



Communities and Local Government Committee

Oral evidence: [Priorities for the Department for Communities and Local Government in the 2015 Parliament](#), HC 355

Tuesday 15 September 2015

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Evidence from witnesses:

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Members present: Mr Clive Betts (Chair); Bob Blackman; Jo Cox; Helen Hayes; Kevin Hollingrake; Julian knight; David Mackintosh; Mr Mark Prisk; Angela Rayner; Mary Robinson; Alison Thewliss.

Questions 1 - 98

Witnesses: **Rt Hon Greg Clark MP**, Secretary of State, **Brandon Lewis MP**, Minister of State, and **Rt Hon Mark Francois MP**, Minister of State, Department for Communities and Local Government, gave evidence.

Q1 Chair: Good afternoon, and welcome to this session about the priorities of the CLG Department. Secretary of State and Ministers, you are most welcome. I thank you very much for coming. Indeed, it is almost a return to a hot seat that you have occupied on a number of previous occasions. We have already seen Brandon Lewis in this Parliament and, obviously, in the previous Parliament. Mark Francois, I think it is the first time you have been before this Committee, in fact, so welcome as well. Thank you very much for coming.

Can I just begin by saying that we obviously would like to have a good and constructive relationship between the Committee and Ministers? It is our job to have inquiries, write reports and expect a reasonably timely response from the Department. It is therefore a little disappointing

that still outstanding from the last Parliament, where we did what we thought was a thoughtful, constructive and unanimously agreed report on litter—a matter of very great interest to our constituents—is a reply. That was done in February; we are still, in September, waiting for a reply. Now, I know the election intervened, but it is still an awful long time to get a reply from the Department to what I would hope would be a report the Government could sign up to immediately.

Greg Clark: Can I say that it is a pleasure to be back in front of the Committee, despite the slapping of wrists to kick off with? I agree with you. When you put the time and trouble, and colleagues put the time and trouble, into researching something and writing a report, I do think you are owed a full reply in a speedy way. Your labours have not been in vain, and we take into full account and consider the suggestions and recommendations you make. That, I think you will agree, Mr Chairman, has always been the way that I have approached the Committee, and it is absolutely the way that I and my colleagues will approach the Committee in this Parliament. I will go back to the Department and see where we are with the response to your report on litter at the last Parliament.

Q2 Chair: I shall stand by my post-box over the next two days and see what we get back in return. Let us move on to issues of priorities. I suppose, if we had been having these discussions only a few weeks ago, the starting subject might have been slightly different. However, it is pretty obvious now that the issue of refugees—how the country is going to deal with the crisis that exists and help to tackle it, but particularly how local authorities have a role to play and what that role will be—is a priority. What do you see, Secretary of State, as the role of local authorities now in helping welcome and dealing with the influx of refugees that are coming particularly from Syria?

Greg Clark: Absolutely central to it, and I think all colleagues who work as closely as I am sure we all do with our local authorities know that they have the experience and the capability to advise and to make sure that the resettlement of refugees is done in a way that is efficient, well-informed and has the best chance of being harmonious in local communities. Right from the outset, the Local Government Association has taken a very responsible and forward-looking approach to this. I think you will know, Mr Chairman and colleagues, that there is a ministerial task force that has been established. It met last Friday, with David Simmonds and Gary Porter from the Local Government Association as members of that task force. They are absolutely part of it, and will continue to meet and do everything in conjunction with local authorities on this.

Q3 Chair: The meeting was there last Friday. One of the issues I presume that you discussed—and I think the Local Government Association is playing a role in this as well, quite rightly—is to listen to the LGA when they are saying, “Well, it is all very well giving us funding to help relocate and settle refugees for the first year,” which I understand is coming from the aid budget. After then, is there not still a responsibility on Government, because it is a national Government policy, to make sure that local authorities are given the extra resources to deal with this issue for the length of time that refugees remain in this country?

Greg Clark: Absolutely, and that is one of the areas in which they can contribute their expertise. Of course, there are different costs associated with different categories of people who are being looked after. Obviously, the costs for children are different from those in medical need. One of the strengths of working with colleagues in local government across all parties is they know reasonably accurately, once we get to determine the priority categories, the required level of funding for each of those. They are very much engaged, as we work with the UNHCR to put together an estimate of what this will cost.

Q4 Chair: Essentially, the Government is committing—at least, as I understand it—that the Syrian refugees are going to be given at least a five-year period of stay in this country.

Greg Clark: That is right.

Q5 Chair: The cost during that period, whether it be for education, doctors or housing, will be picked up by the Government, where local authorities have to bear it.

Greg Clark: It is the extra costs. Part of what we need to look at is what the extra costs are. As this Committee well knows, some of the revenue to local authorities comes with population, for example; it comes automatically. That is what we are doing, completely jointly in an open-book way, with the Local Government Association and their constituent councils, to bring their expertise to bear on this.

Q6 Chair: Can I ask a further point? The United Kingdom is taking refugees, and quite a few councils, including my own in Sheffield, have already said, “Yes, we are going to welcome a number into our city and our community.” However, other people will say, “It is never fair, is it, this distribution?” Refugees nearly always go to certain places and not to others. To put you on the spot a bit, Secretary of State, I was just looking at the figures; I got them in the House of Commons Library. I understand, of the refugees currently in this country supported under Section 95, there are 2,500 in Glasgow; there are 1,500 in Liverpool;

there are 600 in Sheffield and 600 in Oldham. There is not a single one in your constituency or that of the Housing Minister. Is that not something we ought to have a look at, in terms of refugees coming in in the future?

Greg Clark: One of the contributions that local government collectively can make is to provide some advice and, more than advice, to jointly work with the Government, to make sure that the people fleeing from Syria are settled in the places that can both accommodate them and in which they can be literally settled and join a community. They have the expertise in that. One of the offers that local government has made is to work with the Government, once we know, through having worked with the UNHCR, who the people are in which different categories and where they are best accommodated.

Q7 Chair: There is also sometimes a concern that people can have very considerable problems. They are traumatised; they have come from a horrible conflict area. In the end, lots of them are all put together. I understand, from their community point of view, they probably do not want to be isolated, but, if they all go to certain locations, you can put enormous pressures on public services there, which are not just pressures for them, but can really put pressures on what are often very deprived communities in which they are put. Is that not a concern that really needs to be thought through?

Greg Clark: I completely agree, and that is exactly what is being done jointly with our colleagues in local government, so that they can advise and participate in the best arrangements there. It is not just the number in any particular location. Obviously, some places will be more suitable. For example, those people of working age will have the right to work, as you know, so it will be desirable to be in places where there are jobs that fit with the skills that they might have. This is part of a pretty detailed consideration, jointly with local government, to make sure it is done in the most sensible and harmonious way.

Q8 Helen Hayes: Further to that point, I wanted to ask whether your Department is doing any proactive work to identify local authorities who have not yet come forward to express a willingness to accommodate refugees and play their part in addressing this crisis, or whether you are relying only on a self-selecting group of local authorities who are responding to pressure from their constituents who want to help and to welcome refugees.

Greg Clark: I do not think that quite captures it. As you know, the Local Government Association includes almost all of the councils in the country. It is very much a collective response that they are making. They have co-ordinated the arrangements with their members to receive offers of help, whether from their members or from the voluntary sector

within their communities. They are bringing them together. I have been in regular once-daily discussions with people in the LGA. They are very confident that they will be able to do this in a way that does not require the kind of top-down imposition that you suggest. They are confident that we will be able to arrange this very consensually.

Q9 Helen Hayes: Not imposition so much as encouragement, support and distribution.

Greg Clark: There is certainly the support, but I think the encouragement you were suggesting was perhaps a bit more muscular than that. Of course, they have the encouragement and the gratitude of all of us in this country. I do not think there is a problem there. The Committee will obviously want to consider this very closely during the months and years ahead, and I am very happy to keep the Committee updated with that. However, I have to say that the arrangements we have started with, with our friends and colleagues in local government, are very strong and very positive. We are working absolutely jointly.

Q10 Bob Blackman: Greg, a lot of people have very generously said that they will open their homes to accommodate people who are refugees. What consideration has been given to how that process would work? Obviously, there is a vetting process; there is a funding issue; and, indeed, there will be many different types of people. There will be those traumatised as victims of war. We will also have unaccompanied minors, presumably, who will need looking after. Equally, the other issue is that it may not work out. People may say, "I didn't realise what I was letting myself in for," and then they may say, "Well, actually, you need to leave." How will that process work?

Greg Clark: You are absolutely right. The first thing to say is that there have been many offers of accommodation and help from individuals, groups, churches, other faith groups and charities right across the country. It is a fantastic response. I think it is in keeping with our traditions in this country. Members of this Committee will know that it is important to work with our colleagues in local government for all the reasons that Mr Blackman says.

Depending on the individuals and the people that come forward, they will have very different needs. Given that they will be entitled to remain for five years, I think we will all agree, what would not be acceptable is if they were welcomed into this country and then had to be moved after a few months because things did not work out. As in any arrangement with vulnerable people, we want to make sure that, once they are here, they will receive the warmest of welcomes, but that the practical arrangements are dependable. That means that it is going to be different for different types of people. Some may have problems from

their experience of war and displacement; some will have disabilities and medical conditions such that they will need to be near suitable facilities. The question of children and their education obviously needs to be weighed into it.

What our colleagues in local government are doing, quite rightly, is that they are receiving offers from the community, and as we make progress in identifying the people that will be coming, they will maintain that database. Once we know what kind of accommodation is needed, they will be able to make use of it.

Q11 Bob Blackman: Just to press you, if an individual out there in the community is saying, "I really want to do something," what do they do? Do they contact their local authority, or is your Department co-ordinating this?

Greg Clark: They should contact their local authority. There are a number of ways into it that we are working closely together on. My best advice would be to contact their local authority. Each local authority in the country has a briefing from the Local Government Association as to how to record these offers, so that they can be consolidated and be available to us nationally.

Q12 Bob Blackman: This is my final issue on this. What will be the process? If someone takes this responsibility on but actually discovers that it is not right, or they have taken it on in good faith but it is not working, what would be the position? Obviously, one of the concerns that local authorities may well have is that someone does this in good faith, and then suddenly you have someone who is basically statutorily homeless, and the local authority suddenly finds they have to accommodate them.

Greg Clark: Before an individual or a family are settled with someone that is offering accommodation, all of the necessary checks and assessments that this is really a suitable and dependable long-term arrangement will be made, not least by the local authorities there. If an offer is taken up, and a person or persons are accommodated through someone who has made an offer, we would know as well as we can in advance that that is the best arrangement, just as it is for other vulnerable people that local authorities very often take some responsibility for.

Q13 Mr Prisk: Just following on from Mr Blackman's questions, Secretary of State, I suppose the question in my mind in all of this is: where you have an apparently legitimate offer from churches together in a community, but the local authority advises you against, whose view would prevail as far as the Department is concerned?

Greg Clark: That is a little way down the road. Good practice, in arrangements for vulnerable people, is always to bring those people that have particular expertise together, often in a case conference, to be able to pool all those views and to take a joint decision. I would not expect to see it as one partner, as it were, vetoing another. My full expectation is that there will be a consensus around what the best arrangements are for the particular people that are coming. We would obviously want to be confident, as I said to Mr Blackman, that these arrangements were going to be robust and dependable, and we are not going to subject persons who have been already scarred by the traumas that have brought them to be refugees to more uncertainty and more upheaval.

Q14 Mr Prisk: Quite rightly, there needs to be a thorough process. The danger could be that it becomes a very long process, and therefore the ability of the country to receive people before Christmas might be quite limited. Is there a rough timetable and expectation at the moment as to when the first refugees might be accepted and arrive here?

Greg Clark: We have not set that out yet, but I accept, Mr Prisk, your inference that clearly there are many vulnerable people there whom we can assist, and we should do that as soon as possible. We are working at pace with our colleagues in local government and with the UNHCR to make that happen as soon as possible. I might say that our colleague Richard Harrington, the MP for Watford, has been appointed a joint Minister yesterday, in our Department and also with the Home Office and DFID, so that he can personally be engaged in making sure that the logistics and the decisions are taken with all due dispatch. That is a reflection of the commitment that the Prime Minister, and I think all of us as parliamentarians and in local government, attach to this.

Q15 Alison Thewliss: I wanted first to say that Glasgow is very keen to welcome refugees, so much so that they put a banner up on the front of the City Chambers on Saturday, which is really positive to see. I wanted to find out, from your point of view, if there will be direct dealings with local authorities in Scotland, or if that will be managed through COSLA and the Scottish Government, both in terms of deciding where refugees will go and in terms of funding following the people that are coming.

I also wanted to flag up the work that has been done by the Scottish Government on the unaccompanied asylum-seeking children project. There is a Scottish Guardianship Service, run with the Refugee Council and Aberlour, which seems to be a good-practice model of managing cases where children are coming unaccompanied to the UK. You may be aware of that.

Greg Clark: Absolutely. This needs to be a whole-United Kingdom response. My ministerial colleagues responsible for Scotland, Wales and Northern Ireland are part of the task force, and our colleagues in local government have been, through all of their arrangements, dealing with their, in your case, Scottish equivalents on a very regular basis. This needs to be completely integrated. It is absolutely essential, and I hope it has been obvious, from what I have said so far, that we need all to work together on this. So far, that is working very harmoniously.

Q16 Jo Cox: Thanks for the clarity so far. On the numbers, from the meeting last Friday, did you get a sense of how many offers of help are coming from this bottom-up inclusive process? Have we reached 20,000? Are we anywhere near there? Is that a projection over the five years as to what capacity is coming from local authorities, in terms of coping with the refugees?

Greg Clark: What I did take from the meeting was a real confidence that, together, the Government, local authorities and the offers that are being made from civil society will accommodate the people that will come to us. It has not been totted up in that way, not least because, as I explained to colleagues, some of the offers that have been made will require some further assessment as to whether they are suitable for the individual people. I am not sure a total would be all that meaningful, given there is a qualitative aspect to it as well. I certainly drew from that meeting on Friday a confidence that we will be able to do what we have committed to, which is to take 20,000.

Q17 Mr Prisk: Can we move to the question of the Devolution Bill? At the heart of the Bill are the notion of elected metro mayors and the underlying principle of a single point of accountability, but, as we know, the Bill was substantially amended in the House of Lords to enable other forms of government. I wonder if the Secretary of State or perhaps the Minister could tell us what other forms of governance are acceptable to the Government?

Greg Clark: Certainly. Perhaps I can take this one. One of my ambitions in this Parliament is to continue the work that we began in the last Parliament and that I am pleased to say this Committee encouraged, which was to devolve power from the centre to local places. The approach we took was bespoke; that is probably the best word. We did a number of things. We had a number of city deals, which the Committee is familiar with. We had local growth deals with local enterprise partnerships. Both in content and in geography, none of them were identical. This reflects the fact that there are no two places in the country that are identical.

That was one of the key breakthroughs that we made in the last Parliament. One thing that has held back devolution in the past was the idea that we need to do everything in a totally identical way, whether it is a city, a county, a district, or whether it is the north or the south. What we did in the last Parliament was to invite places to come forward with proposals, and to see whether there was a deal to be done—that is to say there was something in it for both sides, for the nation and for the local place—and to strike that deal if it were possible. That is the approach that we are taking here through the Bill. You are absolutely right; it has been drafted in such a way that it is open to different arrangements for different places.

The Chancellor and I have been very clear that, for our great cities, we want to have deals that are sufficiently ambitious and that involve sufficiently meaty transfers of power from central Government, literally from powers that are in the hands of Ministers, and that we want, for the exercise of those powers, not the powers of the existing boroughs, there to be someone with that visibility and accountability. However, there will be other places in which there will be different a type of arrangement that will have a different type of agreement. Cornwall, which I know is close to your heart, Mr Prisk, as well as Hertfordshire, is a place that was the recipient of such a deal.

Q18 Mr Prisk: It was a proper job, we might say in Cornwall, in terms of making a decision on that. As you and the Committee will know, I certainly strongly support that principle of a bespoke approach. In that context, are there benchmarks that would give guidance to applicants? We will come on to the number of applicants and their composition in a moment. You talked about the principle of a single point of accountability. Is that a benchmark, albeit permissible in other forms? Are there other benchmarks that would guide applicants?

Greg Clark: Let me reflect on my experience, just briefly, on this in the last Parliament. When we started to negotiate city deals, I found that, initially, there was not much coming that was creative from the places themselves. I was amazed and very dejected by this, because I thought the whole point of this, and my assumption, was that places were brimming with good ideas.

Eventually, after a bit of pushing with one or two of the cities, they let the cat out of the bag. They said, “You just tell us what you want us to do, and then we will write it down and submit it to you, and then you can approve it.” I said, “That is not it at all. I am not going to do that. I really want you to think about what is good for you. Be unconstrained. I am not necessarily going to agree with it all, but that is what I want to happen.” I find that there is still an appetite for places being told, “This is what we would really like.”

You will forgive me, Mr Prisk, if I do not set these criteria in front of the Committee, because I dare say some of our colleagues in local government might be watching the proceedings or might read about them, and I want them to be unconstrained. I want them to propose things that are right for their area, rather than seeking to please me.

Q19 Mr Prisk: I have a couple of other questions in this area. Accountability is not necessarily, as a single point, something that is a make or break for such applicants.

Greg Clark: As a general principle, the more powers that you are transferring, the clearer the accountability needs to be. That is a general principle. There are some others that I think are obvious from what we have said and I have said before. Where you have had authorities that have been, in many cases, divided by their administrative boundaries in the past and have had a less strong voice than they otherwise might be able to have, by coming together, they can have a stronger voice and be able to do more together. Amassing their force and having clear accountability are two principles that underpin all of the deals that we have done, including the city deals.

Q20 Julian Knight: I have one supplementary, following up on elected mayors. Secretary of State, I was very interested in your answer to my hon. Friend's question before. Am I correct in assuming from what you have said that, if you have a large conurbation in the devolution area, you have to have an elected mayor, and that is a red-line issue if you are tied to a large city?

Greg Clark: What we have said is that the great cities of our country are the equal of cities around the world. Wherever you go around the world, cities are led by very vigorous, visible people with a mandate and a strategic vision for their area. It is necessary, in a world as internationally connected as it is at the moment, for us to take our part with that. Solihull is certainly not Birmingham.

Julian Knight: How did you know I was thinking about that?

Greg Clark: If I refer to your neighbour, I think from memory, the twin cities of Birmingham are Chicago, Frankfurt and Lyon.

Julian Knight: Very impressive.

Greg Clark: Each of those places is led by a mayor. In the case of Chicago, it was the former Chief of Staff to the President of the United States, President Obama, who thought it was a bigger job being Mayor of Chicago than being Chief of Staff to the President. Our great cities ought to be competing at that level. The reason for this is not just a romantic view that we want to have these big visible players. It is needed. It is very competitive. Often, for inward investment, for example, it is not just

or even so much one country competing with another. It is often a city or a place competing with another place. Cambridge, England versus Cambridge, Massachusetts, for example, in the pharmaceutical sector, is often a choice that is made. Having this leadership and this visibility is very important for our prospects for prosperity.

Q21 Julian Knight: Yes is the answer, in effect.

Greg Clark: For cities, yes.

Q22 Jo Cox: Building on the concerns you set out about capacity to put deals together and then negotiate them, at a time of fiscal constraint and cuts for many local authorities, I wondered what your concerns are, building on that worry, and whether there is a plan to help local authorities, or whether they themselves have plans, to deal with that capacity issue in terms of getting the best deal for their localities.

Greg Clark: Yes, it is particularly important, at a time when, clearly, further savings need to be made. I have been completely open with this Committee in the past, and certainly with our colleagues in local government, that there will need to be budget cuts. In that context, it seems to me that one thing we should do is to open up more of the budgets that have previously been locked up in Whitehall, to be available to local authorities, in partnership with business. That is a commitment that I made to them.

When we negotiated the growth deals, we found that was quite a big exercise, in 39 places right across the country. I travelled, with fellow Ministers and Michael Heseltine, to each of the places to negotiate. I found—and it is my observation generally of local government—that the ability, the capacity and their organisation was absolutely up to the job of negotiating an ambitious deal. Sometimes—and I am sure this Committee might, over time, take the same view—central Government has more to learn from local government than the other way around. It is not always the default assumption, but actually I think local government are pretty capable.

Q23 Mary Robinson: Going back to the mayors, I understand the need for a mayor if it is a city region or a city deal. It seems that, with the combined authorities, there could be this bespoke arrangement put in place. Speaking from the point of view of the Greater Manchester deal, it was very much felt that the mayoralty was an imposition, which was make or break. With it being a combined local authority area, are we saying that is still something that could be looked at again? Is it in the mix, as to whether or not the mayoralty could be questioned?

Greg Clark: No. For cities, mayors are required, for the reasons that I said. We do need to be ambitious for our cities. We are

negotiating with several of our great cities in an advanced state at the moment. I would not want them to settle for less than the deals we are prepared to make, to take powers from this place and to vest them in our great cities. We need to have that revival of civic leadership in our cities. It is part of our programme that we are determined to make that change.

Q24 Mary Robinson: The devolution to Greater Manchester has been really well accepted. It is just the local authority areas comprising the Greater Manchester area that may have had discussions or be having discussions still around the mayoralty. I just want to be clear that the mayor is there for good now.

Greg Clark: Absolutely. Of course, the interim mayor in Greater Manchester is serving already.

Q25 Helen Hayes: The debate on devolution in London is focused in a slightly different way, not on the setting up of a new mayor but on the extent to which the powers that the mayor currently has are fit for purpose for London now and the challenges that London faces now. I wondered if you were able to make any early comments on your response to the submission from Boris Johnson and Jules Pipe, on behalf of local authorities in London, about a renegotiated settlement for devolution for London.

Greg Clark: Perhaps I should say that, when you release me from this hearing, I have a meeting with the Mayor of London. It would not be appropriate, I think, to pre-empt that, but I have received his proposals. We need to discuss them and we need to negotiate. London is a good example of where, in the early days, there was not universal enthusiasm for a mayoralty of London. However, given the visibility, the profile and the effectiveness of having a Mayor of London, now it would be the case that most Londoners would regard that as sacrosanct.

Q26 Alison Thewliss: I am quite curious, given the answers you have given to colleagues in the Committee, as to whether you regard Glasgow as a great city.

Greg Clark: I certainly do. Who wouldn't?

Alison Thewliss: The city deal for Glasgow and Clyde Valley does not impose a mayor upon the city. It is not in our civic government tradition in Scotland, but I am interested that mayors seem to be the going rate for everything else, but not in Scotland.

Greg Clark: Glasgow is a very great city, and it was a particular thrill to sign the city deal with Glasgow. As I do not need to remind you, these matters are devolved as a matter of responsibility, so that is a matter for the Scottish Government. Notwithstanding the fact that my

responsibilities are principally for England, I was very keen to negotiate that deal. We did it very cordially with the Scottish Government, the Glasgow city authorities and its neighbours. That was around infrastructure.

What we are talking about with some of the other cities is transferring responsibilities that are vested with Ministers in Whitehall, but I certainly would commend to the Scottish Government the approach of decentralisation to cities. Glasgow is not the only great city in Scotland; there are several others. My view—but I recognise the limits of my authority there—is that there is a great opportunity to devolve more powers to great cities like Aberdeen, for example, Inverness and Edinburgh, who I think have an appetite for that.

Q27 Alison Thewliss: Yes. They all have city deals in motion as well. Have you any thoughts on what powers could be devolved, out of interest?

Greg Clark: You are taking me down a very perilous path, which is to opine on matters that are devolved to Scotland. If you look at, for example, Greater Manchester, which you were talking about, decisions on transport budgets that have historically been set in Whitehall can be better informed locally. In terms of public service reform, one of the additions to the Manchester deal was conversations about how health and social care can come together and be jointly managed. There is a range.

Alison Thewliss: We are already doing that kind of thing in Scotland, yes.

Q28 Kevin Hollinrake: Secretary of State, you said that we should propose deals that are good for us. Of course, people have different readings of what is “us.” These proposals have the capacity to really set different local authorities against each other, which might have different visions of how they take this forward—cities and counties particularly. There is a feeling in some of the counties that they may be left behind in this. There are current geographical areas that may be easily recognised in terms of a city, while for the counties this is not so much the case, but people in the counties might see that the challenges are similar. There are universal challenges, in terms of things like transport and infrastructure. Is it not the case that, in some areas, you need a wider region in terms of devolution settlement than just a city?

Greg Clark: Certainly, I completely agree with you that the cities are by no means the whole story. They have a big contribution to make, but so do our rural areas. It is one of the reasons I was so keen in the last Parliament to conduct the growth deals, which covered all parts of the country, and quite rightly so. Cornwall is, by anyone’s reckoning, a rural county, and we conducted that deal successfully.

We talk about disagreements between neighbours, but the truth is that we have always had that. There are great rivalries. I grew up on Teesside, and the rivalry with Newcastle was as pronounced as sometimes with London, I would say. That is in the way of things. One of the real striking developments in recent years has been recognition that, when neighbours pull together, recognise they have a lot in common and put aside their differences, they can make much more progress than might have been first thought possible. This is true between geographical neighbours and between different political parties in areas. If you take witnesses from local government, they will generally say that one of the big points of progress in recent years has been how well people have worked together.

In terms of the geographies that are proposed for these deals, I very much look to the local areas to come together and, over a period of time—because sometimes it takes a few discussions—come to a consensual view as to what is best for their area.

Q29 Mr Prisk: I have a practical question. Yesterday, in oral questions, you told us that there were 38 applications, I think. How many are from cities and how many are from counties?

Greg Clark: I do not have that figure in my mind, Mr Prisk, but I will very happily write to you and let you know.

Q30 Mr Prisk: Thank you. You are a keen and passionate advocate of devolution, and in my personal view rightly so, but some would argue that the Bill is quite shy of going much further than many people would like in terms of fiscal devolution. This is an enabling Bill. Would you require further legislation, or does this legislation give you the powers, to offer further fiscal devolution than is currently Government policy?

Greg Clark: It gives us the power, with the approval of Parliament, by order, to confer on combined authorities and others powers that are currently held by Ministers. In terms of fiscal power, it is treated as though there is a single word for it, but, as you will know, as a good financial brain, Mr Prisk, that is actually captured in a number of different laws. It does not sweep aside all of those. What we are talking about here are powers that Secretaries of State have to make decisions such as over transport, economic development and skills. We are not proposing, for example, an ability to vary the rate of income tax in Manchester or, indeed, Hertfordshire.

Q31 Mr Prisk: Could it enable an SI to be presented for the devolution of business rate or council tax powers, if a future Secretary of State so chose?

Greg Clark: The arrangements we have for business rates allow for that to be done. For example, in terms of the retention of business rates, we have already, as part of the deals with Manchester and Cambridge, allowed 100% retention there. We already have some of those flexibilities. The bespoke nature of these deals is there to be negotiated.

Q32 Chair: Specifically, the Bill prevents Ministers from devolving borrowing powers to combined authorities. Is it not unusual, given that many of the features of the devolved powers will be about infrastructure, which would need some long-term investment?

Greg Clark: As you know, the local authority and combined authority borrowing counts to our national borrowing total. I think it is right that, if you have the national imperative that we have to reduce our borrowing, it would be paradoxical to have a rigorous spending review designed to bring down borrowing and then to exempt from those strictures local government.

Q33 Chair: The individual authorities will be able to borrow according to prudential rules, but the combined authority will not.

Greg Clark: The combination of their individual prudential borrowing abilities will come together.

Q34 Chair: They will have to pool them, rather than having it devolved to the combined authority.

Greg Clark: They would pool their capacity. The projects that they might want to borrow to support can be done at the combined authority level.

Q35 Kevin Hollinrake: This is about the Housing Bill and right to buy. One of the most contentious elements of the proposed Bill is the ability to replace homes on a one-for-one basis, which, as many would point out, has not been the case in the past. Why will that be the case in the future?

Greg Clark: I have been hogging the limelight. Shall I ask Brandon to comment?

Brandon Lewis: As the Chairman will know, I have said this before at the Dispatch Box: I think the last Labour Government had a replacement rate that—for every 170 homes sold, one was replaced. In 2012, the reinvigorated scheme that the coalition Government brought in had moved that to be one-for-one replacement. Local authorities get three years to do that replacement work. At the moment, the figures show that they are on target for that. Actually, in London they are ahead of it; they are at almost two-for-one, actually, so that is working. We

would take the same application in extending right to buy. There will be one-for-one replacement.

Q36 Kevin Hollinrake: In what area is that going to be? You sell an affordable rented house in a village. Will that be replaced in a similar village?

Brandon Lewis: We have said it will be in the same local area. We have not published the Bill yet. As I said to the Committee last week, we are looking to publish the Housing Bill in October, and obviously the details will be in the Housing Bill, but we are working with our colleagues in local government, and indeed in the housing association sector, on this.

Q37 Kevin Hollinrake: That aspiration is admirable, but what specifically will be different, now, in terms of making sure that will happen in the future as it has not happened in the past?

Brandon Lewis: The way it has been applied through the reinvigorated scheme makes very clear why it has happened, in the sense of what the repercussions are. The best way I can explain this, because obviously we have not published the Bill, is in terms of how the reinvigorated scheme has worked for social housing with councils and local authorities. Local authorities get three years to do that replacement. If, at the end of three years, they have not replaced those properties, the money, plus interest, comes back to the Government. Through the Homes and Communities Agency, we will deliver those homes.

As I say, at the moment, from the homes that were sold in year 1 of the scheme, within the three years they are actually ahead of themselves. They are on target for one-for-one replacement. Indeed, where many would argue the biggest challenge is, in London, they are almost at two-for-one replacement within the three-year period. In fact, they have pretty much hit it in two years, so that does work. The fact that, if it is not done by the local authority, they have not just to give the money back to central Government and we deliver it, but with interest, has clearly worked.

Also, to be fair to local government, there has been a real determination about moving forward and delivering homes that they need for their areas. That is something local government should be very proud of, in delivering that. Actually, over the last four or five years we have just gone through, we delivered more social housing than in the 13 years previous, which is something to be very proud of. Local authorities have done a good job in doing that.

Q38 Kevin Hollinrake: In terms of housing associations, which I am sure you have been lobbied heavily on over the last few months, who

are concerned about both right to buy and the changes to the rent they will receive—an effective 14% reduction, I think, over the next four years—how precarious is their business model, based upon these changes?

Brandon Lewis: The Secretary of State and I both met today with the Chief Executive of the National Housing Federation. We have had big meetings with both individual associations and the wider organisation over the last few months, and obviously the regulator, through the HCA, has these conversations.

I actually think the housing association sector is in a very robust state. Members of the Committee may have seen over the summer some of the associations' publications, as they have been coming forward, of their surpluses from last year. They had a 22% increase in surplus, which indicates a healthy sector. What they all want to do, and we want to encourage, working with them, is to be building more homes and seeing more homes built right across the country.

Q39 Kevin Hollinrake: From your conversations you have had, you are confident they will build more homes after this legislation is brought through.

Brandon Lewis: I think there is a real potential in the things this legislation will do, in terms of developing right to buy. One of the housing associations took the view that they will probably be looking to build more homes than they were previously. For some, there is a realisation that they will be able to release finance through releasing value in assets as they have not previously been able to do because, even if they want to, they cannot facilitate that right to buy; at the very best there is the right to acquire, which is obviously at a very different level. It gives them an ability to then look at financing forward to develop more homes and to build more homes that they want to develop.

Some of the housing associations now are looking at developing in a very, very progressive way. They are developing for the private rented sector, as well as the private sector. There will be more shared ownership. I think it is a very good thing to see more shared ownership develop—I am very keen to work with them to do that—as well as affordable housing and social housing as part of that mix. They are looking at creating more mixed tenures and building quite adventurously, in some cases, and that is to their credit.

Q40 Kevin Hollinrake: A lot of affordable homes are built as a result of exception sites. A landowner or a generous farmer might be coming along and saying, "Build a house on this land for local people, for affordable homes." They may be less inclined to do so if they see these homes ending up in private hands. How would you square that circle?

Brandon Lewis: There are a couple of things. Obviously, in right to buy as it currently stands, there is the ability in some areas for local authorities to put further restrictions on those properties for up to 10 years in the first place, so, when somebody acquires that property, they have some confidence about it staying in that local community. I appreciate the temptation to pre-judge what might be in the publication of the Bill, but we are talking to local authorities about taking this forward. Obviously, in the right to buy as it currently stands, there are some exemptions in there, recognising that very fact. I am very aware of that, and we will continue looking at that as we go forward to publish the Bill.

We should also be very clear about the other side of this and what this facilitates, coming back to your previous point around where this can be very good for housing associations and how it can facilitate more building. Over the summer, I visited a couple who had exercised the right to buy on their home. They had been living there for 10 years and obviously were very excited. They had been owners for just a few months when I saw them in the summer. It is fantastic to see that sense and feeling of ownership. It is the same as when somebody buys their first home. It was fantastic.

Actually, much more powerful than that was where I went next. In the same local authority, I went to visit another couple who had literally just got married. The husband, who is a teaching assistant, is also in a wheelchair. The council is building six properties in a particular area, one of which is a specially designed property for him and for that couple, which will be ready in December. Having been in the press, they are now committed and they have to have them in by Christmas, which I think is a good thing.

That house is being built because the council has the receipts from the right to buy to now go and build more homes. Obviously, they also have to do the one-for-one replacement, but they have been able to release the finance from that original home and use it to build more homes for people who need them. I think we have to be very clear about that. It is one of the really positive things around right to buy and what it can facilitate. This means housing associations will be able to do the same thing.

Q41 Helen Hayes: The figures that you quote on one-for-one replacement for right to buy are not figures that I recognise from anybody in housing associations or publicly published figures that I have seen. I wondered if you would give an undertaking to write to the Committee with the source of that data, so that we can see the basis on which you are quoting those figures, and also whether you could include commentary within that letter on the extent to which those homes are

like-for-like replacements, so council home for council home, or council home for another form of affordable housing, which may not be as affordable as a council home.

Brandon Lewis: I can certainly publish to the Committee the figures. We have made this point at the Dispatch Box, at questions on Monday as well as some months ago, about the one-for-one replacement. I have to say that some of the figures that are quoted I do not recognise. The problem is the figures that you might be referring to will look at how many homes have been sold over the three years since 2012, which does not account for the fact that councils have three years to replace those homes. The only thing you can realistically look at, to give you reliability around how that reinvigorated scheme is working, is the number of homes sold in year 1 and the number of those that have been replaced within that three-year period. That is what I am referring to. Yes, I will certainly come to the Committee with that.

Q42 Helen Hayes: I am just asking for the figures that you are quoting and a full explanation of the source of those figures.

Brandon Lewis: Absolutely, as per the scheme for replacement.

Q43 Angela Rayner: Obviously, we have a really significant shortage of affordable housing. A recent freedom of information request published that up to 70% of the housing market value of the property was not being realised and going back to local authorities when these properties were sold. Are there any proposals, looking at the right to buy scheme in particular, about how we can make sure that there is enough money within local authorities and within this capital to ensure that these houses are replaced, and through the housing associations?

Brandon Lewis: There are a couple of points I would make. In terms of affordable homes generally, you are quite right; we need to be building more homes. We have not built enough homes in this country, as I said last week, for probably two, arguably three, decades or more. That is not a new thing. It is a real challenge that we have to meet.

We have had to come from that benchmark in 2010 of the lowest level of housebuilding that was left in this country since about 1923. We have moved on from there. Over the last few years, we have delivered some 286,000 affordable homes, I think is correct, which is ahead of the target we set ourselves. We are now at the start of a quite ambitious target, I think, as we stand today. It only started a few months ago, but the 2015 forward programme is slightly ahead of schedule. That is looking to do another 275,000 affordable homes, which is the fastest rate of affordable housebuilding this country will have seen in just over two decades. I am not denying that we need to go further, but they are the facts and figures.

In terms of the delivery of right to buy replacement homes, the simple fact is that local authorities have three years to replace those homes. If they do not, we will replace them through the Homes and Communities Agency, so they will be one-for-one replacement. As I said last week and earlier on, I appreciate the temptation to pre-judge what will be in the Bill when we publish it, but what I can say is, in the Bill, there will be one-for-one replacement for housing associations for the sale of right to buy homes.

Alison Thewliss: I want to pick up on the point that you made on the adapted wheelchair house. It is obviously great that that family have been able to access that property and that they are able to rent it. I am assuming that was for social rent as well, the property that you mentioned. That is great, but the illogicality of the right to buy, in my view, comes if that family then decide they want to buy that house, as they are entitled to do under right to buy. Over time, perhaps a person in the house will pass away. They go to sell that house. It is out there on the open market. Somebody who is seeking a wheelchair-adapted house cannot then access that house, whereas they could do, and it could be prioritised for that, if it was still on the social housing register. It removes houses that have been specially adapted and built for particular circumstances from the housing stock.

I just do not see what the incentive is for housing associations or local authorities, whoever is the housing provider, to continue to invest in particular types of housing stock for people with particular needs, if that stock is then going to be lost to them a couple of years down the line. That seems to me illogical as a way of them using their funds.

That is the position that the Scottish Government arrived at. We abolished the right to buy in Scotland because housing associations and housing providers were saying, "This is completely illogical." For housing associations, particularly some in Glasgow that have limited stock, you do not have room in their areas in which to build more houses. It might be a densely tenemented area within a city. They do not have room to expand and build new houses. They were seeing a diminishing stock year-on-year, and there was nothing they could do about it to protect their stock or to deal with the numbers on their waiting lists. I am interested in how you would address that question as to what the logic is there. What is in it for housing associations?

Brandon Lewis: I make three points in response to that. Firstly, in terms of the diminishing stock generally, that is a very fair point in terms of how the scheme used to work. When you are selling 170 homes and replacing one, you are going to see a diminishing stock, and that is

what we have corrected under the Conservative-led coalition Government. With one-for-one replacement, you do not get that. Equally, we also have to be clear about this misnomer around these homes “disappearing” from the housing stock. They do not. The house is still there, and a family or a person is still living in that home. That home is still in our country’s housing stock, and somebody is living in it and has access to it. Initially and primarily, that will be the family of the person who has exercised the right to buy and is then in that home.

First of all, with one-for-one replacement, you do not get that diminishment. Secondly, by having that ability to sell, as I outlined I saw in the summer, that gives the local authority the ability to use that finance, along with possibly local growth deals or any other kind of finance they are working with locally. Indeed, last year, we extended somewhat the headroom for local authorities, in terms of their HRA borrowing factors, by £300 million, so they could build more. I am still happy to talk to local authorities about what their ambitions are for that. Therefore, they can go and build more homes, and I am very happy for local authorities, as they should do within their local plan, to look at what their housing needs are, to be building new homes in their area.

In terms of the specific home for the couple, for example, I met who are moving in at Christmas, I come at that from a very different perspective. I am not going to stop that couple having the right to acquire a home of their own. If that couple are in that home and they get to a position financially where they can acquire that home and own it, and have that excitement of owning their own home, I do not think we should be stopping them from doing that. It is looking at it from the wrong perspective to stop a couple or a person owning their own home because of what may or may not be done with it 10, 15 or 20 years down the line. If they are in a position financially to acquire that right, having lived there for a qualifying period of time, and want to own it, then I say good luck to them. I will do everything I can to make sure they get that right and can exercise it.

Q44 Bob Blackman: I have a very brief one, Brandon. Housing associations come in various different shapes and sizes, have different levels in stock and are set up in different ways. Can you just confirm what clarification you are going to give on the right to buy applying to all these organisations, irrespective of the size or the way they have been set up?

Brandon Lewis: What we are seeking to achieve is to extend the right to buy to 1.3 million social housing tenants, which means people right across the housing association sector. That is effectively people who currently have the right to acquire moving from the right to acquire to fully having the right to buy as well.

Q45 Helen Hayes: What does the productivity plan mean when it states that the Government will “re-focus DCLG budgets”? This is in the context of referring to housing.

Greg Clark: The reference that it makes is to reflect on the fact that home ownership is a very important priority for the Government as well. Some of the work that we are doing, including starter homes, for example, is to give people further chances to get on the housing ladder, if they are first-time buyers. Obviously, things like help to buy have also made a big contribution there.

Q46 Helen Hayes: Is this a fundamental shift of money away from building affordable rented housing and towards low-cost home ownership?

Greg Clark: This goes back to discussions I had in this Committee when we were designing the National Planning Policy Framework. The requirement on local authorities in drawing up their plans is to meet the need for housing right across the community. I think it is right to reflect on the aspiration that people have to own their own home, and to reflect that in policy. That is catching up with what we started in the NPPF.

Brandon Lewis: I would just add to the Secretary of State’s point that, if you look at the research that has been done, I think we are still at 86% of the population wanting to own their own home. That has gone up 1% in the last 20 years. It is very sensible thing to do what we can to support that aspiration.

Q47 Helen Hayes: There is no denying that aspiration, and no lack of recognition or support for that aspiration, I do not think, at all. There is also very great need for housing across the whole spectrum, and the concern is that, by shifting money into home ownership, you are perhaps shifting money away from the aspiration of some people for the basics in terms of housing—a secure home to rent that they can afford.

Greg Clark: I think you need to do both. Part of our forward programme has been to make sure that we have homes available in all of the different categories. I think we would all reflect from our constituents and people that we know that it has become more difficult for young people, first-time buyers, to get on the property ladder, as Brandon was saying earlier, over quite a long time now. It is right that public policy should address that.

Q48 Helen Hayes: The Private Rented Sector Housing Guarantee Scheme has taken quite a long time to get started. When do you expect the first homes to be completed under that scheme?

Brandon Lewis: The scheme started in April, with Venn Partners. That scheme has had already about 150 organisations come forward with expressions of interest. They are going through those credit-checking processes now, and I would hope that we would be talking about the deals that have been announced within the next six months.

Q49 Helen Hayes: Those will be the letting of the contracts, effectively, to build.

Brandon Lewis: Yes.

Helen Hayes: What about the completion of the first homes?

Brandon Lewis: We will have to wait and see what comes forward. Some of those will be earlier than others. We will see what comes forward through that process. I would not want to pre-judge the due process of what the bids are from the organisations. To be honest, there is obviously some commercial confidentiality around that as well.

Q50 Helen Hayes: There is no timescale yet. Turning now to the regulatory framework for the affordable housing sector as a whole through the HCA, are you confident that the current framework is sufficiently robust?

Brandon Lewis: Yes is the short answer, as this Chairman has regularly asked for our answers to be. There you go.

Q51 Helen Hayes: I appreciate the brevity. The previous Committee expressed concerns in particular about the balance of interest in the HCA of consumer regulation relative to the economic regulation of the sector. I have to say that, in my own personal experience of engagement and correspondence with the HCA, they have given relatively short shrift to consumer-related concerns. I just wondered if you might comment in a little more detail on that point.

Brandon Lewis: I would be very interested to hear a bit more from you about the experience you are talking about with consumers. Please do, after the Committee or in writing, let me know. Obviously, it does depend on what the particular consumer issue is and whether the HCA and the regulator is the right vehicle for that, or whether it is the Housing Ombudsman, the local authority or Government, depending on the issues. That will vary. As I say, in the wider form of regulation of the sector, I think the regulator is well placed and well sighted on what is happening in the sector. If you like, the credit rating checks earlier this year backed that up.

Q52 Julian Knight: Minister of State Francois, in relation to local government finances, I just wondered if you could give an overview for

the Committee, please. Are you satisfied there are enough local authorities on a sound financial footing?

Mark Francois: It is clear that local authorities are under financial pressure, but you also have to give local authorities a lot of credit for the contribution that they have already made to reducing the deficit. Bearing in mind that around about, in very broad terms, a quarter of all public spending comes from local government, and looking at the progress that we have made on reducing the deficit by around half, as a share of national income, we could not have done that unless local authorities had been able to make a real contribution. I say that as someone who served as a local councillor myself years ago and had to take some difficult decisions, too.

We should begin by giving credit where it is due and saying that local authorities have played a very important part in deficit reduction. There are still challenges to come, which the Secretary of State might want to refer to in a moment, but, so far, I think local authorities have done very well in meeting that aim. Public satisfaction with most local authority services remains relatively high, despite the reductions they have had to make.

Greg Clark: Since Mark invites me, I was pretty candid with our colleagues in local government at their conference in July. We have clearly got a spending review discussion that is going to be around the same time as the annual local government financial settlement. I said that we need to make savings, and we will be in discussion with the Treasury about that, but I want to do it in as intelligent and collaborative a way as we can, so that, rather than just taking a crude approach, we can work with our colleagues in local government to find areas where savings can be made and to recognise where there are pressures that need to be accommodated. That is the approach we will take. We are obviously at the beginning of the discussions around this, but that is the way that we are working it.

Q53 Julian Knight: I notice, Secretary of State and Minister of State, that you have both been quite complimentary, in fact, to local government and the way in which it has handled the last five years, in terms of austerity. However, they have not been very complimentary about your own Department.

Greg Clark: That is politics.

Julian Knight: The National Audit Office report is compulsive late-night reading, I hasten to add, on this subject. I just wondered whether or not you would agree with Lord Bob Kerslake that they got it wrong. How do you view the NAO's methodology in compiling that report?

Greg Clark: I enjoyed serving on the Public Accounts Committee when I was first elected, so I would certainly not want to be rude about the NAO. It has served Parliament very well and they do a very good job. It is perfectly reasonable for them to give a robust challenge to Government Departments and Ministers. Of course, on the PAC, it is the accounting officers, rather than Ministers. Ministers are spared that grilling.

Reflecting what you say, Mr Knight, the truth is that local government has, admirably, coped well with very significant reductions in spending. What I said to the LGA when I met them in July was that you cannot both say that and praise them for doing things responsibly, and then not engage and have a dialogue about how things are going to be in the future. It is my commitment that they should do these things with us. The NAO were challenging, but my view, which is the now Lord Kerslake's view, was that local government was coping and was not about to implode.

Brandon Lewis: I was responsible for two or three of the finance settlements that local government had a view on. The NAO, when it was looking at its figures, did not include, for example, council tax. It does not give a complete reflection of the situation for local authorities. One thing that was really interesting over those four or five years was the way particularly the smaller district authorities started moving more and more, in terms of efficiencies, towards looking at shared management, shared chief executives and that kind of work. I was involved in working particularly closely with West Somerset and Taunton Deane, when they came together, to see the kinds of savings those authorities can make.

I do still think, particularly when people can quite rightly point to an increase in reserves of something around £13 billion to £21 billion over that period, that local authorities can look much closer at some of that best practice that is out there and what some of the really good authorities have achieved, from big authorities like the tri-borough in London through to smaller authorities like West Somerset and Taunton Deane, Staffordshire Moorlands and High Peak, which, cross-party, are doing the same thing as well. Some of those authorities are making up to 18% savings with those kinds of programmes, so there is still a lot, particularly for those kinds of authorities, that they can look to achieve as well.

Q54 Julian Knight: We have just talked about Lord Bob Kerslake's perspective in terms of the NAO report, and also looking at wider local authority finances. Given a range of 1 to 10, with 1 being "disappointed" and 10 being "elated", what do you make of the efforts that have been made—for example, by Birmingham Council—when it comes to responding to the Kerslake report and reforming itself?

Greg Clark: I am not going to give a numerical rating.

Julian Knight: Oh, go on.

Greg Clark: I met with Mr Crabtree and his panel members. They are doing a very good job, and Lord Kerslake made some important recommendations. I was disturbed by the very frank reflection of Mr Crabtree and his colleagues about the responsiveness of the leadership of the council in Birmingham. These are very sober-minded individuals. Lord Kerslake made reference to the fact that they needed this leadership from the top. The group chose to draw that to my attention in particular. They will be writing to me again in a few weeks' time to give their further view, but I was concerned at the fact that they drew that to my attention, especially since, as we talked about earlier, there is a big opportunity across the West Midlands for powers to be devolved to the area.

Of course, it would be unthinkable for Birmingham not to be a big part of that. I am therefore concerned that a critical reflection on the leadership of the city at this time has been made by some very fair-minded and eminent individuals.

Q55 Julian Knight: Are you effectively saying, therefore, Secretary of State, that Birmingham Council, as it is currently constituted, as it reacted towards the Kerslake report and also in terms of all the information that has been received, at this very moment, potentially, unless it reforms and shows willing, cannot be trusted with devolution?

Greg Clark: I will wait for the further letter from the group of people who are going to advise me on this, but they have flagged to me that the leadership has not been as fleet of foot as is needed for the scale of the opportunity, not just for the city of Birmingham but for the West Midlands.

Q56 Julian Knight: Do they face takeover?

Greg Clark: I have said in my response to that letter that there are a number of options available. It would be wrong to pre-empt that. I think everyone who takes as close an interest in these matters as I do, as do lots of people in the area and nationally, wants Birmingham to succeed. Birmingham is a fantastic place. It is already doing very well economically, certainly compared to the past. It has enormous opportunities. We really want Birmingham to be firing on all cylinders, to be one of the places that the rest of the country is looking to as an example of great leadership and governance, as of course it was in the time when it defined what great leadership was under Chamberlain.

Q57 Julian Knight: I am sure all Members of the Committee would share your desire to see Birmingham go ahead and recognise the fact that it is a great city, and a world city in many respects. Turning

away from Birmingham, in the spirit of devolution, if a group of local authorities want to move from a two-tier to a unitary system, will you allow them to?

Greg Clark: Yes.

Q58 Kevin Hollinrake: Following from that question, Lord Heseltine, of course, called for the abolition of two-tier authorities and moving everything to a unitary system, whereas your predecessor did not want to go down that track. Which side of that argument would you be?

Greg Clark: That is a very invidious comparison you would like me to make, Mr Hollinrake. Mr Knight phrased it well. If the constituent authorities come to the Government saying, "Look, we have had these conversations. We have thought about it. This is what we would like to do," then we should facilitate that. We should not say no to it. What I will not do, and I have not got the powers to do anyway, is impose an arrangement on authorities against their will.

Q59 Kevin Hollinrake: Because of the settlements—and I fully accept that local authorities have worked hard to reduce costs—it is hitting some services at the sharp end, and it seems wrong that we are hitting services and not taking steps that might cut further costs instead.

Greg Clark: I have been very candid and clear with our friends and colleagues in local government. There are significant savings that have to be made. Do I think everything has been achieved in terms of administrative savings that can be? No. It is not to say that that will be sufficient for everything, but we have seen across the country successful examples where you have had neighbouring authorities, sometimes three neighbouring authorities, who share a single administrative function—chief executive and other administrative bodies. They have done it in different contexts—sometimes urban, sometimes rural—and they have done that well.

Those who do that—obviously, it takes some local leadership, administrative and political, to make those changes—should benefit from that. Those that are not prepared to engage in challenging and sometimes creative discussions must appreciate that the financial settlement is going to be rigorous, so they will have to look in other areas. The choice is for them. I am not going to impose or prescribe, but, exactly as you say, Mr Hollinrake, they should be thinking ahead. If others can do it, and do it successfully, they should be asking the question, "Can't we?"

Brandon Lewis: I would just add that I have seen this. In Norfolk, we have a district that goes even further and is sharing without contemporaneous boundaries. South Holland shares with Breckland, which is I think still the lowest council tax-charging authority in the

country as a result of those kinds of efficiencies. We also have to remember where local authorities come from. We very much have made it clear that local authorities, if they do the right thing, can be rewarded for that, and that is what the Transformation Challenge Awards were about. Millions and millions of pounds were available there. We specifically made money available over the last couple of years, up to £250,000 per authority, for going down that road.

On top of that, the authorities who have worked for growth in their area—for example, through a business rates retention scheme, which the coalition Government brought in—are seeing the benefits of that now. There are something like 11 authorities in the north-east who will see several million pounds each coming forward in extra income, as well as the authorities who had increases in their precept because of the new homes bonus. There are opportunities there, as well as still, I suspect, a lot of particularly small authorities who could learn from some of the really good practice out there around coming together and sharing those administrative functions, whilst still retaining the local democratic accountability that so many people value.

Q60 Chair: On financial sustainability, your predecessor used to accuse local authorities of “hoarding billions in their piggy banks”. They may be not quite the words you would use, but those were the words he used at the time. Would you agree, though, that it is an easy quick-fix idea to say, “All local authorities have to do is spend their reserves, and everything will be sorted.”? The Local Government Association very carefully have set out that, of the £17 billion reserves, there is only about £3.8 million unallocated, which amounts to about 27 days’ expenditure for local councils. Would you care to reflect on what the LGA has said, and also what CIPR has said, before rushing into general edicts on spending reserves to try to deal with the immediate problems?

Greg Clark: I will do that, and I have seen some of those reports. All responsible organisations have appropriate reserves, whether they are businesses, whether they are local authorities or whether they are households. You need to make sure you have a buffer to deal with the unexpected. The approach I am taking on this is to look, for example, at why some authorities, for perfectly good reason, feel the need to keep reserves, and that is because of fluctuations in revenues. It seems to me that the more certainty you can have about the revenues that local authorities will be entitled to in the future, the less is the need to hold cash reserves for proof against some unexpected development in the finances.

Another aspect of it is to make sure the reserves that are maintained are put to good use. The Committee has already talked about housing. We, I am certain, have a shared ambition to build many more

homes. If local authorities, using their reserves, in part at least, can be part of that—can be building homes—that would be a good use of their reserves that do not involve them being dissipated. I think there are some very interesting opportunities there that, over the weeks and months ahead, I want to engage with our colleagues in local government on.

Q61 David Mackintosh: What are your views on the integration of health and social care, and what further steps are you taking to promote it?

Greg Clark: It is absolutely vital. Health and social care are so closely related. In qualitative terms, the care for someone who may go into hospital and then be released into care perhaps arranged by the local authority needs to be seamless; it needs to be personal; it needs to be humane. The more it is, the better it is for the citizen. Of course, financially and organisationally, if there is not an adequately functioning care system, this is going to impose costs on the health system. These things need to be increasingly closely co-ordinated and, more than that, work together.

Q62 David Mackintosh: In some areas, you have county councils and borough district authorities, and I found, as leader of a borough authority, that often you could get some of the integration between health and social care at county council level, but there were some services being offered by the borough council in my situation that did not integrate very well. Issues like disabled facilities grants or housing come much more under the care side of things than other factors that are carried out by the different authorities. I just wonder if there is some work to be done to further integrate that, so it is looked at as well as just health and social care.

Greg Clark: That is a very good suggestion. I agree with that. It is evident from our discussions already that having silos between different tiers of authority, different Government Departments or neighbours in a shared geography leads to bad outcomes for citizens. We cannot be tiptoeing around and excessively respectful of the way things were done for historical reasons. Our duty is to our citizens, and we should not let inherited structures stand in the way of that.

Q63 David Mackintosh: How can that be followed up further, then? This is something I feel very strongly about.

Brandon Lewis: I will chip in and say that we are in the first few months of these actually coming in. They took effect in April this year. It is important, now that 150 are signed up and I think pretty much all agreed by the authorities, as we go forward, to learn from that. One

thing we are looking at—and I know Marcus Jones, who is working on the Housing Bill as well, has been very focused on this—is making sure we are learning lessons from what can be done and expanding that.

The core of what was behind the Better Care Fund, as Mr Betts will remember from earlier conversations, from memory, in this room, came from the community budget pilot programme and, as the Secretary of State said, very much from that basis of, “Let us move away from silos and look at how we make best use of that budget to give not just efficiencies, but better care for people individually”—the clue is in the name. Every area that we can get into from there we should be looking at.

Because the grouping that comes together to sign these deals off locally in those 150 includes all of the local authorities and their partners, I would encourage the districts who have these budgets to be at that table, loud and proud, making that case, and then making that point to both us and, indeed, our colleagues in the Health Department, so we make sure we bring this all together and these things become more robust. There is roughly £5.5 billion of pooled finance in this now. The ambition is that that is a start, and what we should be doing is looking at how we increase and develop that and make a bigger benefit for the residents.

Q64 David Mackintosh: I will move on shortly, but, just on that point, it is very welcome that we are encouraging the boroughs and districts to work as part of this package. My difficulty comes where it is not as joined up as it could be. We are making great strides, I believe, with the pilots through health and social care, but you then have an authority that perhaps sits outside of that integrated work and can make decisions that have a big impact. I, as leader of a borough authority, would often be trying to negotiate against the better good of my own authority for the greater good of the public purse or, indeed, the person implicated in that.

For example, if you had somebody who went to hospital, and there was a care package all set up, very often it was the disability adaptations at their home that were delaying their discharge, at great cost and distress to the individual and great cost to the public purse. Because that sat outside of the health and social care integration, there was not the ability to move things very quickly. That is where we do need to look at it, and I am very happy to write to you with more details about my experience.

Brandon Lewis: We would really appreciate it, because that is exactly the area we want to get into. Excuse me if I just re-explain, but there was an example I had where I visited with Norman Lamb when he was the Minister for Health. We went together on a joint visit in the

tri-borough, and it was that very issue, where, by bringing all of the agencies together, not only was the taxpayer better off, because obviously it was driving out having 10 different organisations visit this person every week, but the resident and their family had a much better quality of life. In that case, they had gone from being in hospital four or five times a month to not being there at all in three months, with no change in their condition; it was the way they were managed and the understanding of it. Everybody is a winner.

Central Bedfordshire have done some very, very good work, and the council there deserves some real credit, on exactly this issue about how they assess, with the local health teams, whether it is more cost effective—I use a naive and simplistic example, but it highlights it very well—to leave somebody at risk of potentially having a fall that could lead to a £30,000 hip operation, which is also potentially a very dangerous operation at a certain age, or to spend £3,000 putting in handrails in the right places, doing that initial work and breaking down those barriers. That is exactly where this should be aiming to go. Yes, please, do feed in.

Q65 David Mackintosh: You talked a bit about the Better Care Fund. It was criticised initially by a report in 2014. What are we doing as a Government to improve inter-departmental working?

Greg Clark: I meet very regularly with Jeremy Hunt on this.

Sitting suspended for a Division in the House.

On resuming—

Greg Clark: I chair, with the Health Secretary, an inter-ministerial group that is looking at closer integration of health and social care, of which the Better Care Fund is one of the leading examples. It is one of the areas that both Jeremy Hunt and I want to give particular attention to and push over the months ahead.

Q66 David Mackintosh: In relation to the comprehensive spending review, is that a joint submission between Departments? How is that working?

Greg Clark: I suspect that there is an etiquette that these things are not disclosed, lest there be punitive consequences. Suffice it to say that some of the discussions I have been having with the Health Secretary are germane to the spending review.

Q67 David Mackintosh: There was a discussion in the previous Parliament about the presentation of figures. There was a complaint

about double accounting. How is that being looked at in a more transparent way?

Greg Clark: I have become aware of this. My own view is, if you have joint working and you are bringing funds together, then part of the intention is that it makes an impact on two different agendas. It is no different to the local growth fund. We announced allocations for places on local growth, but that was money that was taken from other Departments. We should be entirely transparent about it, but I think, when we make some expenditure that is important to local authorities and to other groups, it is reasonable to reflect on that. I do not think there is any attempt to disguise how it is, but actually the reverse: it is to reflect that sometimes things can have multiple benefits.

Q68 Chair: Yes, okay, multiple benefits, but at least only one recognition of expenditure in future.

Greg Clark: Well, there can only be one recognition of expenditure in terms of the national accounts.

Q69 Mary Robinson: We are talking now about council tax and business rates. Secretary of State, the previous Committee called for a revaluation of council tax in its 2014 report on devolution. The Committee commented, "If nothing is done, there is a risk that the whole system will eventually collapse." There has been no revaluation since 1991. Will you be the first Secretary of State to carry out the long awaited revaluation of council tax?

Greg Clark: That is an invitation to either fame or infamy; I am not sure which. What I would say is that we have a lot to be getting on with at the moment. It is not something that is on my agenda. I am not persuaded of the case for doing this at the moment. If the Committee has views—I do not know whether it has inherited the views of its predecessor—then I am sure we can consider them, but I am not persuaded that this is the right priority.

Q70 Mary Robinson: It does seem to be something that has been discussed over and over again, and recommendations made but not quite taken up. Is there a reason why it is not on the agenda?

Greg Clark: There are a number. One is, genuinely, as you will know from your work programme already, there is a lot that we are doing on housing, on devolution, on reform of some of the governance arrangements we have been talking about. They are my priorities. There are upsides to it, but there are downsides as well. It would be a hell of a disruption to almost every household in the country, with uncertainty and a huge amount of administration that would have to be engaged in over quite a long period of time.

There are various aspects that will be familiar to you and certainly Members of the previous Committee as to people who, for example, have done up their homes, if I can put it that way, and who have invested in improving their homes. I am not very comfortable in thinking that they might be penalised for looking after their property perhaps better than someone next door. There are a number of things. There are arguments both sides, but I am not persuaded that this is the priority for us at the moment.

Q71 Mary Robinson: It is not the right timing. Conversely, on that, people do find that, when they put an extension on their house, they do get re-valued and bumped up into a different band.

Greg Clark: Generally, we have been against that and taken the measures that we can to do that. I dare say Brendan was instrumental in that.

Brandon Lewis: Yes. There are two points I would make. One is that when there is a revaluation in that sense is when a property is sold. If a property is sold, it does then reflect, so the people purchasing that property can go into it with an open view around what that value will be. We also need to bear in mind there is some history to this, in the sense that there is a track record. This was done in Wales. What we saw from the Welsh experience of 2005 was that the hardest-hit people were the hard working people on the lower council tax bands. The other side of it is the experience we have seen, from where this was done in 2005, that the people this would hit the hardest are the people who can least afford for it to be done.

Q72 Mary Robinson: Moving on, then, to business rates, which is the other side of it, the one thing I do find when I am out and about in my constituency is that local shops and businesses mention business rates a lot. The previous Government agreed to a full review of the business rates and published the terms of reference in March. The review was to be Treasury-led. Could you tell me when it will report, and what role will the DCLG play in it?

Brandon Lewis: Yes, that is absolutely right. There is a commitment to report by the end of this year, so I think you will see that report coming through later this year. The reality with business rates is that it is about £25 billion. Obviously, where we have the debt and deficit to deal with, we have to look at that very, very carefully. In the last Parliament, the Chancellor recognised the pressure particularly for high streets and town centres. He put a package in place that was a saving to small businesses of about £1 billion, and also extended some of the opportunities for small business rate relief, particularly as people expand

their business into that second unit. We did recognise that and do quite a lot, particularly for the high streets.

We will have to wait and see. We have been working with the Treasury, from our high streets brief side of it, around the impact for the retail side, and on the administrative review that is going on. Some of that has been taken forward in the Enterprise Bill.

Q73 Mary Robinson: The other side of the business rates is that not only are businesses paying it, but local authorities are collecting it and passing it on to the Government. Will local authorities be permitted to retain a larger percentage of business rates, do you think? I know there are arrangements in place in some areas.

Brandon Lewis: Yes. In the last Parliament, we made clear what the ambition was with the whole business rates retention scheme, which goes back to when the Secretary of State was in the Department previously. The long-term ambition was to increase that percentage, when the economic situation allows. We and the Treasury are looking at that all the time, in terms of the review of that. At the same time, we are now going to see the benefits of that business rates retention scheme. As I said earlier on, there are about 11 authorities, for example in the north-east of England, that will see an over £1 million increase coming into their local authority because of the business rates growth. It is a really, really strong incentive to local areas to work with growth and to see growth.

One of the things we have to take account of in that review, and one of the reasons it is important that that work is done assiduously, we do not rush it and we get it right, is that impact for local authorities. Now that is a direct cash flow for local authorities, rather than for central Government. Ultimately, all of those funds end up back in local government.

Q74 Mary Robinson: Will the business rates retention continue to be strictly attached to growth? It will be a growth incentive.

Brandon Lewis: We review the local government finance settlement every year, and that will be the same process this year. It follows the autumn statement, which we will see towards Christmas, in February. At the moment, the business rates retention scheme will stay as it is developing. As I said, the ambition has always been to see the percentage grow as the economic conditions allow.

Q75 Mary Robinson: The Manchester devolution agreement has got 100% retention for business rates growth. Is that going to be all devolution agreements?

Brandon Lewis: I will defer to the Secretary of State, but that is a really good example of the point the Secretary of State was making earlier on around the devolution deals. There is an opportunity for local areas to look at what is right for them and to come with ambitious proposals around how we devolve more and more of these things. It is a really good example of where we are able to devolve, even on a fiscal level as well, to those local areas.

Q76 Mr Prisk: In the review, one of the questions is how to make business rates more market-responsive. Many people, myself included, think more frequent valuations would help, particularly for small shops. Do you agree?

Brandon Lewis: We have looked at this. I am not going to pre-judge what is in the full review that is going on. One of the challenges that there was, when we looked at this before, was of course we were looking at it primarily from the retail sector, with a £25 billion scheme where any change is cost-neutral. That means that, whoever saves, somebody else is paying for that, and we had to look at how that balances. There is an argument that a more regular review can lead to fewer changes, but that also comes with a cost, in the sense that, obviously, there is an administrative cost to doing a more regular review. That is one of the things that the wider review will be looking at and will report on in due course.

Q77 Jo Cox: Where does revitalising town centres sit in your list of priorities? How are you judging success?

Greg Clark: It is a very important area. It goes, again, back to before your time on the Committee, when we were designing the National Planning Policy Framework. This Committee had very strong views about the importance of town centres, and we gave it quite a significant degree of prominence there. We had, in the last Parliament, Mary Portas advising the Government, and we had Portas pilot schemes across the country. A lot of the work we have been doing, and Brandon has been doing, on planning has had a particular aim at revitalising town centres, including, for example, creating residential accommodation in town centres, above shops and in other places. It is a very important part. The business rates discussion we have just had is germane to that, so it brings together a number of different strands in our work.

Q78 Jo Cox: What does success look like?

Greg Clark: Prosperous high streets, where there are attractive places to visit, where we have a vibrant set of businesses trading there, and, increasingly, residents who can enjoy living in town centres, so that

there is not the old divide between day and night, meaning town centres were places that were pretty bereft at night.

Brandon Lewis: I had this conversation with the Committee about a year ago. One thing that came through the Future High Streets Forum, which my predecessor, Mr Prisk, put together with some of the leading people from the retail industry and people with involvement in high streets, is that there is this real challenge. There is a temptation to want to set up KPIs and tick-box targets. One of the real challenges for the high street is that you know when a high street is viable when you walk down it, when you are part of it, when your local authority councillors are in it and you can feel it. The problem with the tick-box culture and some of the KPIs you can look at in terms of units and vacancies is that you can have very, very good boxes, all well ticked, but it does not mean you have any vibrancy around the town centre.

That is why we took the view that it was quite important to try to give that facility for areas to bring more people back to the town centre. There were a couple of things we have done around that. We have made it easier for people to use their cars and get into a town centre. We have encouraged local authorities around cheaper car parking—yes, I know I am obsessed with this, but there is a clear correlation: the cheaper and easier access there is to car parking, the more footfall there is—and equally around having that ability to use residential where it is appropriate and where the local authority want to do that. That brings more footfall into the town centre. When we look to the use classes, we have increased the flexibility for units to be able to move and change as the customer is driving it. The high street is not what any of us is going to make it; it is what the customer makes it.

There is some proof in the numbers. We have had 28 months of consecutive growth in retail sales. We have seen a dramatic fall in vacancies in high streets. When I first took responsibility for high streets, it was about 12%; it is now 9.8%. That has improved dramatically. This is still up against the biggest challenge the high street has got, which is that we, I think, are now the fastest growing country in the world for online shopping. Our percentage of online shopping is beyond even the United States in some sectors. That is a real change for the high street, which we need to have the flexibility to meet.

Mark Francois: You get high streets in coastal communities, too. Just as you have had town teams, we have set up, from memory, 112 coastal community teams in coastal communities around the country, in order to try to revitalise those coastal communities, including their high streets, but the wider town as a whole. We have given them all some seed-corn funding in order to do that. It closed yesterday, but we had bids for something called the Coastal Revival Fund, which is up to £3 million people can bid on in order to get resources to help revive

particular heritage assets in those communities. Then we have the wider Coastal Communities Fund as well. Just wearing a coastal-communities hat, I just wanted to make the point that you get high streets around the coast and we are trying to do something about those, too.

Brandon Lewis: I should just declare an interest as a coastal community Member of Parliament who has one of these teams. They are superb. The focus, as the Secretary of State outlined, that was put on this in the last Parliament and that we have on this is why the industry has reacted so positively. I think we have seen about a 30% increase in investment in high streets and town centres over the last year. That is a substantial jump. That is almost £2.5 billion of increased investment. It is that that is leading to this fall in vacancies. It is at the lowest it has been since records began, as well. People are therefore starting to value their town centres. Authorities have that ability, now, to look at making sure that town centre or that high street is focused where it should be, and has got it so it reflects what the needs are of the community.

Q79 Jo Cox: On a related theme, permitted development rights for offices to residential properties seem to have led to a shortage of office space, particularly in London. There does not seem to be evidence of a corresponding increase in residential properties. I wondered if you felt it was time to review that policy.

Greg Clark: I am sure Brandon has the figures in his head.

Brandon Lewis: The policy as it stands, the permitted development rights, as we outlined, finishes in the spring of next year, so that is finishing. We did a consultation earlier this year around what next and what follows from the spring of next year. We will be responding to that consultation in due course relatively soon, as I think I outlined last week when we met. In terms of offices and residential, generally, if offices are moving to residential, then there is by definition an increase in the residential units, so I am not sure that your comment can be correct. The residential units that have come through office to residential are around 4,000.

Equally, in London, there are zones that have been exempt, such as the City of London, Canary Wharf and places like that, and other areas have looked at and have implemented protection over particularly key areas, using Article 4, which is what it is there for. They have looked into developing that. Other areas are still looking at that, but we are taking that all into account in the review of the scheme and the consultation that finished in the spring.

Greg Clark: I think the 4,000 is 4,000 places, rather than housing.

Q80 Chair: Could we just have a note on how many of those offices were occupied when the conversion took place?

Brandon Lewis: I will have a look at that. Bear in mind, because of the way the planning application system works, we would not necessarily know that. That would be a matter for each individual local authority.

Chair: That would be helpful, if we could have it.

Q81 Jo Cox: On another theme, I wondered if you could clarify what the Prime Minister meant when he said we should “cut out the middleman” in the sale of Government land and what benefits you think that would offer.

Greg Clark: We have discussed in this Committee the need to build more homes and to find land that is available for that. Through the planning system, the five-year requirement on local authorities is very significant. We know how that is biting, and authorities are providing that. There is a responsibility on the Government, both in central Government and in our partner agencies, to winkle out every piece of land that is currently either unused or underused, or if it is used for a purpose such that, if you consolidated it somewhere, you could release land for homes. This is, by definition, previously developed land, if it has got a building on it already. It is within the public sector. We ought to be releasing that and having it built on.

Brandon Lewis: In the very direct sense, in the autumn statement last year we made clear that we will be doing direct commissioning at Northstowe, which is Government-owned land. We are working in conjunction with the South Cambridgeshire Council and the local authorities there to develop Northstowe, which will be taken forward. There is some more detail on that in the budget as well.

Q82 David Mackintosh: Can you give us an update on the role of LEPs in regard to European regional development funding?

Greg Clark: Yes. This was a tortuous process in the last Parliament, as some colleagues know. To summarise it, our and my ambition is to give areas and local enterprise partnerships much greater influence on the use of European funds in their area. It has been part of the growth deals and some of the city deals. This requires submitting a programme to the European Commission to be approved, for this then to become live. At the turn of last year, we were making painfully slow progress in having the LEPs authorised to be designated for this purpose and recognised.

We had a dilemma: did we continue to have the to and fro of correspondence with the Commission and then delay some of the investments through the growth deals that were relying on these funds, or did we do what we eventually decided, which was to compromise and to say that the Government would still be the responsible holder of the

funds, but we would give substantial influence to the LEPs on how it was used? That is what we agreed with the Commission. The programme was signed off, but what we said is that we would come back to it in the new year and look to correct what I think is not an achievement of where we aspired to be, which is to give much greater authority and control to areas. That is what we are now looking to do.

Q83 David Mackintosh: Will the delay in agreeing the operational programme have any impact on the payment of the fund?

Greg Clark: No. That was the decision that we took: not to risk the delay by agreeing something that I know, in the view of our colleagues in local government and areas in business, was not ideal, but we thought better to get the money out supporting skills, for example, and some infrastructure. It was better to get that going.

Q84 David Mackintosh: This is an ongoing dialogue with the European Commission.

Greg Clark: It is.

Q85 Angela Rayner: For people that are watching this Committee, in 2014, the Government announced a new review for firefighters' terms and conditions, which was to be conducted by Adrian Thomas. My understanding is that review was due to be submitted to Government in February of this year, and we still have not got that. Bearing in mind there is some apprehension from the staff who are represented within those areas, when can we expect that review to be concluded?

Mark Francois: I will quickly give a bit of background and then give you an update on where we have got to. One of the challenges the fire service faces is that, over the last decade or so, the number of incidents it has attended has fallen by a bit over 40%, which, on one level, is a very good thing, but, in terms of efficiency, you have to look at that. The previous Government commissioned a review by Sir Ken Knight called "Facing the Future", which looked, in essence, at efficiency within the fire service. That led, in turn, to a look at the governance of fire services.

As you may be aware, we published last Friday a consultation paper enabling closer working between the emergency services, which raises the prospect in some areas, if local people want it, of putting the fire service under the governance of the local police and crime commissioner. That addresses governance, in a sense. Sir Ken Knight's review also led to the commissioning of another report into the terms and conditions of service; that was the one that was carried out by Adrian Thomas. That was commissioned, again, by the previous Government. We have had the

results of that review and we are working through that now. We aim to publish the review within the next few months.

Q86 Angela Rayner: I thought, “He is going to give us a date.” I was expecting it to be delivered right here. You disappoint. You just mentioned the consultation that has just been announced, which runs until 23 October, in my understanding. You touched on, briefly, that police and crime commissioners—and, in fact, potentially the London Mayor—could have overall control of fire and rescue services and the collaboration. Can I just ask you what you think the implications of that are? What do you envisage would be the implications of that?

Mark Francois: This will not be imposed top down. We will only do this where there is a local desire for it. Where you have a mayor, such as in London, our proposal is to abolish LFEPA and to give responsibility for the fire service to the mayor, in much the same way that the mayor is responsible for the police service in London. It is also the intention to make the metro mayor in Greater Manchester responsible for the fire service as well. The Cities and Devolution Bill will allow for that. In other areas around the country, it would be possible to put governance of the fire service under the police and crime commissioner, so that the police and crime commissioner would be responsible for both services. That will allow you to generate a number of savings—for instance, in administration and back office. Again, this would only take place where there was a local will to do it.

Secondly, it is important to explain what this is not. You will not be turning policemen into firefighters, and firefighters into policemen. Perhaps the best example, and the one I like to give, is that the Royal Air Force and the Army are two separate services of the armed forces, but, in the 21st century, they increasingly work more closely together. That is what we are trying to promote, with increased efficiency between the blue-light services.

Q87 Angela Rayner: Can I just ask what the local will is, in definition? How would you define the local will? Would that be through local government, through local councils, or through, for example in Greater Manchester, with devolution, the combined authority or the mayor themselves?

Mark Francois: For instance, if a police and crime commissioner wanted to opt to take control, there would have to be a consultation in that area to see whether or not that enjoyed local support.

Q88 Bob Blackman: In the Queen’s speech, there was a commitment to take a Bill through Parliament for a public service

ombudsman. Can you just give us an update as to when that Bill will be published?

Mark Francois: Earlier this year, the Cabinet Office consulted on a reform of the ombudsman sector and the creation of a new public service ombudsman. The consultation closed in June 2015. There were 155 responses, which were overall in favour. The Government has yet to respond formally to that consultation exercise. The Cabinet Office is in the lead, Mr Blackman, on that. Having checked earlier today, I understand they are likely to respond to that later this autumn. The Government remain committed to publishing a draft Bill creating a single public service ombudsman in this parliamentary Session.

Q89 Bob Blackman: You will be aware that, certainly in the last Parliament, this Committee did a lot of work on the ombudsman service and published one or two critical reports. Do you foresee a role for this Committee in pre-legislative scrutiny of the Bill, particularly given that you are going to publish a draft Bill?

Mark Francois: If we are publishing a draft Bill, as I said we will, I would be surprised if the Committee, without wishing to dictate its work programme to it, did not want to be involved in pre-legislative scrutiny of one kind or another.

Q90 Bob Blackman: Given that we, of course, have our work programme to organise, it would be terribly helpful to have some commitment in terms of dates, so that we can organise it and can do that work on your behalf.

Mark Francois: I will relay that to the business managers, Mr Blackman.

Q91 Jo Cox: In the last Parliament, the NAO was relatively critical of the Government's and the Department's record in assessing impact and evaluating the effectiveness of various policies. I just wondered what steps you had taken to address those criticisms.

Greg Clark: Yes, I was aware of that. We are at the beginning of a new Parliament. We have launched a range of new policies. I am a social scientist by background. I am an economist. Economists, certainly of the empirical brand, quite like data, so I do not think you will be deprived of the ability to assess the impact, and I hope the success, of our policies. It is something that I think is very important and I make a commitment to promote during my tenure in the post.

Q92 Jo Cox: Have you done anything specifically to address the issues they raised?

Greg Clark: We have, I think, a pretty good analytical capacity in the Department. In all the areas of work we have initiated, I have had very close discussions with the analysts to make sure that we are gathering data from the beginning, including baseline data, so we can monitor the impact of policy and then share that with this Committee and others.

Q93 Jo Cox: One of the other issues that the NAO raised was the shift in the Department's focus from a grant-giving to an investment-based role, and I wondered whether that shift has been reflected in the skills of the Department.

Greg Clark: It is a very good question. We have a very good Department, and I have to say that it is a thrill to be back there, having had some experience of it before. One of the things we are doing as a Department, as the Committee knows, is engaging very directly with lots of local authorities, and indeed business and voluntary groups, across the country. In years gone past, the Whitehall Departments generally were a bit more standoffish. They promulgated orders and directives, handed them down and people got on with it.

We are very much a "sleeves rolled up" Department. You cannot do deals without a negotiation. You cannot negotiate other than in person. We started this in the last Parliament, through the city deals and the growth deals. This is very much the way that the Department is organising itself and bringing on people with those skills. Those people with those skills are inculcating them in others. It is a different approach.

I have experience going right back to some of the community rights and neighbourhood planning stuff that we did when I was first a Minister in the Department. We sent officials out to meet with people in communities. I remember particularly effective engagement in the Eden Valley in Cumbria, producing the neighbourhood plan there. Actually, it was something that my officials really enjoyed and were very good at, and I think it helped inform how we do policy in Government, as well as being of assistance to the community. That is the direction in which we are going. It is a different approach, but the selection, the training and the orientation of the Department is very much to build those skills.

Q94 Chair: Secretary of State, to bring it to a conclusion, do I take it, then, with your arrival as Secretary of State, it is no longer a fundamental right of every English man and woman to have a weekly bin collection?

Greg Clark: My view on that, Chairman, is that there was an agreement that was reached and it was right that authorities should be funded to help with that. That was agreed in the last spending review.

We are about to enter a different spending review. Who knows whether this will be one of the programmes that emerge from the other side?

Q95 Chair: I take it you will not be fighting hard to keep it.

Greg Clark: We have a lot to fight for and we will see how we fare.

Q96 Bob Blackman: A lot of local authorities are now charging for the collection of garden waste, for example. Across London, certainly, there is a wide disparity in both the standard of service and the cost that is being charged. Have you got any concerns about local authorities now moving towards charging for services that were previously encompassed in the council tax, where presumably they have got authority to do so, and, equally, the differences between those charges?

Greg Clark: Yes. Generally, Mr Blackman, in a lot of areas, the local authority is, if not the monopoly provider of services, then certainly the dominant one. That comes with a responsibility. This sometimes comes up in the matter of planning fees, for example. Given that you can only go to your local authority to lodge a planning application, people have to pay what they are being charged. That does require, in the public interest, the authorities to have a regard for value for money, and not to see these as cash cows.

Q97 Bob Blackman: As Secretary of State, are you going to intervene, or are you just going to do what your predecessor did, which was to criticise but not intervene?

Greg Clark: It is early in my tenure to encourage me to intervene on particular matters. You have raised an issue. I think my relationship with local government is that they know that I think they should take decisions locally. That is very much my view. However, if we are to make the argument that certainly colleagues in local government want—that we should devolve more powers and more authority to them—then it is very important that they demonstrate that those powers are being exercised responsibly in the interests of citizens. It is in the interest of everyone in local government to make sure that the citizens do not feel cheated by it.

Q98 Chair: Finally, Secretary of State, at the end of five years, providing, of course, you last that long in the job, what would you like your legacy to be as Secretary of State?

Greg Clark: That is an interesting invitation to think ahead. I would like, with my team and colleagues in the Department, to have built many more homes. As Brandon and colleagues in the Committee have said, for decades now we have not been building enough homes. I think we have reached a point in our national life that it is our responsibility, as

policymakers in Government, in Parliament and in local government, to make sure that we are providing the homes for future generations, and also to satisfy in particular the needs and the aspirations of people who want to own their own home, in the way that previous generations did. That will be a very important part of my ambition.

We talked a lot about devolution today. I would like to see a transformation of the arrangements that we have in this country, so that we are much less centralised at the end of this Parliament than we are now. I would like our great cities to be prominently led and in a muscular way, taking their place amongst the great cities of the world, and our counties and districts to be enjoying the greater prosperity that comes from an ability to cater to the local needs. I think that is very important.

We have not touched today on some of the other areas of the Department's responsibility, such as integration and making sure that we have harmonious community relations. That is very important, and I hope we will have the chance, over the months and years ahead, to talk in more detail about that. I hope that, by working very closely with colleagues across the country, we can do our bit to make the country more harmonious over the years ahead.

Chair: Secretary of State, thank you very much indeed for coming this afternoon. I am sure you will be coming back on a number of other occasions, and we look forward to hearing further from you about those very important priorities you have identified. Thank you very much indeed.