I asked the question because, during the course of a number of these Select Committee meetings, we have found, on various occasions, the fact that the Department does not rely too much on evidence. Examples would be we have asked questions about how many homes have been built on brownfield sites and we cannot really get an answer to that because the information is not collected. We noticed that the English Housing Survey is being reduced, in terms of the number of times that it is conducted; it is proposed to be. In the latest example, we had Minister Lewis come to us and say that he did not believe the Association of Convenience Stores research that showed that out-of-town shopping centres were increasing since the National Planning Policy Framework was produced, but he could not provide any evidence to show that it was not.

Mr Pickles: We were of course hampered by the last Government cancelling—

Q198 Simon Danczuk: Let me come to that. Then we had the Permanent Secretary visit us and he said that he has been adamant that there was such evidence collected, then today we got a letter from the Department saying such evidence is not collected. Does the right hand

ever know what the left hand is doing in the Department, Secretary of State?

Mr Pickles: As I said, we were severely handicapped by the fact that the last Labour Government cancelled the programme by which we could determine out-of-town shopping. The point that Minister Lewis said, and I think he will speak for himself in a moment, cast doubt on the survey by convenience stores, because it was actually quite a limited sample. On that point, it would be good to hear from Minister Lewis.

Brandon Lewis: Thank you, Secretary. We had a conversation about this when we were looking at the NPPF and in my previous role as the High Streets Minister, when we were talking before. The Association of Convenience Stores, which I have worked with, is a great organisation, but we did make a point—and actually, to be fair, they recognise the point—that the sample they use is quite a small sample. It was also about minor retail developments being excluded, as the letter from Sir Bob outlines. I am not sure it was an entirely representative sample.

In terms of more generally, the issues around the data we use, we have been out to consultation on the English Housing Survey. We have got to deal with the deficit. We have reduced the costs in our Department by a significant amount. As we are looking at new procurement, as we are looking at going forward, we are always looking at making sure we get best value for money. We have consulted on what we can do to find more innovative ways to run the survey at lower cost, while continuing to provide the data we need to develop and monitor housing policy. I will be responding to that consultation shortly.

Also when it comes to housing, do not forget that that is not the only thing we look at. Obviously we know how many planning permissions are being granted and we are now commissioning the external update of the housing market model, and that is what helps us to understand the future housing market trends and the impact of new housing policies on housing supply as well. There is a range of things we look at.

Q199 Simon Danczuk: The ministerial team is happy that you have enough evidence at your fingertips to make good informed policy decisions.

Penny Mordaunt: Shall I chip in on out-of-town versus town centres? I know the Committee has been trying to find evidence to track how each is doing compared to the other. The note that Sir Bob gave you

on land use change stats—the last one produced in 2007 does not actually give you that. It tracks the general decline from the 1970s, in terms of growth in development in town centres, but it does not give you what you are looking for.

What might be helpful to the Committee is if I point you towards the University of Southampton report, which shows you the trend in growth in town centres, with regard to retail, which was in decline from 2003 but, since 2013, has increased, particularly in groceries, clothing and footwear. Also there is last year's Deloitte report, which tracks the re-occupancy rates in town centres.

Simon Danczuk: I am going to come back to town centres, but I am more interested in the general point.

Mr Pickles: Sounds like we are awash with information.

Q200 Simon Danczuk: Yes, of one kind or another. I am not sure how much of it is informing policy. Let me ask you this question. In March 2013, Secretary of State, Treasury officials advised that the Help to Buy Equity Loan scheme would "have limited impact on housing supply". That is what they said; it would "have limited impact on housing supply", as most of the homes would have been built anyway. On what grounds did Ministers reject this advice?

Brandon Lewis: I would say that you have to look at the outcomes, in the sense that, if you look at what is happening in the market and you look at what the developers themselves are making very clear, Help to Buy has been a hugely important programme on two levels. One is you have just over 77,000 families now who have a home thanks to that kind of scheme, and 188,000 homes from Government schemes more generally. What you are also seeing now is the housing market, the builders, particularly now that scheme has given that confidence from extending it to 2020, have the confidence that that supply chain is coming through. That means we can see the developers continuing to build houses.

That is part of—and I say "part of", because the housing market has got a huge range of different factors within that centre, whether it is the private rented sector, affordable housing, social housing or people who are looking to buy their own home and building to sell straight out. Within that part of the sector, what it has done is given confidence to those developers to continue to build and to make sure, therefore, that we have been able to move the house-building sector from what was the lowest rate since 1923 when we came to power to now being at the

highest level since 2007. We have gone from 75,000 a year to more like 150,000 a year and we have delivered, over the last five years, the best part of 700,000 homes. That Help to Buy is an important part of that, because it has given confidence to people on the supply side, but also on the demand side as well.

Q201 Simon Danczuk: Just sticking with the scheme, how many of the 41,500 homes that have been sold under the Equity Loan scheme would have been built anyway without the scheme?

Brandon Lewis: I do not know how many would have been built anyway. What I can say to you is that 44,000 people there now—77,000 in total through Help to Buy—have now got homes.

Q202 Simon Danczuk: The Treasury thinks that they would have been built anyway.

Brandon Lewis: If you speak to developers, you will find that developers will say that would not have necessary been building those homes.

Q203 Simon Danczuk: So the Treasury is wrong.

Mr Pickles: That is not really the point. The point was to try to get developers to start building again. Developers were doing actually fairly reasonably at bunkering down at about 60% of their production level. They were making reasonable profits, employing a reasonable numbers of people. That was something the last Government struggled with—in order to get them out of that, you needed to give them confidence. What the scheme did was to give developers confidence. It is like what we are trying to do in terms of the brownfield sites and the smaller sites, which we have been working hard on. When housing was at its height, something like rising 27% or 28% of the market was made up of small developers. Now that has dropped to something like 15%. If you look in terms of the years where you got good numbers, a surprisingly large amount were coming from small sites, in the same way that we have been looking at different kinds of tenures, different ways of building and different ways of ownership to try to get some of the bigger sites out.

Brandon Lewis: The problem that we have dealt with—and this does link back to the small sites as well—was that of the developer being able to get the finance to build, because the lender is not keen to lend, because it was very high risk whether you get planning permission at

all and the developer has to get that money together to be able to make that site viable in the first place.

You had the same problem before Help to Buy for developers even on a large-scale who are building large-scale numbers of homes, with people who could afford the mortgage but could not afford to get the deposit together to be able to go in. Some of those people were renting at more than the mortgage would cost purely because they could not get the deposit together. Help to Buy has given confidence to those developers to build and to continue to build, and to project forward and to be building and planning longer term, which is what we need as part of seeing houses increase and housing numbers increase in the longer term, in a way that they just could not do before, because they now have the confidence that the buyers are coming into the market and can afford to buy those homes, in a way they just could not, because they could not get together that 20% or 25% deposit. Now they only need 5%.

Q204 Simon Danczuk: Let me move on to town centres then specifically. The general thrust of this is that the problem for the Department, for Ministers, is that there is this suggestion that policies are not based on any real evidence. Then on the other end, if you take town centres as an example, it goes to another extreme where it is based on celebrity, a bit of stardust and Mary Portas being brought in. It is almost all fur coat and no underwear. That is how some people describe this.

Penny Mordaunt: Let me address that—not the fur coat, the other point. First of all, the Future High Streets Forum has been an incredibly useful vehicle for pulling together research, commissioning research, looking at shopping trends and looking at all of that. I mention a couple of those, not necessarily that we have commissioned, but some of the reports that we look at and we monitor these trends. That goes on. That is only part of what forms policy and what forms where we might put investment and so forth.

One of the most powerful things, looking at high streets and town centres, has been sharing what has worked, whether it has been through the more formalised route of Portas Pilots but actually, equally importantly, sharing the work of the Town Teams, 333 of them, whether it is on parking, whether it is on risks that they have taken, changing their opening hours, pop-up shops and all of those things. That has been incredibly powerful and effective.

We now, through the portal and through the Great British High Street competition, which we are going to run again, have captured that good

practice. It has been disseminated. It has created a buzz. We are also buddying up people across the country who are facing the same issues and do not want to make the mistakes that someone else made, want to see what they have done and what has worked. Dry stats are helpful; we look at them; they are very useful. Also for something like that, you do need something that is not quite so dry. You do need evidence-based in the form of sharing best practice. Let me just address the Mary Portas point.

Q205 Simon Danczuk: Talking about mistakes made by previous people, it was an appointment made by Grant Shapps, the previous Minister, and there are serious concerns about it. This is the reality of it. Even the Permanent Secretary said to us—you will be aware of this—that she had effectively “turned” on Ministers and “bitten” them. That is how your Permanent Secretary described Mary Portas. You sit with her—

Penny Mordaunt: When you asked Sir Bob to clarify—

Simon Danczuk: Let me just finish.

Penny Mordaunt: I can clarify: no Minister has been bitten by Mary Portas. I can tell you that.

Simon Danczuk: Will you let me make this point?

Mr Pickles: I find her absolutely charming.

Q206 Simon Danczuk: The Permanent Secretary has never actually spoken to her. Respond to this point, because she says that the Government response to her proposals was “tepid”. That is how she described it. “The Government have made token gestures in response to my review”. She said that in December. That is only a few weeks ago. Have you spoken to her about these comments? You sit on the forum with her; what did she say to you?

Penny Mordaunt: The notion that Mary Portas was involved with the Portas Pilots and has since left the building is not the case. She is on the Future High Streets Forum. We speak regularly. We are continually coming up with new ideas. Indeed, the last Forum met about a month ago. There are some new initiatives that we are doing with the major chains that came out of that.

Q207 Simon Danczuk: With all respect, Minister, how would you describe the relationship between you and Mary Portas, because she does not think you have listened to what she has said?

Penny Mordaunt: My relationship, and I think I can also speak for previous Ministers, has been very good.

Q208 Simon Danczuk: So why do you not implement what she has said?

Penny Mordaunt: Not that it is relevant to this Committee, but I like her; we get on very well. We are generating a huge number of new ideas.

Q209 Simon Danczuk: Why do not you do what she says?

Penny Mordaunt: We have. We have implemented all bar one, in full, of her recommendations. The one that we did not recommend is in the National Planning Policy of the Town Centre First approach. We have not got the Secretary of State to call in every application, but we have done something that has a similar effect. If you are going to get someone in basically to give you a bit of a prod, get you to focus on things and look at things in a different way, you want someone like Mary Portas. You do not want someone who comes in and does not add anything to the conversation.

I have to say, when I have gone round town centres and I have spoken to not just traders, but also members of the public, they know who she is, it generates an interest, and that is what we want. We want to take all the work that has been done on the Great British High Street, through the portal, through the Future High Streets Forum, and we want to turn this into a movement. It has to involve the public as well as traders, and Mary Portas has been excellent in doing that.

Brandon Lewis: Just before you go on, having looked after high streets for a while myself, I have to say a couple of things, picking up on what the Minister just said. Even the issue around Town Centre First, as Mr Pugh will know, we have recently called in an application in his constituency to make sure that we are looking at a detailed consideration of things like the extent to which the proposed framework is consistent with Government policies. We have implemented 27 of the 28 anyway. I had a very positive relationship with Mary Portas, like Penny does.

One thing I would say for Mary—I think this important and we had this conversation in this forum before, but it is important to keep this on the record—is that what Mary has done with high streets is make sure, because of her name, because of her passion and determination about it, it has gone higher up the agenda in a way that in the public consciousness we talk about high streets in a way that did not happen

previous to this Government. That is a real testament to the work she has done. The work that we have done to move things forward is what has led to some of the positive things we are seeing today.

Q210 Simon Danczuk: I just wish she would reciprocate your comments really.

Brandon Lewis: She did in the report last year.

Q211 Simon Danczuk: Let me move on to my final quick question about some evidence that is out there, which is not collected by Government, but is collected by the Local Data Company, which is quite comprehensive, from what I have seen, which shows a real North/South divide in terms of empty shops. There is no doubt about that. The empty vacancy rate in London is 7.8%, whilst in the North East the vacancy rate for shops is 16.8%, so a massive difference. There has been no reduction in the vacancy rate really. It has been 11.8% and 12.3% over the duration of this Government. Why are you not improving it?

Penny Mordaunt: I was appointed in the summer, and the bulk of the work that I have been doing on high streets and town centres has been about those areas that have been slow to get out of the blocks, areas that have quite complex problems, perhaps not a lot of capacity in the community. Maybe it is a struggle to get a traders' association going, for example. Very much the work of the Future High Streets Forum and the Great British High Street portal and all of that good practice, we want that to reach those places.

To give you some examples of what we have been doing, we have identified those areas, in part through input from honourable Members in this place, and we have been putting together bespoke packages for those places. That takes a range of tools that we have, tools that are available on the Great British High Street portal but also, in areas that have quite complex problems, actually going in there, working with local people, running workshops and supporting them in taking those basic steps.

The other thing that we are doing as well now, because obviously we have been disseminating money through Town Teams, is putting money out in various forms through the Great British High Street brand, but what we want to do is make this sustainable. We are now talking to the national chains that have a regular high street presence and asking them to contribute locally, whether they are banks, whether they are Boots the chemist or whoever it is. That can be done in a variety of ways. Sometimes it is just support; it is mentoring.

Sometimes it is money going in. It can take a whole variety of forms, but we are very much focusing on building those partnerships locally. It is tough stuff, but we are seeing a change there and the feedback that we have had from these areas, which are the tough areas, has been very encouraging.

Q212 Chair: I just wanted to ask a brief follow-up and then we will move on to Bob. In terms of doing assessments on policy, my understanding is that the Department has to do a business case before it launches a new policy or initiative. In the interests of transparency, why does it not publish the business cases?

Mr Pickles: Those cases are publicly known. You have just heard the Minister rattle off a whole set of things that are there. I do not think we need to publish things that are in the public domain.

Q213 Chair: Business cases are, as a matter of routine, published. If I write to you with some examples of policy initiatives where the business case has not been published, would you have a look at them?

Mr Pickles: What I was doing was replying to what our sources are. Our sources are out there and available. There are always Freedom of Information requests, Mr Betts. There are always Parliamentary Questions.

Q214 Chair: Why, as a matter of transparency, does the Department not publish a business case when it launches a policy to say, "This is what our understanding is and how it is going to work"?

Mr Pickles: Sometimes commercial confidentiality exists. Sometimes information is given to us on the understanding that that will be respected, being Government. If you have something in mind, we will certainly look. We aim to be as helpful as we can, Mr Betts.

Q215 Bob Blackman: Secretary of State, what more can Muslim leaders and mosques do to combat extremism?

Mr Pickles: They can do quite a lot. The nature of mosque leadership is changing quite a bit, from the traditional view that you and I might have had, in terms of the people who we met a few years ago. A lot of people who are running mosques now are what you might call coming from professional classes. They are accountants; they are solicitors. They are very savvy on the web.

What we would look for in terms of leadership is offering the kinds of leadership that other institutions do, which is pastoral care, but I am

utterly convinced that, in terms of dealing with extremism, you cannot expect it to come out of the equivalent of the pulpit. This is a fight that is taking place on social media a lot. You need to be fairly savvy with that. One, I would expect them to offer a degree of pastoral care.

The second thing is that I would like mosques to be co-operative with other organisations, which they are, in terms of working together on pastoral kinds of things, help to the elderly, doing day care and that kind of thing. One of the things that I was really pleased about, going back to my council days, was you have to have a number of open days. I have seen a number of open days taking place, which takes away some of the kind of mystery of what is actually going on there.

My view is that mosque leadership is evolving, changing and is fairly forward-looking. I want to say this, because I am sure you would agree with me: the Muslim community actually makes up part of British identity. If we did not have Muslims in this country, we would be a lesser country for their not being with us. It is an evolving process.

Q216 Bob Blackman: The Quilliam Foundation says that some mosques are preaching hate. Do you think that is right and, if so, what can be done about it?

Mr Pickles: Clearly mosques have to operate inside the law, and I know that the Home Secretary takes a very serious view—we take a very serious view—of those who preach hate. For those who preach hate, I suspect we could point to a number of imams who are preaching tolerance and reason. I am sure Quilliam is right; it is the nature of life that there will be people who seek to exploit an essentially peaceful religion, turning it on its head and turning it into a thing that is alien to Islam and alien to British society.

Q217 Bob Blackman: One of the actions you have taken as a Government is that the Home Secretary has banned certain hate preachers from coming here, which is welcome. One of the problems that has occurred as well is that there are, allegedly, mosques that beam in hate preachers over the internet and therefore radicalise the attendees at mosques. Can any action be taken about that?

Mr Pickles: We are constantly vigilant, in terms of searches on the internet, to try to ensure that an alternative view is seen. In terms of influence from outside the UK, we are up against a pretty sophisticated and actually quite well organised media blitz from a number of extremists. What they are producing is vile, but it is polished vile. In terms of messages coming in and the use of satellite to beam in directly, that is something that I would have to refer to the Home Secretary.

Q218 Bob Blackman: Finally from me, the Prevent programme is being used to try to make sure that individuals are not radicalised and so forth. How content are you that the programme is reaching the people it needs to reach, and that the organisations that are taking advantage of that programmes are the appropriate ones? One of the concerns I have is that, often, it is the usual organisations that get the funding and the help, and there are others organisations, which reach Muslim groups, that are not assisted. How happy are you with what is going on?

Mr Pickles: In terms of our funding, we have to be constantly vigilant. We have to ensure that we can respond reasonably to ensure that there is no possibility of public money being used to support people who have extremist views. We are reasonably careful about that, but what we want to see, what I am keen to see—my part of Government tends to fund things that relate to the community, so we do not tend to fund something that wholly relates to a particular religion or a particular view. We tend to do things that would encourage different organisations to work together. For example, we would not fund a care package for, say, Sikh elderly, but we would do a care package that involved Sikhs, Hindus, Muslims, Christians, Jews and the like.

Q219 Bob Blackman: Just on that final issue, obviously we are getting large numbers of individuals who chose to come to this country 40 or 50 years ago as care packages and they are now reaching an age when they need these packages. It is a serious concern amongst the wider community that the facilities for people who have English as a second language, or may have cultural issues, are not there.

Mr Pickles: That is a really good point. I know we have talked about this. You have shown me some stuff in your patch about that, particularly as people get older. Sometimes their memory will go. Sometimes they are in a different place. We need to be very sensitive to that, but I am conscious that a lot of very hard work has been done by Stephen, so I wonder if he would like to come in.

Stephen Williams: I would agree with the Secretary of State that you cannot see mosques as the sole answer to solving community problems. There are other approaches that need to be adopted, in the same way as we would not expect the Church of England to solve community problems elsewhere.

One area where mosques and British Muslims could make a stronger contribution is perhaps through their constant preaching in English and having more spokespersons in the media who can give the entirely reasonable face of British Islam to viewers. Quite often what you see on the television set when someone is interviewed, frankly, is not from

that viewpoint. A lot of my Muslim constituents say to me, and a lot of Muslims I visit around the country often feel, that the face that is portrayed about them on the television sets or in some newspapers is not an individual to whom they relate. Part of that is undoubtedly down to the media choosing who they select to interview, but I also think British Islam could build up a cadre of imams who are perfectly fluent in English, articulate both in the genuine meaning of the Koran but also what living in 21st century Britain means, and put those forward as spokespersons whenever there is an issue of community tension.

In Birmingham and in Derby, on my visits around the country, I met a couple of seminaries, for want of a better word, where imams who were born in Britain are being trained to preach in English and particularly to speak to young people in English. That can make a big contribution.

Q220 Chris Williamson: I wonder if I could ask you to cast your mind back to 2011. This is a question probably you will answer, Brandon, on the reinvigoration of the Right to Buy. You made great play of that in "Laying the Foundations: A Housing Strategy for England". The Government "committed to ensuring that every additional home sold under Right to Buy is replaced by a new home, and receipts from sales will be recycled towards the cost of replacement", but this Committee was not convinced and, in its report, "Financing of new housing supply in 2012", said that it was "not convinced that the Government will deliver on its plans for 'one-for-one' replacement of additional properties sold under the new proposals, especially if the discount cap is set as high as £75,000".

Shelter similarly was not convinced. In data that was published by *The Guardian* in January of this year, they discovered that, for every new home that had been built, 5.28 had been sold. Today we see in an Inside Housing report that the Government massively over-estimated the Right to Buy replacements. Your Department was originally claiming to have built nearly 5,000, but in fact you have built less than half that. Even at 5,000, you would still be falling well short of replacing on a one-for-one basis the around 17,000 that had been sold. Would you agree that this policy, as set out in that document back in 2011, has been a complete failure, in terms of the building and replacement, not the Right to Buy?

Brandon Lewis: Actually I think the scheme generally has been a real success. Let me just finish answering the question. I will cover the specific point. Council house building starts, right now, are at a 23-year high. That is almost twice as many council homes that have been built in the last four years than from 1997 to 2009. Previously,

councils were not being encouraged or motivated properly to build new homes from sales receipts. Let us be clear about this: only one new council house was built for every 170 Right to Buy sales completed.

Since we reinvigorated Right to Buy, that is £730 million in sales receipts that is being reinvested in house-building. That levers in a further £1.7 billion roughly of investment over the next two years. That means that, in total, over £2.4 billion will be raised to invest in affordable house-building as a result of the Right to Buy scheme. Now, what we have seen is replacement start statistics have been revised—you are quite right—following a comprehensive quality assurance review, which found a technical error with the data. Those houses, the figure just shy of 5,000 that you mentioned—

Chris Williamson: It is actually 2,500.

Brandon Lewis: They have still been built as affordable houses, but the ones that have come as the re-invigorated Right to Buy are the 2,700, which obviously is still a year away from the end of the scheme. Those houses will be built. Councils have still got a year to go. I would encourage them and I hope you will join me. Those councils that are lagging behind need to hurry up and get on with building those houses they have the money for. If they do not, at the end of three years, there is a real incentive for them because, if not, along with the 4% interest they have to pay Government, that comes back and Government build those houses.

Q221 Chris Williamson: The one-for-one policy has not worked, has it? It has failed so far.

Brandon Lewis: If you look back on the transcript of what I have just said, I have outlined why it is working. It is delivering houses. It has got more investment coming into house-building.

Chris Williamson: With respect, Minister, the policy—

Brandon Lewis: Let me just finish. Also, the scheme has not finished yet. Those councils have got three years to build the houses. You are quite right; a council that has not done it yet needs to get on with it. Councils do need to get on with it, but they have a year of the scheme left to go and, if not, the money comes back to central Government, with the interest that is due, and Government will build those houses. The one-for-one replacement will happen.

Q222 Chris Williamson: Right, I would like to come to that point now. For the absolute avoidance of any doubt then, what you are saying is that the one-for-one policy will be delivered by when?

Brandon Lewis: Local authorities, which have three years—there is still a year left to go, so you are talking about a scheme that has not finished yet.

Chris Williamson: They have 12 months from today then.

Brandon Lewis: They are two-thirds of the way through the scheme. They have another year to finish getting those houses built. If they do not, the money they have not put into housing comes back to Government with interest and Government then build those houses. Let us also be very clear: that 2,700 that have come through already are the ones that are already in that system, bearing in mind that we are only a couple of years in. By the time you get the land, get the planning permission—I do appreciate that that does not take a couple of weeks. I am doing what I can to speed up planning. I am consulting even more, as of yesterday, to speed up planning. I hope you will support that until that is through, but obviously they have to get on and build those houses. That is a vast improvement on the one for 170 that we saw under Labour.

Q223 Chris Williamson: You are presumably familiar with the Elphicke review, which talked about Government allowing local authorities to look at flexibility within the housing revenue account to enable greater borrowing to enable them to deliver and to facilitate the one-for-one that you are suggesting will happen. Is that something that you would look favourably on?

Brandon Lewis: I do know the review and I actually spoke at the publication of the review, along with the Chief Secretary, because it was jointly commissioned between us and the Treasury. It is a really good piece of work. There are some things in there for local government. There is quite a lot for local government to look at what more they can do. One of the issues around the HRA is obviously that has an impact on public sector borrowing. We have got that horrendous debt and deficit we inherited to deal with, so Government have to take a view on being very fiscally sensible about that. We have to be very aware of the fact that what local government does in terms of that point has an effect on the public sector borrowing requirement, so we are not going to be seeing a change in that headroom.

Bearing in mind that, not long ago, there was £2.8 billion of headroom still in there for councils to use that they are not using yet along with

the Right to Buy receipts that they have still got available to use and they should be using, we did recognise that there was some headroom. My predecessor, Kris actually, did make sure there was some money in there that came though last summer for local authorities that want a bit of extra headroom. We did make £300 million, from memory, available to those councils. They have been bidding into that scheme to try to go further and do more. We welcome councils applying for that fund.

Q224 Chris Williamson: In general, your message is then that, whatever happens, whether you need to use the recommendation in the Elphicke review or otherwise, the one-for-one policy will be delivered within 12 months of today.

Brandon Lewis: No, the one-for-one policy for the additional sales, those councils have got three years to deliver those houses. For the avoidance of doubt, if you look at what I am saying on the transcript of this discussion, if at the end of three years the council has not used that Right to Buy money to build new houses, that money comes back to central Government with a 4% interest charge and central Government builds those houses. The onus is on building for three years, but they should be started.

Q225 Chris Williamson: How much longer after that then would you anticipate, if that were to happen?

Brandon Lewis: I am rather hoping these councils get on and build the houses and Government do not need to do anything.

Q226 Chris Williamson: Let us assume some of them do not then. How much longer?

Brandon Lewis: Then we have to acquire that land, get that land sorted out, get the planning permission and build the houses.

Chris Williamson: There will be no shortfall then.

Brandon Lewis: If you are willing to support the changes that I suggested in the consultation that came out yesterday on 106 agreements, we can see that happen a lot quicker as well.

Q227 Chris Williamson: What you are saying is though, for the avoidance of doubt, and just for the benefit of people who may not look at the transcript—or maybe they do—

Brandon Lewis: I am sure this is essential reading for everybody, Mr Williamson.

Chris Williamson: It might well be. For people looking in, watching this on the TV, what you are saying is that, for every council house that is sold within 12 months or a period thereafter, since the reinvigorated Right to Buy came into being, there will be a new council house to replace it.

Brandon Lewis: The additional sales of the reinvigorated scheme, they have three years, yes. I have to say 165 out of 167 stock-owning councils have signed up agreements with Government to do this.

Chris Williamson: Nearly 17,000 sold now.

Brandon Lewis: They have three years to get those houses going.

Q228 Mark Pawsey: Minister, I would like to stay with housing, if I may. In 2013, this Committee produced a well evidenced report on the private rented sector. The Government responded with a consultation paper in February 2014 and that consultation closed in March 2014, so we are nearly 12 months away, Minister. This is a very important sector of the housing market. It is a sector that has doubled in size since the 1990s. What is preventing the Government from publishing its response?

Brandon Lewis: Nothing is preventing us from publishing a response. I have to say, we are looking at getting everything out over the next few weeks. What I would say to you is, actually, we have been doing a huge amount of work in the private rented sector. You are quite right that it is a growing sector; it is the second-largest tenure now. It is an area where we need to make sure we have more supply coming through. Particularly one of the things we have been driving is around having more institutional investment coming in. We have had the £1 billion Build to Rent fund and the housing guarantee schemes that are really seeing that sector grow, and of course all of the work we are doing for the tenants as well.

Q229 Mark Pawsey: Some of those you raised, Minister, were referred to in our report. Are you saying that essentially consultation and follow-up are not necessary, and that you have taken on board some of the proposals that we brought forward in the first place?

Brandon Lewis: I was going to say, as you very wisely outlined in the report, some of the things you said we are actioning. Action is probably much more useful than words.

Q230 Mark Pawsey: One of our concerns particularly was the issue of criminal landlords, and we did suggest that local authorities might be able to retain fines that were imposed on criminal landlords in order to spend more time on enforcement. One of the things we did discover was that local authorities have plenty of powers to deal with criminal landlords but, in some authorities, they are not being as active as we might like. What is your objection to those fines being retained within a local authority specifically for that task?

Brandon Lewis: There is a real challenge. We have put money into local authorities to focus particularly on rogue landlords. They are fortunately the minority, but they are the minority that can give everybody a bad name, so it is quite right to be focusing on them. Actually, every tenant deserves to be able to have a good tenancy with a good landlord as well.

One of the things I am really keen to do is making sure that we do not create an unintended consequence. I appreciate there is a delicate line here around making sure that councils have the backing they need to use the powers that they have at their disposal to make sure that they do stamp out rogue landlords, that we do not over-regulate and therefore punish good landlords, actually not getting to the rogue landlords that we want to get to, which in the end just puts rent up for everybody; but also making sure that we do not, in the wrong way round, incentivise local authorities to be fining people rather than getting to the bottom of the problem, in order to create an income, rather than dealing with the issue itself.

Q231 Mark Pawsey: If the property is inadequate, fines should be imposed and that then provides additional resource to continue that process. We all want to see rogue landlords stamped out and the quality of accommodation in this sector improved.

Brandon Lewis: Absolutely. We have done a range of things. We have introduced regulations to force all letting and property management agents to join an approved redress scheme. We have published the "How to rent" guide. We have worked with the industry and they have now published a code of practice, and we have put money, just over £6 million into 30 authorities, to particularly focus on that rogue landlord issue and really go in with a laser-light attention to get to the bottom of those issues.

Q232 Mark Pawsey: Minister, the sector badly needs longer tenancies. Some parties are making great play about how they would

advocate longer tenancies, but there is nothing to prevent a landlord and a tenant agreeing a longer term. There is a misunderstanding that they have to be six-monthly or annually renewable contracts. One of the things we did speak about in our report was the need to make it easier for a landlord to gain occupation if the tenant failed to deliver their side of the bargain. Clearly often that it is a judicial matter that involves going to the courts, but what steps are your Department taking to encourage longer tenancies?

Brandon Lewis: We are making sure that tenants themselves are aware of what they can seek, which is part of the issue with the "How to rent" guide as well, and also the new model tenancy agreement. You are quite right, Mr Pawsey; one of the things that is interesting with the sector is the length of tenancy. I know some people are calling for five-year tenancies. Actually, the average length of a tenancy is about 46 months. It is just that sort of period.

Most people, actually a far greater number of people in the rental sector, will generally be moving because of work. Even in my own constituency, somewhere like Great Yarmouth, people often think of the cities, but with the energy industry growing, it is an industry where there is fluidity of movement. People will be in one place for a certain period of time and then move on. We are seeing businesses like that develop around the country, so the desire for the flexibility of rental is quite important. That is also why, I am pleased to say, something like 90% of tenants are very happy with their tenancy. As I say, most tenants who move on, well over 80%, move on because of work and of their own volition. That longer tenancy, where it is appropriate for somebody, is fine. Actually to enforce it, when the majority of tenants want a shorter tenancy, is counter-productive.

Q233 Mark Pawsey: One of our recommendations was more information for both landlords and tenants.

Brandon Lewis: Absolutely. It is about education and information.

Q234 Mark Pawsey: What steps is your Department taking to make sure that both landlords and tenants are better informed?

Brandon Lewis: There are a couple of things. One of the things I am really pleased about is the industry itself. We have worked with them; we have encouraged them; and we have requested them to publish that code of practice to ensure there is a consistent and high standard of the private rented sector. We are also making sure that we do everything we can, through the "How to rent" guide and through the regulations we have put in force about the approved redress schemes,

to mean that we are improving that level of education and understanding for the tenant about what their rights are and how to use those rights, but also with the landlords about what is expected of them. I would encourage anybody in the rented sector to make sure they look for a landlord who is accredited. That is one of the important things, because then you know you are getting somebody who is working from a high ethical background as well.

Q235 Chair: Could you just be clear? We are going to get the Government's response to this consultation before dissolution, are we not?

Brandon Lewis: That is certainly my intention, Mr Chairman.

Q236 John Pugh: I am conscious of the Chairman's desire to get to Millwall. I have some straightforward matters of clarification for Mr Williams. I am sure he recalls the infrastructure debate on this matter, assets of community value. Will the Government's plan to remove permitted development rights from assets of community value give the same protection as under Article 4? Is that your belief?

Stephen Williams: It is our intention to bring forward the secondary legislation as soon as possible in this Parliament to make sure that, when a pub is listed as an asset of community value, permitted development rights will be taken away.

Q237 John Pugh: You still plan to introduce the statutory instrument.

Stephen Williams: Before the end of this Parliament, yes.

Q238 John Pugh: You have not got long now. Will owners of assets of community value be able to claim compensation, as under Article 4?

Stephen Williams: That is one of the legal issues that we are discussing with officials. Obviously when we lay this, we want to make sure that we have covered every single possible eventuality, because there have been lots of concerns being raised by parliamentary colleagues and campaigners. That is why it has not been laid yet, but the intention is absolutely clear: that, when a pub, or indeed a pub that it is also a restaurant—so it could be A3 or A4 use class—is registered as an asset of community value, permitted development rights will be suspended.

We are trying to anticipate all the loopholes that people have drawn to our attention. For instance, when the asset of community value provisions themselves are triggered and a six-month moratorium is put in place, at the moment, the asset has to be re-registered, so we are looking at that as well to make sure that an asset that is a pub is protected for more than six months. There are quite a lot of issues we need to tie down the legalities of. We are almost there. This is a matter between myself, Kris and Brandon; there are three fingers in this pie. We are virtually there, but not quite there yet.

Q239 John Pugh: You are confident that you can iron out the legalities in time for this Parliament.

Brandon Lewis: Yes, we are. I will just go a little bit further. If we take the context and experience of Article 4, for example, there are just two points I would raise around Article 4 and why I think we will be able to deal with this in good time to do this in this Parliament. One is, with Article 4, as we have said on the floor of the House, there is no evidence of anybody actually ever getting compensation from Article 4. I think local authority offices are sometimes a little overly reticent about using the powers at their disposal. Again as we have said before, it is right for them they should be very aware of that and councillors should be aware of that. Equally of course, if you give notice, there is no compensation. It is a matter we can deal with.

Q240 Chair: Two final points: we have just had a letter circulated from Lord Ahmad saying that, on the issue of ERDF and ESF funding now, effectively it has been pulled into the Department, because the European Commission does not accept that LEPs are an appropriate body to take decisions. There will be some intermediate body status for the Greater London Authority and some limited such status for the eight core cities. Elsewhere in the country, basically local decision-making has gone out of the window, has it not?

Mr Pickles: No. Basically London has got intermediate status, so they can deal with it directly. Being really blunt, the Regional Development Agencies made a complete dog's breakfast of this and we spent an enormous amount of time mopping up the tens of millions—it looked like, at one point, it was going to be hundreds of millions of pounds—of mistakes. You have to come to a view with regard to not only passing the power down, but also taking the risk. What we have done is to ensure that the LEPs have a very strong voice in that process. It is particularly the case with regard to Cornwall, which has a very strong voice of how that is to be distributed and the Government still take the risk.

My long-term aim would be to see more intermediate status in the UK, but it has to roll out. We have had long discussions with the Commissioner. I have had a couple of telephone calls with her and Ahmad has been out a few times to Brussels to talk to her. We are in a similar position to what the other members of the European community are. I am pretty relaxed that, in March, we should have some good indicative figures and we have put in a contingency to ensure that programmes that are dependent upon funding will continue. As I am talking, I will continue and just say that I think we are actually in a pretty good position with regard to the earlier programme.

Q241 Chair: We are looking to roll out the intermediate status then to other areas in due course.

Mr Pickles: Yes, long term, but to do it now would be to really mess up the whole programme. I am quite neutral about the idea of more local authorities having intermediate status, but you have to understand that, to do that, there is a robustness about London that could withstand something going terribly wrong. What I cannot have is the situation that we had with the Regional Development Agencies, which is that they managed it; they screwed it up; we had to pick up the tab.

Q242 Chair: Maybe at some point we could have a note about how that might be worked through. That might be helpful.

Finally, Secretary of State, shortly after you became Secretary of State, you announced your inducement of £250 million to local authorities to move back to weekly bin collection. Is it an overriding disappointment to you, in your time as Secretary of State, beyond anything else, that following that announcement and a few years later that we have got to the position where there are now more authorities that have chosen to move to a three weekly collection than have chosen to move back to a weekly collection? Is it a complete failure of policy?

Mr Pickles: We have saved 6 million households from doing so. Around the horseshoe, there are recipients of £4.5 million of that money. Your constituency is in receipt of it. There are flats in your constituency; there are 30,000 flats in Sheffield that are the beneficiary of this. Without that, those flats would not have a weekly collection. If you want me to arrange to have the money taken back from Sheffield, I can certainly do that but, just before the election, my advice would be not to. No, I do not regard it as a failure; I regard it as ensuring that those who wish to go back to weekly can do so.

Q243 Chair: There is no one authority that has gone back, is there—not a single authority?

Brandon Lewis: Mine has. Great Yarmouth now has people in our town who are getting a weekly collection who were not before.

Q244 Chair: There is not a single authority that has chosen to go back overall, is there?

Mr Pickles: People in your constituency are getting it who otherwise would not have got it. Mr Pugh has just left; there are people in his constituency. He gets a very large fund. You get £500,000. He gets just short of £500,000, support to 16,000 households. Were Mary Glendon here, she is a recipient of over £3.5 million of help. What this money has done is to encourage people to go green, but ultimately it has got to be a decision for local government to do. There can be no alibi. Sooner or later, local government will have to face their electorate on this. Believe me, from the letters I get, people want weekly collection and, sooner or later, they are going to catch on the idea that they can have weekly collection, including your constituency, Mr Betts.

Q245 Chair: Neither their electorates nor your money has yet persuaded a single council to go back to weekly collections.

Mr Pickles: Mr Betts, you seem surprised that your electorate is a beneficiary of this and that a lot of people are receiving weekly. I think you should be thanking me, rather than trying to denigrate the fine work that I have been doing.

Chair: Secretary of State, as always, it has been a pleasure to have you and your Ministers before us. Thank you very much for coming. We will go to our respective events this evening now, and I am sure you wish me well at Millwall.

Mr Pickles: Thank you, Mr Betts. Could I record, on behalf of the Ministers present and those who have appeared before you, that this Committee has been completely unfailing in its courtesy and has added to the strength of local government and the wider issue of community? It has been a pleasure doing business.

Chair: Thank you very much, Secretary of State. That is reciprocated from the Committee's point of view as well. Thank you very much indeed.

