Communities and Local Government Committee

Oral evidence: Housing Bill, HC 529

Monday 9 November 2015

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Watch the session

Evidence from witnesses:

Members present: Mr Clive Betts (Chair); Bob Blackman; Jo Cox; Helen Hayes; Liz Kendall; Kevin Hollinrake; Julian Knight; David Mackintosh; Mr Mark Prisk; Mary Robinson.

Questions 1 – 97

Witness: ***Brandon Lewis MP****,* Minster of State for Housing and Planning, Department for Communities and Local Government, gave evidence.

Q1 Chair: This is a one-off evidence session with the Minister of State for Housing and Planning on the Housing and Planning Bill. Thank you very much indeed, Minister, for coming this afternoon. I think you said when you came previously to answer some questions, particularly around planning issues, that some of those would be further explained in the Bill when it was published, and at that point you would be happy to come back to us. Thank you for keeping to your word and appearing before us this afternoon. That is appreciated.

Could I begin with a question about the first significant item in the Bill: starter homes? A concern that has already been raised with us is that the wording in the Bill seems to indicate that starter homes will be given priority over and above other forms of affordable housing, for rent or shared ownership, and if developers want to build starter homes instead of those other kinds of homes to fulfil their 106 agreements, they would be able to do so.

Brandon Lewis: First of all, Chairman, I am delighted to be here this afternoon. I remember fondly when I sat here and said I would happily come back once the Bill was published, and I am enjoying that fond memory now. Obviously, I appreciate that on Monday, in closing, I know you wanted to intervene, Chair, but we were short on time. I took a couple, but a birthday for the previous shadow Minister seemed appropriate. However, we have an opportunity this afternoon to have that wider conversation.

In terms of starter homes, that is not an entirely unreasonable description, although I would put a slightly different connotation on it, in the sense that what we are doing is saying to local authorities that we want to drive up housing supply and we want to drive home ownership. We know that 86% of our population want the chance to own their own home; one of the biggest challenges to that is the affordability of home ownership, and starter homes for first-time buyers make a big impact on that with a 20% discount. Yes, we do think it is important that local authorities, on reasonably large sites—we will look at that through the course of the Bill—are providing starter homes, but I think we will also see that building on some of the affordable homes programmes that are done through section 106 agreements, et cetera.

We are very clear that we think an affordable home does not need to be limited to a home that is to rent. It is as important to have affordable homes to purchase, and we are very consciously making that statement to people: that we will make sure homes are affordable for purchase as well as rent. I think we will see a good mix coming through, because the way housing developments have worked, particularly when you get to the larger scale sites, there is a very good track record and history of joint working between housing associations, particularly, and the larger developers.

Q2 Chair: Right. I am trying to get a practical example. If, in a local plan currently, an authority has a policy that on new sites 10% of the properties built have to be affordable homes for rent or shared ownership, they have a discussion with the applicants about the balance of that mix. In future, when an application comes in from a developer, will the local authority be allowed to choose the mix; will the developer be allowed to choose the mix; or will the Government determine the mix by saying that priority has to be given to starter homes, in which case would all the properties have to be starter homes, or who would decide what percentage will be starter homes?

Brandon Lewis: I think we will see a continuation of the current situation, where it is none of the above, to an extent. It is a negotiation between the developer and the local authority. We are saying that, on reasonably sized sites, we want to see starter homes delivered. How that is done and the mix of tenures, among other things, will continue to be a negotiation between the developer and the local authority.

Q3 Chair: But the word "priority" is used in the legislation. How is "priority" going to be determined, in terms of the mix on a particular site?

Brandon Lewis: We are very much making a statement to local authorities and to residents in all of our communities that we recognise people have this ambition, this aspiration and desire to own their own home. We recognise that has become more difficult. Help to Buy is helping people, but that does not deal with the underlying issue that the overall market price of homes in some areas is high and people struggle with that. That is why we set out the starter homes policy: to make sure that these homes are available at a discount.

When you link those discounted homes with Help to Buy, it does open up the chance for home ownership to a range of people at a salary who had simply not been able to afford it before. It fits particularly well with the changes around high-value social tenants. I think therefore it is important that we are saying that there is a priority for us on starter homes on sites, in order to make sure we get affordable homes for purchase as well as for rent, which we have never had before.

Q4 Chair: That is the intention; I am still trying to get back to the mechanics of it. If you have a site where there are going to be 100 homes to fulfil 106 agreements in an affordable category of some kind, who decides how many of those are starter homes, how many are shared ownership, and how many are affordable homes for rent? Is that a local authority decision or will they have to have regard to this priority and make sure the majority are starter homes?

Brandon Lewis: A local authority obviously will have regard to national policy, and we are very clear that we think starter homes are a priority. We want to see starter homes being delivered, but ultimately that is going to be a matter for the local authority to negotiate with a developer in that context, in the same way they do now for their affordable housing delivery.

Q5 Chair: If an authority was to say, "We have a chronic shortage of homes to rent in this area. We think those 100 should all be affordable homes to rent," would it be within their remit to do that?

Brandon Lewis: That would be an argument they would make; that would be part of their negotiation with the developer and part of the decision they ultimately make on the planning application, and being able to evidence that. At the same time, if they are saying there is a chronic shortage of housing in their local area, I would make the case that they should equally be looking at the needs of people who want the chance to buy their own home, and starter homes are an important part of delivering that for them at an affordable rate.

Q6 Chair: It has been said to us that the price of starter homes is going to be so high—£250,000 or £450,000—relative to what many people can afford that all you are going to do is attract people who would have bought a home anyway and who might buy just a few months earlier, or who might buy that simply because it has a discount on it when other homes have not.

Brandon Lewis: I am very pleased to have the opportunity in this forum to hopefully divest people of that concern. We felt it was right to put a cap on it, and I would suggest these are maximums. We will obviously keep these under review, but they are maximums: £450,000 for London and £250,000 outside. If you look at the average price for a home sold under the Help to Buy scheme, it is below the average price for a normal home. I expect to see these homes being delivered right across the price band. In some parts of the country, for example, I have visited two-bedroom homes being delivered, with white goods, semi-detached, well spaced, with gardens, for £129,000. If that is delivered as a starter home, there is a 20% discount, and when you link that with a 5% deposit on Help to Buy, that house becomes affordable again for somebody who maybe for the last 10 years, since the financial crash, has not had access to the house-owning market.

Q7 Chair: If someone buys a home with a discount, will they have to keep it for a period of time, or can they go and sell it on the open market?

Brandon Lewis: No. They will have to keep it for a period of time.

Q8 Bob Blackman: How long?

Brandon Lewis: Five years.

Q9 Chair: One of the significant changes with starter homes being provided is that there will not have to be a CIL contribution. Is that not an added incentive for a developer, whether or not it is the right housing for the area, to build starter homes? They are going to have to put less into it, aren't they, if they do not have to pay a CIL contribution?

Brandon Lewis: If they are doing it as a proportion of the site, they will still be paying a CIL contribution on the rest of the site. We do want to encourage these homes, and we want to make sure we are playing our part in delivering that 20% discount as a minimum. Removing the CIL contribution is part of delivering that discount, and we think it is important to make sure that we deliver these affordable homes as a chance for change for people who aspire to own a home.

Q10 Chair: Given the infrastructure requirements will not be reduced with starter homes as opposed to any other sort of homes being built on the site, who makes up the difference?

Brandon Lewis: Bear in mind that we have, over the course of this summer, launched an opportunity for local areas to bid for part of a £35 million scheme to make sure these can be delivered. I would encourage areas to look at that as well.

Q11 Chair: This is for brownfield sites.

Brandon Lewis: Yes.

Q12 Mr Prisk: Clause 2 defines a starter home. Am I right in saying, looking at that, the adaptation of an existing building that may have another use—an office block, for example—would be permissible here? It talks about a new dwelling meaning "a building or part of a building", and then subsection (b) says "it has been adapted for use as a single dwelling and has not been occupied since its adaptation". Much of the debate, understandably, has tended to focus on greenfield, new homes and detached properties. My interpretation of that is that regeneration schemes could be included.

Brandon Lewis: Absolutely, yes.

Q13 Jo Cox: Do you think it is time for a proper statutory definition of affordability for both rent and purchase? There is not one at the moment.

Brandon Lewis: At the moment it is 80% of market value, whether it is for rent or purchase.

Q14 Jo Cox: But there is not a statutory definition of affordability.

Brandon Lewis: The definition of an affordable rent is 80% of market value, and, for affordable purchase, with starter homes it would effectively be 80% of market value.

Q15 Bob Blackman: Can I clarify one thing in relation to the conversion of office blocks, et cetera? Just so we are clear, the new policy that has allowed office blocks to be converted into residential accommodation would be included within this package.

Brandon Lewis: No. Permitted development rights are different, because obviously there are permitted development rights there. They do not have to go through the same process, but people could choose to deliver starter homes through permitted development rights as well. In fact, in London, for example, Pocket Living delivers homes that are for purchase at 80% of market value. The difference is those homes are in perpetuity. There are different models out there.

Q16 Bob Blackman: But a lot of those are conversions of existing commercial property, and we are already suffering from a loss of commercial property in London, with rents or purchase prices going sky high as a result.

Brandon Lewis: That is a different point. With permitted development rights, if a local area has got excessive pressure on its employment land, first, we have extended the exemptions to give local areas more time. If they have got areas that they feel they need to protect for employment purposes, that is what article 4 is for. Areas have used that; we have given time, through the extended exemption, to assess and look at what article 4s they want to put in place for when those exemptions end.

We have huge housing pressure in London, and permitted development rights can be used in areas where we are getting disused office space. For example, the Croydon local authority has been very ambitious around how permitted development rights are used. The change we made to allow for demolition as well within permitted developments was partly because of input from Croydon, who are very keen to see more housing from the disused office space they have there, from when companies moved out from central London to Croydon and have now moved further away again. They have a lot of empty office space that is out of use, and they are very happy to see that put to residential use, but they also want to see it done in a purpose-built way, and therefore wanted to facilitate that by allowing for demolition.

The permitted development rights have a very important part to play in delivering housing, particularly in areas like London, but, if local authorities have a concern about particular areas where they feel there is a big employment need, that is what article 4 is there for.

Q17 Bob Blackman: How many authorities have applied for article 4s?

Brandon Lewis: There are authorities that have done it. I could not tell you which authorities are going through it now, ready for the exemptions. You would need to ask the local authorities, and obviously we will be looking at those as they come through over the next couple of years.

Q18 Helen Hayes: On this issue of exemption from the community infrastructure levy and section 106, we will see some quite large developments of new homes coming about potentially as a consequence of the extension of permitted development rights, also on brownfield sites. Critical to the future success of those developments is the provision of social infrastructure: school places, GP practices, good open space. How is that to be funded if those developments are exempt from CIL and section 106? Without section 106 and CIL, how are we to be sure that we are building successful communities for the long term and not meeting our short-term housing need at the expense of creating tolerable and enjoyable places for people to live in into the future?

Brandon Lewis: First, local authorities will, as part of their local plans, be looking at what their housing need is and what the overall land requirements are for that. When they look at any given planning application, as well as when they look at taking their local plan through—I know I am over-simplifying—the first stage is: "What is the housing need for our area?" The second stage, allowing for my over-simplification, is effectively: "What can we supply and where, allowing for our environmental constraints and policy constraints?"

In terms of putting the evidence together for that or, indeed, if they do not have a local plan, on any given planning application, in terms of their Section 106 agreements, for example, they will be looking at what those environmental and policy constraints are. That could be flood plains, greenbelt, areas of natural beauty or school and medical provision. That is something the local authority has to look at, and will do in terms of any application.

For any given site, obviously the section 106 agreement or the percentage of starter homes will be a proportion of it, and the local authority has to take a view on that, in line with the negotiations it takes on with the developer, in terms of the overall position. That will be part of the decision they make at the planning decision point: "Look, this is a site with this number of homes. For that number of homes, we believe we need provision." So, for example, if they need school provision, they would also be talking to the Department for Education, who are always looking at sites. Indeed, I have been talking to them recently around particularly some of the accessibility there is for areas to look at getting funding from DfE as well for new schools, particularly if they are looking at new free schools for an area. That is a decision the local authority will take in terms of making that planning decision, but ultimately they should be doing it at the planning of the local plan stage.

Q19 Helen Hayes: But you are breaking the link between the amount of floor space or the number of units that are delivered and the section 106 and CIL obligations. I am not convinced there is not going to be a gap in terms of the funding of social infrastructure that cannot be plugged through section 106 and CIL on the remainder of the development. It is an area of concern.

Brandon Lewis: I would disagree with you. I appreciate the point you are making; I just do not agree with you. One of the issues with the community infrastructure levy, for example, is that it is pooled by the local authority. If you have a number of smaller sites, pooling the community infrastructure levy together to use it for whatever the local authority wants to use it for is quite important, but it is also one of the downsides of the community infrastructure levy. For example, in London, I have looked at a very large site where the developer has the challenge that, because the local authority wants to charge community infrastructure levy—and they have no issue with the amount or the quantum of the community infrastructure levy—and can use that anywhere in the authority, that does not necessarily pay for the road infrastructure for the large development. They have to do that separately. That makes the viability issue really challenging, and it is probably partly why that particular large development is not going forward at the moment. A section 106 agreement, of course, is specific to the site and the negotiation is specific to the site. On those large sites, it comes back to the local authority working out what the right section 106 negotiation is for that site and what is needed for that site that makes it viable and provides what they need, but that is a matter for negotiation between the authority and developer.

Q20 Jo Cox: I understand that the original intention of the starter home policy was to unlock development on land that was not scheduled for housing build. Was that the original intention, and did that change in the process?

Brandon Lewis: When we originally talked about starter homes, that was what we said. It was 100,000 homes. We have extended our ambition to 200,000. We still want to see homes developed on that kind of land. That is partly why we are making brownfield land development that bit easier and putting in the brownfield fund. It is also why, in the summer, we launched this bid process for £35 million or £36 million for areas to look at some pump-priming for this.

But we have raised our ambition. We want to see 200,000 homes, because we have realised and recognised that, as I say, 86% of the public want the chance to own their own home. Particularly since the financial challenges of the recession under the last Labour Government, in 2008-09, it has become much harder for people to get access to finance, which is why Help to Buy is so important. We want to give that extra opportunity, by having homes for purchase at a discount for first-time buyers, to give them access to the market again.

Q21 Kevin Hollinrake: You mentioned difficulties around supply caused by complexity and viability issues. Providing starter homes for housebuilders should be less complex and make sites more viable. Have you done any analysis that would say how many extra houses might be built due to this policy alone?

Brandon Lewis: Are you talking about the planning permission in principle on brownfield land?

Q22 Kevin Hollinrake: No. I was talking about the starter homes policy.

Brandon Lewis: With starter homes, we are very much looking to deliver 200,000 within this Parliament. Bearing in mind we now have double the number of first-time buyers as we had in 2010 and we have seen a 20% increase—I think last year it was a 10% rise—in housebuilding numbers, we want to see that go further. We are very ambitious. We have a lot of work to do. We have all said, across the House, we have not built enough houses in this country for several decades, and we need to go further and faster on that.

A mixture of things will be involved in this. Starter homes can play a part, because we can get them moving and developers will hopefully be playing their part to deliver them. It is also a mixture of making sure we have new housebuilding techniques coming forward, so we build houses faster. It is about making sure the planning system is delivering planning permissions more quickly, which this Bill plays a part in.

That raises an important point. This Housing and Planning Bill is a substantial piece of legislation. It goes a long way in these three areas: in making sure we are delivering home ownership to more people; in speeding up the planning systems, so we are delivering housing supply as well; and in making sure we recognise and do more to protect tenants and drive out rogue landlords. There are a few other technical things in there as well, I know, but it is only part of what is going on. The Housing Bill is not the absolute only answer to everything. There are other things we are doing that do not need primary legislation necessarily and are part of the solution to building more houses but, yes, I think starter homes have a significant part to play in that, particularly for home ownership.

Q23 Chair: Finally, before we move on to another subject, the NPPF currently says that "low cost market" housing "may not be considered as affordable housing for planning purposes". Are you going to change the definition within the NPPF to allow starter homes to be included as part of 106 agreements?

Brandon Lewis: We are looking at this through the course of the Bill, but we are very clear that we believe the definition of affordable homes should not just be affordable for rent; it should be affordable for purchase as well. We recognise the fact that it is important for people to have the chance to have affordable homes to buy as much as to rent.

Q24 Chair: So you are going to change the NPPF then.

Brandon Lewis: We are looking at this through the process of the Bill. We are not keen to change the NPPF where we do not have to, but we are determined to make sure that, when we talk about affordable homes and the definition of affordable homes, as outlined in the NPPF, it reflects ownership as much as rental.

Q25 Chair: Yes. At this stage, it excludes it.

Brandon Lewis: That is why we are keen to change the current situation, to make sure "affordable" means affordable to purchase and to rent.

Q26 Mary Robinson: Moving on to self-build projects, 86% of the population have a desire to own their own homes, but many people are interested in self-build. The last government's "Laying the Foundation" report estimated that there were 100,000 people looking for building plots. At the moment, although there are no definitive figures, self-build and custom build are estimated to account for about 12,000 of home completions. The "Laying the Foundation" report also set out the aspiration for doubling the size of that self-build market. Given the constraints of very many issues, such as getting land, finance and planning permission, what are you doing to help people fulfil that aspiration to build?

Brandon Lewis: This is a really important area. You have quite rightly outlined the aspiration people have and the context of how many people out there currently do this. I met with the chief executive and chairman of the National Custom and Self Build Association last week. They were discussing the figures they had. You are quite right: there are no definitive figures on this, hence why my figures are going to slightly differ from yours. If I remember correctly, their figure was about 9,000, and the aim has to be to get it back to something nearer to 20,000, which would put us proportionately closer to other places in Europe that are far ahead of us on this.

There are a couple of areas of importance. My hon. Friend the Member for South Norfolk set up a Private Member's Bill, which I helped take through towards the end of the last Parliament. What we are doing in the Housing and Planning Bill builds on that and brings in the legislation that will require councils to support people who are registered in an area by ensuring there are sufficient serviced plots and land suitable for building on, consistent with demand, and publishing a list of small sites.

This has a couple of areas of importance, and the Member for South Norfolk made this point very eloquently at the Second Reading of the Housing and Planning Bill last Monday. One important side of this is that self and custom build has a chance to start delivering homes again that think about the customer and give the customer an input into what the home is going to be like. I bought a new-build home from a small to medium-sized developer in 2006 and moved in in 2007. A couple of things stick in my memory of that, as well as when I did it 20-odd years ago. I was very lucky; it was a very good builder, but ultimately, it was: "If you are buying plot number 23, then it will look like this. The walls will be where they are, but as you have got in early, you can have a choice—to a limited degree—in what colour bathroom and kitchen you have," rather than, "Would you like an archway rather than a wall, and would you like it more open plan?" or whatever input you can have. Custom and self build brings that back—thinking about the customer.

At the next level of importance, the custom market also gives us a chance to offer some extra support to small and medium-sized builders, whom we want to see come back into the market—75% left the market after 2008. I think this is a good way of making sure there is an opportunity for them. It feeds into what small and medium-sized builders can do. There is also a job to do around the impression given by programmes like *Grand Designs*—as much as we all enjoy it, and it is brilliant—that to do this kind of thing, self and custom build, you need to be a millionaire, and you do not.

Look at companies like Beattie Passive in Norfolk—there are many others out there, but I mention that one purely because I visited and they let me have a go at building my own house. I am not going to pretend I was the best person at the first attempt at doing this, and there is a rumour I had to redo some of my handiwork but, on the serious side of it, they can deliver a home for about £30,000—that does not include the land—and they will teach people how to do it as well. There are real opportunities here for people who want to get in at an affordable level.

Another good example of modular build and advanced construction techniques, at a higher level, is Urban Splash in Manchester. They potentially work very well with custom and self-build, but they can deliver custom build directly to the customer. You have a completely free choice over the size of the property—between 500 and 1,500 square feet in that case—whether it is laid out with one bedroom or up to six bedrooms, where the walls are, what the style is, what floors you put what on. It is absolutely decided by the customer. I think that is a really good step forward. At every level, self and custom build is a really important part of the mix. If we can get to those kinds of numbers, doubling the number of people doing this and delivering another 10,000 to 15,000 homes a year, that is an important percentage of the housing market. That is a very long way of saying I agree with you.

Q27 Mary Robinson: It sounds really good as well. Just looking at this, though, the local authorities are required to have a register of persons who may be interested in acquiring a plot of land or self-building. I often feel that it may be the case that local authorities do not advertise this enough. If this register is there, a lot of people may not know about it who may be interested in self build. Is there anything we can do to promote that?

Brandon Lewis: Over the last few months, we have set up the housebuilding vanguards. I think 11 areas signed up to be vanguards. We saw people sign up in all of those areas for their registers of interest. If the interest we have seen in the vanguards is replicated across the country, that is 24,000, let alone the fact that, as ever, once you start this and publicise it more, more people become aware of it, rather than just people in those 11 areas who happen to have picked up that the local area is doing it. There is a job for all of us to do to publicise that this opportunity will be there. Obviously, when you have legislation going through, things get a focus. I would hope, as we go through this part of the Bill, it will get the kind of public attention that means we can drive that knowledge further, but it will be a matter for local authorities to make people aware that this is there.

Certainly, the National Custom and Self Build Association themselves will be playing a very large part as this goes forward and as people have to keep registers and start running registers, to make sure they do everything they can to publicise it. The sector itself obviously has a very positive interest in this in that sense, so I think they have a large part to play as a partner in promoting it.

Q28 David Mackintosh: The Bill talks about setting up a database to combat rogue landlord and letting agents, which I know is based on recommendations made by a previous inquiry of this Committee, so obviously we welcome it. Will there be extra funding for local authorities who are required to set up and maintain this database of rogue landlords? How will it work?

Brandon Lewis: We are looking through all of this at the moment. Obviously, we do have a principle around new burdens for local authorities, but we are very clear about this. I appreciate the Chairman, I think, made the point at Second Reading that he was pleased to see us taking on board some of the comments of this Committee, which I think highlights again how important and how strong the contribution from this Committee has been over the years. We have been very clear, and I have certainly personally been very direct, about the fact that we will do everything we can to drive out every last bad and rogue landlord we can find. The good landlords want that as well. Local authorities are very keen to have more powers around this, so it is something I think the local government sector will be very supportive of and positive about.

Q29 David Mackintosh: Can the database be used by tenants to check whether their prospective landlord is listed on it?

Brandon Lewis: Obviously, if somebody is not able to be a landlord, I would like to think that they will not have any tenants to be looking it up in the first place, because they will be banned from being a landlord. In terms of running it, we are working through and looking at all the data protection issues at the moment. The Bill itself does enable local authorities to issue penalties of up to £5,000 and to seek rent repayment orders as well covering the previous 12 months. Councils will be able to retain the money from those civil penalties and from the rent repayment orders where the rent was paid from housing benefit or, indeed, universal credit. That would also be able to be reused for housing purposes, which will help some of the finance issues.

I have probably said this before, but I will just give an example of where this has an important part to play. I had a constituency case in the summer in my area where a landlord of a house in multiple occupation was fined in court. What that highlighted was that it turned out that, about a decade ago, the same landlord had been a landlord in a case where people had lost their lives. That is a really good example of a situation where that person should never have been allowed to be anywhere near being a landlord ever again. Across the House, there has been strong support to make sure that we drive out any opportunity for somebody of that kind of intention and experience to ever be near being a landlord again.

Q30 David Mackintosh: I have one final question. You talked about the good landlords, the responsible landlords. I remember, when I introduced some work around rogue landlords, good ones came in to see me and said, “It is all very well that you are talking about how you tackle the bad ones; how do you reward the good ones?” Do you have any work planned for how we can look at making sure we also praise those responsible landlords who do a good job and look after their tenants well?

Brandon Lewis: There are a couple of things. One of the other areas we are looking at is giving landlords a bit more of an option around abandonment, which is something that landlords are keen on. Obviously, I would stress that just being on a blacklist in and of itself does not stop somebody from being a landlord. What would have to be followed up, if somebody is on that blacklist, is a banning order coming in and banning them from being a landlord, so there is an option for them to make a case in that regard. But it will mean that local authorities keep a track of those blacklisted agents, particularly those who have been convicted of the relevant offence. They will also be aware of what other properties a landlord has. If they have had an offence in one particular property, it will then make it much easier to keep a track of what else they have got. Then, obviously, the authority has a decision to make about how it monitors, using selective licensing and the other tools that are at its disposal.

There are two sides to it for the good landlords. Having a stronger “fit and proper person” test and this kind of activity going on, driving out the bad landlords, obviously means that the landlords working within the system are clearly and publicly at a higher standard; otherwise they would—hopefully—have been caught and dealt with through some of these measures. Generally, we are also doing everything we can, as I outlined in questions today, not to overregulate the system and to make sure that we have an opportunity there to encourage more people to come in.

I have been very open about the fact that I want—I appreciate I am saying this in present company—to build on the work done by my predecessor, the hon. Member for Hertford and Stortford, Mr Prisk, who is a member of your Committee, to bring more institutional investment in, so that we start moving away from almost a private rented sector. I am on the Register of Members’ Interests as an accidental landlord myself. I want to see a more professional rented sector and more institutional money managing on a large scale. That is ultimately very good for tenants as well. That is a journey of travel that will be good for us in this country, particularly as we see this sector grow, not just the economic side of it, but also the lifestyle choice, with millennials—25 to 35-year-old professionals—choosing, for mobility purposes as well as lifestyle choices, to rent instead of own until a later age.

Q31 Liz Kendall: I think you are going to be setting out what the banning order offences are in regulations. What kinds of things do you think these orders should be issued for? Have you got a list in mind?

Brandon Lewis: No. We are consulting on that and talking to the sector at the moment. We will be taking evidence over the next couple of days as well, and I am meeting people across the sector and listening to what they have to say. The case in my constituency was a very obvious one, where people tragically lost their lives through negligence, as it was argued at the time, by the landlord. That person should not be able to be a landlord. It will be a matter as well for the local authorities to consider, if somebody has been subject to being blacklisted, whether they take a banning order against them to block them from being a landlord again. It will be a judgment call for a local authority to look at whether they go for that tribunal option as well.

Q32 Mr Prisk: I think most Members are very keen to see what is happening in part 2, in cracking down on rogue landlords and letting agents. Schedule 4, which sits alongside it, is about financial penalties, reforming the arrangements under the 2004 Act. Looking through that, £5,000 as a maximum fine feels quite generous—it is 13 weeks' average rent in London. It may be something you will want to reflect on during the Committee stage, but it just seems to me a low maximum. I wonder if you have given any thought to the reality of the kind of revenue most landlords who may be prosecuted under these arrangements receive, and whether you are willing to look at a higher number.

Brandon Lewis: I am always willing to have a look and take views, particularly from people with your experience and that of the Committee generally. We will have a look at that. Yes, you are quite right. These are the sorts of things we will look at through Committee stage. There is an issue around finding the right balance with these things. Obviously, particularly in London, there are different value levels involved in terms of what the monthly rent can be and what the implication of £5,000 is.

Ultimately, the bigger threat to a bad landlord is a banning order, rather than the fine. The fines are a deterrent, but what I want to see is people being fearful of a banning order that blocks them from ever being a landlord again. That gives them a motivation to be a good landlord in the first place, to avoid having these kinds of penalties against them. Once they have had penalties against them for the kind of behaviour that would incur that, I think they are more likely to be wary of the potential of having a banning order, and quite rightly so. Ultimately, we want to either drive these people out of the industry altogether or give them good reason to be good landlords. I will certainly take your point on board, yes.

Q33 Chair: When we made our recommendations in last Parliament, we raised the idea of fixed penalty notices for more minor indiscretions and also the idea of clawing back benefit that was paid where landlords were guilty of offences. You have indicated that, in both those cases, local authorities could keep the revenue, but the

Government have not yet decided to agree to our other recommendation that, where fines are levied on a landlord, maybe the local authority could keep that as well to help pay for the costs of enforcement. Do you have any more thoughts on that?

Brandon Lewis: No, and for the same reason as I gave last time. We have to find the right balance. It is not just about not overly regulating and therefore creating a situation where we end up causing a problem for good landlords—obviously, a fine for bad behaviour would not do that, because good landlords, by definition, would not be there. It is also about not creating—excuse the turn of phrase, but to give the word its correct use—a perverse incentive for local authorities to be using these kinds of powers.

Let me give an analogy to that. It is why I am and have always been against blanket licensing—I think I made this case in the last Parliament in this Committee, but I certainly did so in the Bill Committee for selective licensing. We have already got some London local authorities using blanket licensing, effectively, as a revenue-raising model, which ends up becoming a stealth tax on good landlords or increasing rent for tenants if the landlord passes that on. We need to be very wary of that. It is very different to an area using selective licensing in areas where they think there is a very genuine and specific problem, and licensing for that. There is a fine line between that and creating a situation where some local authorities might be tempted to be over-keen to issue fines for minor infractions that do not necessarily incur them.

There is a balance there, and I appreciate you can also find good authorities using it in the right way. It is something we will always keep under review, but, at the moment, I think what we have in the Bill is where our focus will be.

Q34 Chair: Of course, there could be a perverse disincentive for an authority that knows it is not going to recover anything like the amount of cost it expends in pursuing a really bad landlord. It could go to court and the court might not award anything like the costs that the authority has incurred. That is a disincentive to take that action all the way.

Brandon Lewis: It is about finding that balance between making sure that the penalties are high enough and that the infractions are the right infractions to warrant that penalty being appropriate, coming back to the point Mr Prisk made about the £5,000.

I am sure there are no local authorities that any of us know well that would ever want to behave this way, but the reality is that we are often legislating for a bad minority rather than the good majority. If you have on-the-spot fines, what you can end up with and what I would be wary of is a local authority sometime in the future having the rather unfortunate view that it should go out and create a whole new regime of enforcement and of enforcement officers which would then go out enforcing on minor infractions, causing more problems for both the tenants and the landlords, rather than doing the good that they are trying to do and that we would all want to see them do. There is a very fine balance there, but I do know your views, Chairman, so I will continue to take that on board.

Q35 Julian Knight: Minister, I would like to turn to Right to Buy and the voluntary deal between the Government and the National Housing Federation. This deal was widely seen as a really positive step. I just wondered, once you had concluded this deal, whether or not you attempted to incorporate its precise terms into the Bill to copper-bottom the process?

Brandon Lewis: No, because, if we had done that, it would not be a voluntary agreement anymore; it would be a legislative requirement. Part of the ethos behind this is that it is a voluntary agreement. I have seen the evidence that David Orr gave to this Committee, I think last week; it might have been the week before—I have lost track of weeks now, but it was over the last couple of weeks. All credit to the National Housing Federation for coming forward, working with its members, coming up with a package and recognising that their tenants also want that ability to own their own homes. As David Orr himself said, many housing associations, and housing associations generally, do support home ownership, and many are building homes for ownership now.

I have to say it is a real credit to the housing association sector for coming forward with this. To then legislate on that would be going against the ethos, the moral agreement and voluntary agreement we have had.

Q36 Julian Knight: Mr Orr, when he came in front of the Committee to give evidence, was quite forthright in his comments. There is no surprise there.

Brandon Lewis: David always is forthright.

Julian Knight: Yes, he is. I am just going to read you a very short passage and ask for your comment on it. It goes: "The deal we have done with Government is that, if the Government provide discounts, then we will make available the possibility of sales. That is the deal. If the Government fail to come up with the money, then there will be no sales." Are you going to come up with the money? Are they going to get the full compensation?

Brandon Lewis: Yes, we are. There is provision in the Bill through the sale of high-value assets. We have been very clear from the beginning that we will fund those discounts to make sure that we can deliver that voluntary agreement. We outlined in the manifesto that we would do it that way. David is always very forthright. It is what makes him a good person to work with and to negotiate with. When he puts a deal together, he is very straight about it. That is a good thing. He has worked hard to represent the views of his members and, indeed, of their tenants. There are a few things in this deal that mean that, through the voluntary agreement, we now have a Right to Buy extension that, in many ways, is a good improvement on what we have had before.

Q37 Julian Knight: So any of the members of the National Housing Federation who may be, in some way, suspicious that when it comes right down to it they will not get every penny are wrong. Basically, they will get every penny that they are due.

Brandon Lewis: They will get the full value, yes.

Q38 Julian Knight: Fine. Should a voluntary agreement have any sort of statutory monitoring?

Brandon Lewis: We are going to slightly change the regulator's role to give it some ability to monitor home ownership. But, by definition, the deal is a voluntary agreement. Ultimately, obviously, we have to fund those discounts, as you rightly outlined and as David Orr said. I do not think we need to go any further than that. The housing associations themselves have come together. 93% of the stock is signed up and, of course, even from the stock that is not signed up, there is a percentage of that that has retained Right to Buy through the transfer of stock anyway, as well.

The National Housing Federation has been very clear that this is a deal for the sector. We trust them to live up to their part of the deal. I have every confidence that they will. As I say, I talked to housing associations at their own conference in Birmingham when David announced what the offer was going to be to Government. Talking to some of their members—both the g15 members and other members in the evening as well—I found that the reaction was very positive. It was a real eye-opener that, despite some of what has been reported out there about what the housing associations' position would be, they have been very supportive of this and of the move to increase housing supply and, indeed, home ownership.

Q39 Julian Knight: How much freedom do you think housing associations will actually have in this process? For example, if they find in the first year of Right to Buy that they have had a rush of buyers—the evidence we have taken indicates that there will be this surge of people who are very interested in exercising their right—will they be allowed to impose a cap on the numbers coming forward, or is that something you would not wish for them to pursue?

Brandon Lewis: We have always been very clear that we would phase this in in order to make sure it is affordable and do that in a correct way. We are working through that at the moment with the housing federations. We will be doing that through the course of the Bill, and I will return to that later this year in terms of how we can phase that in in a very controlled way.

It is not just about finance either, actually. You make a very good point: there will be a large number of people out there who have never had the opportunity to own their own home before and will want to have that chance to own their own home. We also have to make sure that the process for them—the literal process of going through the valuation process, the paperwork and the administration to own their own home—is a smooth, efficient and effective one for them. This is a whole new group of people having access to it, and there will be associations that have not been involved in Right to Buy before. There are good reasons to phase it, both financially and administratively, to make sure it is a smooth-working process. We are working on that at the moment.

Q40 Helen Hayes: Can you tell us a little bit about what economic modelling you have done on the impact of the extended Right to Buy?

Brandon Lewis: We are working through Right to Buy in terms of how it delivers home ownership. What do you mean? What side of economic modelling are you referring to?

Q41 Helen Hayes: What impact is it likely to have on the housing market in different areas? What impact is it likely to have on affordability? What impact is it likely to have on housing need at the lower-income end of the market? There are all sorts of different potential impacts that a really big change of policy might have. What is the modelling that you and your Department have done?

Brandon Lewis: Obviously, we work through these things and look at all the different options all the time, particularly with housing. As I have said before—I think to this Committee, but I have certainly said so publicly a few times, particularly recently—we have possibly the most complicated housing sector in the modern world, in the sense of having so many different types of tenure. There is not just home ownership and rental. Within home ownership, there are now starter homes, but there is also shared ownership. There are discounted-to-market ownership models out there apart from shared ownership, like those that Pocket Living does at the moment. There is a whole range, from first-time buyers right through to people who are downsizing in later life. On the rental side, there is not just affordable and social rent, but a whole variety of models out there.

That is good for customers in the market and for residents because, wherever they are on the housing ladder or their tenure needs, they can have a look at that menu of offers to work out what is right for them. But it does mean for us that we have a very complicated housing sector we have to be looking at at all times. That also has an impact in making sure we are doing everything we can to make sure the supply levels are right across the housing sector.

In terms of the modelling of this, one of the important things with Right to Buy and the extension of Right to Buy is that, as well as driving up home ownership, this is as much—if not, arguably more—about increasing housing supply, because for every one of these properties that is sold, an extra home will be built. We have been very clear about that with the reinvigorated scheme. We are very clear about it through the extended scheme as well. We will actually see housing numbers increase.

For some of these properties, with the way that the agreement works with a portable discount, there may well be the opportunity for an extra home to be built without necessarily losing a home from the social housing stock of the housing association as well, if somebody uses that portability option. You will actually see the housing supply increase. My economics degree is some years behind me now, but simple supply and demand means that the higher we can get supply, the more affordable the prices can remain.

Q42 Helen Hayes: On the issue of one-for-one replacement, the Committee asked you about that issue previously and we have subsequently written to Greg Clark to ask for an explanation in detail of the figures you were using, because you told the Committee that one-for-one replacement was already being achieved.

Brandon Lewis: I think we have replied as well.

Helen Hayes: I am not sure we have had a reply to the second letter that I am aware of, no.

Brandon Lewis: I will chase that up.

Helen Hayes: I just wondered whether you could provide that detailed breakdown. When you say that one-for-one replacement is already being achieved and it is two-for-one—

Brandon Lewis: No, let me be very clear: it is not replacement. These are extra homes. We have to be really clear about the language, because the home that is sold does not disappear and the tenant is in that home. With the extended scheme and the voluntary agreement, the home could be there for another tenant as that tenant uses a portable discount to move to another home. These homes that are built are extra homes. In terms of the current Right to Buy scheme—the reinvigorated scheme from 2012—the way the numbers work is that we are slightly above one extra home built for every one that is sold. Actually, in London, it is almost two for one at the moment.

Q43 Helen Hayes: Those are the figures of which it would be very, very helpful to have a detailed explanation.

Brandon Lewis: Yes, and, on the Floor of the House, both the Secretary of State and I on Second Reading last week gave the specific numbers. Yes, we can provide those to you, and they are in Hansard, obviously, from the Second Reading. Under the reinvigorated scheme, local authorities have three years to build those extra homes. If, after three years, they have not built them, then the income from those homes comes back to us and the Homes and Communities Agency will build those homes, so those extra homes will be built.

On the voluntary agreement, the housing associations are very keen to make sure they are building new homes, so for every home that is sold there will be a home built. I have to say that I have spoken to housing associations informally who have made the point that, with some of the income in some parts of the country, they will be building more than one home for one sold. We have been very clear from the beginning that the agreement is that one extra home will be built for every home that is sold. If somebody uses a portable discount, a home has to be built for them to move to, but, of course, the home that they were in remains as part of the social housing stock that that housing association had as well.

Q44 Helen Hayes: On the part of the extension of Right to Buy that is in the Bill, which is the compulsory sale of high-value council homes to cover the costs, have you done the modelling to demonstrate how the value that is derived from those sales will cover the cost of the subsidy within the extended Right to Buy scheme, the cost of replacing the council home that is lost and the brownfield regeneration fund? Do the numbers add up?

Brandon Lewis: Yes, the numbers will add up. Through the process of the Bill and the regulations that follow, we will be going through the details of high-value assets, which will be confirmed as we get to that point. I am not in a position to give you a final decision on that today.

Q45 Helen Hayes: So that work has not been done yet on exactly how much revenue you expect to generate.

Brandon Lewis: Since Second Reading, an amendment has already been put down by the Member for Richmond Park, who is making a case—he made a very powerful speech at Second Reading and hopefully he will be able to put his thoughts into practice as the next Mayor of London—to see more than one home built for every home sold in London. That ambition is laudable and we are looking at that at the moment. We will look at that through the course of the Bill, so I am not going to pre-judge what the outcome of that will be as we go through Committee stage, let alone Report stage.

Q46 Helen Hayes: The ability to deliver on that aspiration very much depends on the modelling and the detail of the numbers: how much money is available, how that money will be divided up. Will you be happy to share that information with us as and when you do that modelling?

Brandon Lewis: Obviously, advice to Ministers is not something we will be publishing in the public domain as we are going through working out policy. I will, when we get to the stage in Committee and in regulations, very clearly outline exactly how the high-value asset sales will work. I will be very clear about exactly how that calculation is worked out and how it delivers. Ultimately, what we have said is that we will make sure that, for every home sold, an extra home is built, both through the sale of the high-value assets and, indeed, the extended Right to Buy scheme.

Q47 Helen Hayes: There is one final question from me: will the receipts from the compulsory sale of council homes in London be ring-fenced for the provision of replacement homes in London?

Brandon Lewis: We have not made final decisions on the high-value assets yet, as was outlined at the Second Reading. I cannot really add anything to what I said at the Second Reading about that.

Q48 Bob Blackman: Can you define what you mean by high value in terms of the assets to be sold, because that is another thing that has not been clarified?

Brandon Lewis: I am having, as Minister—indeed the Secretary of State is as well—a series of meetings now at official level with the local authorities, both in and outside London, to work through some of the details of this. In fact, I had a couple last week and I have some in the diary this week and next week, from memory. Obviously, what we have allowed for as a provision in the Bill itself is based on a formula approach, which gives some flexibility for local authorities, as they outlined they wanted. Some of the details of that will come out as we go through Committee stage itself and the follow-up regulations.

Q49 Bob Blackman: One of the clear concerns is that almost all the high-value assets will be in London. Of course, high value could mean different things in different parts of the country. Actually clarifying this is very important at this stage.

Brandon Lewis: Mr Blackman, you are making a very fair point. It is interesting, because I met with one local authority a very long way from London. An officer there made the case to me, when I first met them earlier this summer, that they were concerned they were going to have to sell off all of their council homes. As we talked—not least of all, of course, this is vacant council properties—we got to the point by the end of the conversation, which was not that long, that it might be 4% of their stock per year depending on how you modelled it. It is one of the things we are looking at as we go forward, because we have been very clear, both in our manifesto and also in what we have looked at since, that this is partly about making sure there is good asset management.

Some local authorities have been quite supportive about the fact that we need to make sure there is good asset management across the local authority sector around how assets are used, particularly these high-value assets. One council leader—for their benefit, I will let them remain nameless for now—literally in the last few weeks said to me, "This is absolutely the right thing to do." In their area, they were selling off a council property for between £500,000 and £1 million, which was going to allow them to build three or four new properties—at this point, probably three, but they were looking at the potential to get a fourth as well. That has to be good for the residents of that area who want those extra houses. We have to look at it this way.

Also, in the legislation, we have been looking at a formula-based approach to give some flexibility for local authorities with how they manage this. I would say that a fair assessment is probably about a third.

Q50 Bob Blackman: One of the issues here, for example, is not just necessarily ring-fencing for London overall, as Helen suggested, but for particular local authorities within London. If properties are being sold off in Kensington and Chelsea or Westminster that are very high value, is the money going to be ring-fenced for the development of properties within that local authority or would it be potentially open to a local authority to go and build in East London somewhere, where land prices might be a lot cheaper? In that case, the ambition of saying we could build three or four properties actually might be, "We can build five or six in a different part of London." Do you see the problem?

Brandon Lewis: Yes, and this is why we are consulting with local authorities, both in and outside of London, and their membership bodies more generally around this. There are lots of different potential options and potential impacts to how this works, not just in London, but even if you move away from London. London is quite a good example and I appreciate that, as a London MP, this is a clear one for you. If you are a local authority on the edge of London—actually, anywhere in London—what is important and what came through very clearly at the Second Reading of the Bill was the issue around making sure we are providing more homes for people, particularly with the housing pressures we have in a city like London.

One of the great things about being British is that we have cities like London. Manchester is growing in this regard, as are others. I am hoping Great Yarmouth, thanks to our energy and tourism industry, will be chasing at the heels to be one of those places more and more people want to live in and spend time in, but obviously there is that pressure in London. From all over the world and country, people want to live and come and be focused around business in London. That is a great thing, but it does mean there is a challenge around housing needs. It is really important to make sure we are building those extra homes in London. It is about the number of homes.

London, in lots of different ways, funds lots of things all over the country. The London Underground would not function very well if it were not for some of the microchips that are produced in my constituency. I am sure there are many of us across the House who have got things that TfL and other bodies in London are benefiting from using that come from their own areas. Equally, there has been a case made to me by some local authorities that—depending on how you class it, whether it is Greater Manchester or London—if you are a local authority on the edge of that and you are putting in extra housing, you want the flexibility of being able to look at whether that is on your side of the boundary of your district or the other side of the road in agreement and with the duty to co-operate, et cetera, with the other local authority. That is a very reasonable argument that some of those local authority leaders are making.

That is a particular challenge if you are around London and have got greenbelt issues as well. We have to listen to that and make sure we are taking that into account. We need to make sure that we do not have an unforeseen circumstance that nobody really wants through being too rigid about this. We need to have some flexibility to come to a result that works for all London boroughs, but indeed, as I say, for districts and councils across the country, depending on the pressures in their areas. That is why we are having those conversations, and that will be an important piece of information that feeds into the Bill process and the regulations that follow it.

Q51 Chair: London is a very special case and has massive challenges, but Sheffield has different values of houses in different parts of the city. I do not think we have many £500,000 council houses or housing association properties. The houses of the highest value tend to be in particular locations. Could you get to a situation where you sell off all the vacant properties coming up in particular parts of a city like Sheffield and effectively remove the opportunities for people who need to live in a particular place for family support reasons or for employment reasons, to have a chance in the future of getting a new rented home because they are all going to be sold?

Brandon Lewis: One of the reasons why it is so important we are talking to and listening to both local authorities and other interested parties more generally is to make sure that, when we look at and make final decisions around how the area is defined, that it is the right and appropriate area. For example, one local authority leader informally made a point to me that they would like the high-value asset assessment to be done on a very small, narrow area and they would like the replacement to be able to be done on a very wide area. For that particular local authority, I can understand why they would want to make that case.

We have to look at all of these things to make sure we end up with something that is workable, whether you are in Sheffield, Manchester, Birmingham or London itself. We need to make sure that the system can work to deliver the housing that we want for people in the areas where they need it, and to make sure that we have the ability for people to be able to live and work in the areas in which they want to live and work. That is about increasing housing supply.

Q52 Mr Prisk: This is an enabling Bill and there are substantial powers that will be made by regulation. Clearly, it will not be possible for you to publish all of those prior to the end of scrutiny, and we have heard about the practical challenges, which Mr Blackman has talked about, for the industry. Are the details of any of the regulation powers in here going to be published before scrutiny finishes?

Brandon Lewis: That depends on the conversations that we have ongoing with some of those interested parties, like local authorities. It is possible we will do so, but I suspect that much of it will follow afterwards because we will also be looking at what comes through some of the feedback and comments, as we have had today but also from the Committee, and, indeed, we have the Lords process of the Bill as well. I suspect much of it will follow, but many of those will still have scrutiny because they will be subject to affirmative resolutions as well, so we will, at the right time, have the scrutiny on those particular regulations.

Q53 Mr Prisk: You recognise there is a challenge there for people to be able to understand the depths of the policies if they cannot see the key details.

Brandon Lewis: Yes, absolutely. There are two points I am making. One is that some of those measures—a fair proportion, if not all—are likely to be affirmative resolution, so, at their own point, they will have scrutiny in the House. Also, when we get to Committee stage, on some of those points, because of the ongoing conversations, we will certainly be able to give a flavour to Members of the House of exactly what the policy intention is likely to be and what the intention of Ministers is.

Q54 Mr Prisk: Last week, we heard from housing associations expressing their concern about the slight uncertainty as to their status as housing associations: are they private or are they public? For the moment, as we know, the ONS has ruled that housing associations are on the public books, but you are on the record, as is the Secretary of State, saying very clearly that you will reverse that. How exactly are you planning to do that?

Brandon Lewis: The voluntary agreement is a good example of our determination to respect their independence and legislate as little as possible. It is a good example of where you can do something without necessarily having to legislate. We are very determined to do everything we can to confirm their independence and, hopefully, have the ONS agree that at the earliest opportunity. As far as we are concerned, they are independent bodies. We will be looking to come forward with a deregulatory package in due course that will hopefully satisfy the ONS that we can deal with the issues that they feel brought them onto the books, which, of course, go back to the 2008 Act, and get them back off the books. Obviously, I cannot prejudge what the ONS might do, but we are looking at a deregulatory package at the moment.

Q55 Mr Prisk: And you see the 2008 shift as being the key element you need to unpick.

Brandon Lewis: The ONS is saying that what was done in 2008 has put them onto the Government books.

Q56 Mr Prisk: Understood. I suppose there is a contradiction that also came out of the evidence last week from the housing associations, which is the desire of the Government to get housing associations back to being independent and private when, clearly, there are substantial elements in here that are seeking to direct housing associations—high-income social tenants, for example, being a good case. Do you see a contradiction in that?

Brandon Lewis: Again, we have used this phrase, and I have certainly used it already this evening: finding the right balance. I know the National Housing Federation itself, from memory—and I have had a look at David's evidence—is very keen to re-establish its independence from the Government books as well. There are a lot of areas where we absolutely agree there is room for deregulation, for example in areas around shared ownership. Shared ownership is quite heavily regulated at the moment. It is an area that the housing associations would like to deregulate. I certainly would like to see supply increase, and deregulation can help increase the supply of shared ownership. It has a very important part to play.

At the same time, we also have a duty to make sure we are doing what we can to balance the books and to make sure that, where there is support going into the system for people who need help and support, it is going to the people who need it most. That is what the increases in rents for high-value tenants are aiming to do: to make sure that the money that is in there is going to the people who need it most and that people who can afford to pay their way a bit more do play their part. That is more about making sure that the public sector's spend and support for tenants is going to the right place.

Q57 Mr Prisk: On that, lastly, the thresholds are proposed as they are, but there is a lot of concern about the pay-to-stay threshold: £30,000. One is that it seems lower than perhaps the narrative has been until recent months, and the second is regarding the challenge around how that is going to be judged. We have heard from housing associations particularly on that. Related to that is the way in which this threshold has been developed, which does not relate, for example, to income tax thresholds, which would be simpler and clearer as they are known and understood. There are provisions in here for HMRC to share information, but how did you arrive at the threshold for pay-to-stay at the £30,000 level?

Brandon Lewis: We are consulting on this at the moment. The consultation closes on 20 November, so we will have a look at what the feedback is from the consultation and take that into account. The £30,000, and £40,000 in London, have been taken, but it is about looking at whether it is the right starting point. There are tapers in there, so it is the starting point for a withdrawal of subsidy. It is above the average wage for people, so I think it is a reasonable point to do it. We will see what the feedback is from the consultation.

It does mean, for example, that if you have a household on £30,000, because of the way the tapers work, they would be paying less of an increase in rent than a household earning £35,000 or £40,000, et cetera. We want to make sure that the policy, as it is finalised, is making sure that households are paying fairer rents that they can afford, and that the taper works. That is the important part.

There is also, of course, the ability in there to assess how this works over time and to make sure that the values have an ability to reflect things as they change. Obviously, what we also wanted to do—and the reason for the tapers being there—is to avoid there being a cliff edge at any point, so that it does filter through appropriately. But we will make the final decisions after 20 November.

Q58 Chair: Minister, you said that it was above the average wage. That is an average wage for one person, but you are going to take family income into account on this, so it actually is below the average household income.

Brandon Lewis: You are quite right, Chairman. It is based on a household income. We take the view that that is about the right level at which to withdraw, bearing in mind that we are talking about withdrawing the subsidy on a tapered basis, so going up to £3,500. Somebody on £30,000 will have a lower increase in rent than somebody on £35,000. That is why the taper is quite an important part of it.

Q59 Chair: But two people earning the living wage working full time could earn £30,000.

Brandon Lewis: Yes, but we would also encourage somebody on that kind of income to start looking at the opportunity of exercising their Right to Buy as well. Obviously, that is a matter for the household to look at.

Q60 Chair: Right, so they are entitled to a discount from the taxpayer to buy their home, but not a discount on market rents.

Brandon Lewis: Bearing in mind that a huge majority of the public want the chance to own their own home, I would hope that they would welcome that opportunity, particularly those who are going to be having access to that for the first time: the 1.3 million extra people who have never had the opportunity before.

Q61 Liz Kendall: Can I just do a quick follow-up question around what some of the housing associations told us about in our last session? While some of them will be building fewer homes, some of them will be building more as a result of Right to Buy, but several were saying that there would be a change in the mix and that they would be providing fewer homes for social rent. What modelling have you done on how that mix will change across housing associations and the potential impact on the housing benefit bill if fewer people can rent socially and have to go into the private sector?

Brandon Lewis: In terms of people going to the private rented sector, some housing associations, to whom I have spoken informally, made the point to me late in the summer that they were looking at rent cuts next year of 4% or 5%. Their view was that in their area their rents had got too high and they were no longer competitive with the private rented sector. We have to be aware that, in some parts of the country where the private rented sector can provide a product, some housing associations have made the point to me that the private rented sector is undercutting them at the moment with a better product and better quality. They want to do more to build more homes of a better quality to give their tenants a better deal and reduce their rent accordingly.

Obviously, I also appreciate that there will be other areas where housing associations will take a view that they are going to build a mix, but they are doing so at the moment. There are housing associations that build a mix now, with a percentage of their homes for outright sale, a percentage for shared ownership and a percentage for the private rented sector, as well as a percentage for both affordable and social rent. Those kinds of models are there now. I do not see that changing. Indeed, the voluntary agreement gives even more flexibility for the housing associations themselves to have the ability to release and access finance and capital in a way they simply have not had before.

One of the reasons some of the housing associations have made the point that they could see increases in their output overall is that they are going to be able to access finance and asset release in a way they have simply not been able to do before. In that sense, it is another opportunity to increase housing supply. I have been very clear about this. We have been very clear, both through the manifesto and through the last few months, about the fact that we are determined to do everything we can to increase both housing supply but also home ownership and to give more opportunity to people.

We have to move away from people being in a position where they do not have the opportunity for their tenancy or their tenure to change. Whether that is through that opportunity to access ownership through

Right to Buy, both the reinvigorated scheme and the voluntary agreement; whether it is through people to look at having more options for shared ownership, to use shared ownership as a stairway into ownership; whether it is rent-to-buy schemes coming through, or indeed being a private renter and then accessing via starter homes and Help to Buy to come into ownership—all these things will play an important part.

Having a good mix of opportunities is exactly what housing associations have done well. I would like to see more of them do more of it and, hopefully, over the next year or two, we will see that coming through, particularly with the extended voluntary agreement.

Q62 Liz Kendall: Would you be concerned if the number of homes that housing associations are able to have for social rent were to decrease, increasing the number of people who would have to go and rent in the private sector? Would you be concerned if that happened?

Brandon Lewis: As I said earlier on, I think the private sector will continue to grow. There are two reasons for that. One is that, in cities like London, there is an economic pressure—I am not going to deny that—but there is also a lifestyle issue going on. This is not just in London; in my own constituency, many people in the energy industry look to rent because want to be very mobile for work purposes. Other parties will refer to millennials—I am starting to see that being used here more—who are professionals aged 25 to 35, who are choosing to rent because they want flexibility and mobility. They do not want equity tied up, even if they can afford to own. They want the quality of a managed product, where somebody is looking after the fixtures and fittings of a property, as we see in multi-family housing in other parts of the world as well.

That will grow, but, equally, with the voluntary agreement and the reinvigorated Right to Buy, for every home that is sold, an extra home has to be built, and it has to be an affordable home. We will see housing association supply increase, partly because, the way the voluntary agreement works, it has to.

Q63 Liz Kendall: Have you asked housing associations this specific question about social rent? It is a real concern that some of the ones we spoke to last week said they would be decreasing the amount of homes available for social rent.

Brandon Lewis: Obviously, to an extent, the housing associations have the flexibility to build whatever they want to build, which is why some housing associations, even under the current system, before the extended scheme comes in, are building a mix of tenure. They not only use different tenures to make sure they have a mixed tenure in terms of the community, but they also use things like the private rented sector in some of their build-to-sell products to help finance other parts of their building programme. I do not see that changing. I think we will see an increase in overall supply, because there will be better access to finance and use of assets.

Q64 Liz Kendall: Moving on to the issue of local plans, the Bill is now going to require councils to produce, prepare or revise a plan, but it does not say how they are going to be required to do it. Could you explain how it is going to work in practice?

Brandon Lewis: Decisions will still be made locally. The Secretary of State made the point on the Floor of the House today. This will be something where we still have decisions locally. It will be done in consultation with local people, in the same way that a local plan is now. Bear in mind that a shrinking number of local authorities do not have a local plan in place, as 82% are now published. Hopefully, with the new support we are putting in, making sure authorities can have view about how to do it a bit more quickly and easily—there is a team working on this at the moment—we will make sure as few as possible need us to intervene. Where there is no local plan in place by early 2017, we will arrange for the plan to be written, but it will be in consultation with local people in the same way as it is if it is commissioned by the local authority.

Q65 Liz Kendall: Would DCLG write it?

Brandon Lewis: Not necessarily. Over the next few months, we will be talking to the sector itself about how best to make this work effectively and make sure it is commissioned to give support to that local community. It has local community consultation absolutely at the heart of it, but the best outcome, actually, is that we do not intervene at all and the last 18% of local authorities get their plans published before 2017.

Q66 Liz Kendall: Is it a statutory requirement? Will it end up being a statutory requirement?

Brandon Lewis: No, and it does not need to be. As I say, 82% are now published. If, in early 2017, areas do not have their local plan in place, we will make sure one is done. Ultimately, the local residents are the people who want that kind of involvement and confidence that a local plan gives. It is even better if they can move on and have areas doing neighbourhood planning as well.

Q67 Liz Kendall: A couple of minutes ago, you said you were working on how to make it quicker, simpler and easier. How are you going to make it quicker, simpler and easier?

Brandon Lewis: We have a panel at the moment looking at local plans. Over the last couple of years, we have looked at local areas that do not have plans in place, and there are some areas that have done their local plans pretty concisely and very well. I appreciate this does not work very well in *Hansard* because I am using hand signals here, but you might have a local plan that is X number of pages long and is very concise, to the point, quite tight and has been done quickly. Other areas are creating volumes and volumes and volumes, a *War and Peace* version. That obviously takes a lot longer, because they are doing a lot more work on it and an inspector has to go through and comment and feed back on it, and the whole process takes a lot longer.

What we are doing is effectively what creating the NPPF did to the planning system, reducing it from thousands of pages down to just 50.

Liz Kendall: "Just 50"?

Brandon Lewis: The NPPF is 50 pages.

Q68 Liz Kendall: Fifty still sounds quite long.

Brandon Lewis: Bearing in mind that the planning system we inherited from the last Labour Government was about 7,000 pages long, getting the NPPF down to 50 pages is good.

Liz Kendall: I am all for cutting red tape.

Brandon Lewis: I am personally very happy to look at an NPPF that is five pages long, and maybe there is some cross-party work we can do there. You need to look to the last Labour Government to wonder how it got to several thousand pages. The now Secretary of State did a phenomenal job with a team of people who got the NPPF down to just 50. I highly commend it for your bedtime reading this evening.

Effectively, we want to do that kind of thing to local plans themselves, in terms of making sure local authorities can see what a local plan looks like when it is concise and to the point and deals with what it needs to deal with, to make it easier and quicker to get it through that process. As I say, we have an expert panel, some of whom were involved in that NPPF work originally. The chairman was involved in that. They are doing that at the moment and will report back to us by the end of January or early next year.

Q69 Liz Kendall: What do you think is the main reason why they have not been produced in some areas?

Brandon Lewis: There is a range of reasons. There was one local authority leader who said to me, "I have not produced a local plan, nor do I have any desire to, because the NPPF is great and I am happy to do everything it in line with the NPPF itself." That does miss the fact that the NPPF itself says you should have a local plan in place, but this particular leader was talking more generally about sustainable development and is very pro-development. There is at least one, but other areas may take the view that they are very happy to work within the sustainable development outline of the NPPF. That is something we will look at.

Some areas are just working through and are taking a very long time to work through the process. I am sure a couple of areas I can think of would make the case that it is because the council has changed political hands and they have a slightly different view around some of the policy issues they are looking at. There is also an issue with some local authorities, when we look at the size of the plans coming through, around almost creating work for themselves. I am sure there are no council officers any of us know who would go about doing it this way, but I am determined to make sure we make it clear to communities, councillors and the good officers out there that you can do this quite concisely and a lot more quickly than some areas are doing it at the moment.

Q70 Kevin Hollinrake: On that point about the reasons for there being no local plan, is this due to a lack of resources? The National Audit Office reported quite recently that, since 2007, some single-tier authorities have reduced resources within their planning departments by around 46%. Is that one of the principal issues around this?

Brandon Lewis: Some of the members of the Committee were in questions today, and I made this point then. I am delighted to have every opportunity to raise this point. Local authorities who are under-resourcing their planning departments are being very, very short-sighted and doing a huge disservice to both the community and themselves.

That does not mean to say that there is not an opportunity to find efficiencies in local planning teams; in any organisation, we should all be looking for good efficiencies. One of the areas where local authorities should be doing more of this is around shared services. If I take my own area of the world, near Norfolk, every district council bar one has its own standalone local planning team. Breckland, to its credit, with other authorities, has outsourced. Breckland, like Barnet and others, is generally leading the way on these things. I remember, when I was a councillor myself, there were 11 planning authorities with 11 planning teams. Just before I retired as leader, I tried to do a deal, as I mentioned on the Floor of the House today, with Chelmsford, because they were renowned for being a very good planning authority.

There are a couple of challenges that local planning authorities find. They should be doing it, because it is the economic heartbeat of a local authority. I have said before that, whichever way you look at it, whether you are a councillor or a council officer, if you look at it in the way it should be looked at—doing the right thing for your community—the planning department is hugely important, because it is the planning process of a local authority that shapes the environment and community in which we live for the future. It is about providing the right homes or businesses in the right places, so you want a good and vibrant planning committee.

You can also take the second option—as I am sure no good councillor would ever do, but some council officers can try to tempt us as councillors occasionally—which is to think about it purely from the self-interest of the financial pocket of the local authority treasury. For income to the authority in the future, it is about new homes bonus, business rates and council tax, all of which need a good planning team. If you take that to the next stage, if they are looking at their own council's resources, what they should be doing is looking at how they get a good planning team. There are couple of reasons why sharing services makes sense. First of all, as has been proven time and again, by sharing management, HR and legal teams, the smallest savings are around 5% but generally we are looking at close to 20%, if it is done properly and done well. I am delighted that my own authority, in Great Yarmouth, is looking at a shared chief executive now and has pretty much reached that agreement for that reason.

With a planning team, it is more than just money. There is an issue around the quality of service, particularly when you move outside of the big metropolitan areas. When I was a council leader, the challenge we had in my local authority was not just about finance. Because we were on the edge of London, you could cross the road almost and suddenly get a big jump in salary, because of London salaries as opposed to outside London. But we were on the edge of London and the Thames Gateway. A good planner wants to be where the action is; I understand that. If you are in a small district authority that mainly has extensions being built and not that many big planning developments, there is a point in their career where a planner wants some more exciting work to do.

Again, if local authorities come together as a grouping, not only do you get the efficiencies and financial benefits, but you can have a better resource, because you are going to have better planners who have more interesting work to do over a wider area and potentially, therefore, you get into the realms of where, as a group, you can start to employ specialists, for which a small district will very rarely ever be able to make a sensible, viable argument. As a grouping, you can start to do that.

I am very open about saying that local authorities need to look at this much more. They have done it in so many areas, but the planning area is crucial. I would encourage councillors not to think about their planning team as it has to be in that particular office all day, every day. A shared resource can work really efficiently, not just by being in their own office, which they can still be, but also by getting the right advice and having the right expertise to give the right advice to a local area. If you do that on a shared basis, that can be even more prominent, but, ultimately, it gives those potential efficiency savings of up to 20% as well. Local authorities can go a lot, lot further on this.

Q71 Kevin Hollinrake: There is a danger that, if you intervene and say to local authorities, "You have to have a plan in place by 2017," you are going to get cries of, "What happened to localism?" Is there enough in the Bill to make sure it does not come to that and the local authorities will get the message that they have to develop this plan and implement it?

Brandon Lewis: Hopefully, the answer is yes. As we go forward, as I was saying to Ms Kendall, the work we are doing at the moment around making it easier and quicker to do local plans will particularly help some of those authorities that are still working through their versions of *War and Peace*, rather than the abbreviated, abridged and required version, shall we say?

I have also been very clear that this is about localism. This is the big misconception about localism. I have made this point as a Local Government Minister, and the previous and current Secretaries of State have made this point consistently. Actually, localism is not just about moving power from central Government to local government; it is about moving power into local communities. That is why I am so passionate about neighbourhood planning. What local plans do is give the power to the local community. It is about making sure the local people in their local community have a chance to have their say and have confidence in a planning process that is designed for, by and with them. Without a local plan, the local authority is not giving its residents that.

Q72 Kevin Hollinrake: I have a final point. The Committee in the last Parliament suggested that you allowed the partial adoption of local plans—plans that were pretty much there but had one or two pieces missing. Is that something you might consider?

Brandon Lewis: We have moved a bit on this. We have been working with the inspectors and giving some guidance around that. If you look at even some of the call-ins that have been done over the course of this year, it is getting to a point where, rather than having a local plan—to use a colloquial phrase, not a technical phrase—fail over a very minor thing, the planning inspectors should be a bit more pragmatic about working with the local authority on that particular issue without failing the entire plan, which is an important step.

As we go forward, these are areas we need to keep an eye on at all times. If the five-year land supply of an area is correctly done through the local plan, it is important there is not something else relatively minor that can fail the entire plan because of one specific thing. Some of the changes this year have already started to address some of that.

Q73 Julian Knight: Can I ask a supplementary on that point? Minister, a moment or two ago, you said that, if 2017 arrives—it will arrive, obviously—and we come to the point where there are still local plans missing, you may take over the writing of those local plans; talking to local populations and whatever, you may write it in the Department as such. Is that not that really going to be a monumental waste of time and resources? Considering the efficiencies that have just been agreed with the Chancellor, reportedly, are there not other levers you can pull to make them get these local plans to you by 2017?

Brandon Lewis: The reality is that a whole range of things are going on. The measures in the Bill allow us to do this in a way the current powers simply do not, though this does not remove the current powers we have as well. Through the Bill, I want to ensure that, where we do have to intervene, we can also return responsibility for plan-making to the local authority for decisions to be made locally, where they ultimately belong. This is another part of the toolkit; that is probably the way I would describe it. It is making sure that there is that opportunity to have a local plan.

My genuine hope is that, by the time we get to early 2017, that 82% is touching 100%. It may well be that some areas make the case that there is good reason they have not done a local plan: for example, they are happy to just look at sustainable development in terms of the NPPF, as with the councillor I outlined earlier. We will look at that. This is also why we are working with local authorities now to make sure we get this into the right place so that what we end up doing is making sure that a local plan, where it is right for that area and where it is needed and has not happened, is facilitated to happen.

That is quite different to us going in with a big red pen and a map, which was always the perceived problem when I was council leader, certainly under the last Labour Government, with the RSS, the regional spatial strategies. We do not want to go back to that. We want to make sure this is locally driven.

Q74 Julian Knight: Do you think some councils were waiting for the outcome of the general election before really starting to embark on this? Are we now seeing them bring this plan out of their drawers?

Brandon Lewis: I would not want to guess at what was going through the minds of some local authorities. I am sure that they all were always focused on making sure they were doing their best to represent their residents. I am sure that, deep down, they all knew what the outcome of the general election would be.

Chair: Well, the Minister seemed to know.

Brandon Lewis: It is always dangerous for Ministers to try to guess what is in the minds of others in that kind of situation, but the reality is that we are here. We are very clear that we want to have planning done locally. The best way to do that is to have a local plan in place delivered for, with and by local people. I would build on that by saying that, actually, the ultimate driver of this is neighbourhood planning. I would encourage more areas to get involved with the huge moves forward that are happening within neighbourhood planning right across the country.

Q75 Bob Blackman: Moving to the planning in principle issues that you introduced, can you just explain to us what the difference is between the current position on planning in principle on local brownfield sites and then moving to local development orders? There does not seem to be much difference, from my reading of it.

Brandon Lewis: The outline planning permission gives a route to applicants to get some certainty, obviously subject to the later agreement of reserved matters. However, this does not deliver consent via a plan or register. It is only possible on application to the local authority, so there is a difference. The structure of outline permission also means the local authority itself needs a higher level of clarity up front on some of the technical details before they can issue that outline permission. It comes at a cost to applicants, because they are asked to invest in technical detail much earlier than necessary.

There is a difference with granting permission in principle through local neighbourhood plans on brownfield identified land. This is part of making sure we get, as we said in the manifesto, 90% of suitable brownfield land receiving planning permission for housing by 2020. It is also about giving certainty, which is why it is really important, as I would stress again, that these are areas of land that will be identified locally, driven by that local community, through their registers.

Q76 Bob Blackman: In the footnotes, it talks about small pockets of development, 10 units or less. Is that the difference?

Brandon Lewis: Partly, but an area can look at how it does its development orders on land that is right for it. If the Committee will excuse me, I will give a colloquial explanation, which I might have outlined when I was here last time.

At the moment, if you are a developer—particularly a small or medium-sized developer—one of the biggest challenges out there is that ability to get access to finance. For a local authority, you can go through all the hard work of identifying land, whether it is in the local plan or brownfield in terms of register, and, when a planning application comes in, you are kind of duplicating because you are doing that work again. If you are a small or medium-sized developer, you are going to a lender. Effectively, the conversation you could be having is, "Look, I have this scheme for delivering some housing on land the local area are keen to have developed and have said they are happy to have developed. It is in a brownfield area. It works; here is my business plan. It stacks up. Here is the worst-case scenario, the best-case scenario and everything in between. It works financially."

The lender can look at that and say, "Yes, that is a really solid business plan. We really like it. Do you have planning permission?" You then have a very odd conversation where the developer of whatever size is saying, "No, but I know they are happy." "Hang on, if you do not have planning permission, you could still be turned down in principle." You need a big chunk of money just to get planning permission, and that is a complete gamble. Quite understandably, lenders might look at a business plan and take a view of it, but they are not very keen on an outright gamble.

This shifts things and it means you are moving with that business plan to say, "I know I can build X number of homes there in principle. What I have to do is go through the detailed permission around what they will look like. Are they Tudor? Are they Georgian? What is the infrastructure?" That is a very different conversation to have with a lender as well, and it gives confidence to the local community that, having looked at and assessed that the land is suitable to them for development, it can be developed.

Q77 Bob Blackman: A lot of local authorities will have an insistence on different levels of development requiring an element of affordable housing. How is that going to impact on this particular area?

Brandon Lewis: This does not change local authorities' position on community infrastructure levy or section 106 agreements, in light of the conversation we had earlier this evening. This is purely around saying, "This piece of land is in principle approved for development." You still have to go through the detailed planning application.

Q78 Bob Blackman: Take your hypothetical developer that is going to the lender.

Brandon Lewis: They will know what that local area's general requirements are, in the same way they do for any development now.

Q79 Bob Blackman: Yes, but they will not have gone through planning permission. What would the position be over affordable housing and the number of units?

Brandon Lewis: That is what it will come back to. If you are a developer working in a local area, you will know what your local area will normally be looking for. If there is a community infrastructure levy, you will know what that is. Obviously, that is clear and transparent. You will be doing that business case knowing what the CIL is. If you are looking at section 106 agreements, in terms of affordable housing, most local areas will have a figure they like to work to. I appreciate they will negotiate around that, looking at viability, et cetera, but that is where, as I made the point a few minutes ago, if a developer is going to a lender, they will be saying, "Here is our best-case scenario; here is our worst-case scenario."

One of the factors that will vary in that business case, I would assume—I am speaking for these developers—is around whether they are looking at one percentage or another of affordable housing, looking at what that local authority have done in the past in terms of how they work. Most local authorities are relatively clear about what they expect from their developments. There is obviously another question mark about whether their viability stacks up and that is a case the developer will make.

Q80 Bob Blackman: That is for the developer to make. In terms of permission in principle, are we talking about the restrictions on development currently used in planning permission just being transferred to the technical details consent? Is that how it will function?

Brandon Lewis: What do you mean by "restrictions"? I am not quite sure.

Q81 Bob Blackman: Clearly, planning in principle grants that, in general, this will be allowed, but there will be technical details that will need to be ironed out, which may reserve matters. Is that going to transfer?

Brandon Lewis: Yes, that will still be part of the detailed planning permission.

Q82 Bob Blackman: When you came before us in September, you said that this relationship would be fully explained in the Bill, but it does not seem to be laid out in the Bill.

Brandon Lewis: We will be working through various bits and pieces as we go through the Committee stage. Some of this will come in regulations that follow. As I say, we are working with local authorities at the moment and I still have a whole series of meetings with local authorities and the Local Government Association over the next few weeks to go through some of this.

This does not replace the need to consider development properly against the national planning policy framework, which obviously includes making sure that technical and detailed consent goes through. That is where there is that opportunity for local authorities to assess the detailed design and to ensure—I am trying to think of the right phrase—the proper mitigation of impacts, and the contributions themselves will obviously still be payable. They can, therefore, at that stage, make sure they secure what they require in terms of infrastructure.

Q83 Bob Blackman: The aim of all this is to create greater certainty for developers and local people as well. What consideration have you given to the fact that the greater certainty is likely to increase the value of brownfield land? Has that been factored into the equations here?

Brandon Lewis: The value is only attributable to the land when it gets planning permission. That does not change how that works.

Q84 Bob Blackman: The fact that, in principle, you are getting permission anyway will automatically mean that the opportunity price is likely to increase as a result, because people know that someone will get planning permission for this brownfield site.

Brandon Lewis: Yes, but the logic of that is that you would have been able to get planning permission for that. As a developer, you are looking at a piece of land as a market and taking a view on the value of that land. If that is a piece of land that is allocated as brownfield land and fine for development, it will have the value as potentially developable land anyway. That does not change. The same is true of any other piece of land, in effect. Even if you took a piece of land that is identified in a neighbourhood plan, for example, the moment it is identified in a neighbourhood plan as a piece of land that the local authority and the community want developed, that straightaway gives it that position in terms of value.

Q85 Bob Blackman: Do you see that having any effect, for example, on the quantity of housing that may be developed on brownfield land? The local authority and the neighbourhood plan might say, "This is suitable for a certain type of development," and the developer may come in and say, "Actually, I can put more on there with this plan." Do you see that having an effect on the value of the land?

Brandon Lewis: No more or less than it would do at any point in a planning application process, where a local authority would be looking at a piece of land and saying, "We think your density is too high or too low. We would like you to look at that again." That is part of the process that any planning application goes through. Obviously, we want to see housing supply going up; we want to see more people developing on brownfield land. The reason for having that brownfield register for planning permissions in principle, and, indeed, ultimately the brownfield fund, is to make it more appealing for people to build on brownfield land so we get more of it built up before people look at other land options.

Q86 Bob Blackman: Do you see local authorities issuing more guidance in terms of development on brownfield land—what is going to be allowed and what will be permitted?

Brandon Lewis: There is quite a lot of guidance out there. Once local authorities identify these pieces of land, I do see them working with developers around what their applications might be and how they want to do it. These are not going to be driven from the centre; these will be driven locally. The local area will have identified that piece of brownfield land as a piece of land that is ripe for development, and a good local authority would do that in consultation.

Q87 Bob Blackman: Should there be more local briefs for local sites issued by local authorities?

Brandon Lewis: That would be a good thing, assuming they are not creating more and more regulation and red tape. One of the challenges, which is a real challenge for local authorities, is, in genuinely trying to do the right thing, they can actually end up creating lots more rules and regulations that actually become counterproductive. There are some places that have effectively brought forward design templates in terms of quality of design, which the Committee will know I am very keen on. That can be a really good thing, because it gives developers a very clear outline of what is appropriate and acceptable in that area.

There are certain parts of the country you can travel around to—I am particularly thinking about the Cotswolds and places around Yorkshire, in the national parks and the moors, places like that—where those kinds of design templates have been very important in terms of making life easier for developers, because they know that, in this area, that is the type of design and quality the local authority wants. If it is done in that way, it can be quite helpful.

Q88 Helen Hayes: Do you have a checklist of the content of an in-principle consent? Whom do you expect to do the work to comply with that checklist of requirements? Is it effectively councils having to do the work to underpin the in-principle consent, which then gives certainty to developers?

Brandon Lewis: What do you mean by that?

Helen Hayes: At the moment, if you are submitting a planning application, there is a checklist of things you have to submit even for outline consent: plans at different scales, responses to different aspects of policy. I am really not clear—and I am sorry to press the point—what the content of an in-principle planning consent is. I have no idea.

Brandon Lewis: It will be a piece of brownfield land that a local authority has identified as one they are happy to see development on.

Q89 Helen Hayes: If that is all it is, how is that in any way different from a site allocation or a local development order other than the name? You are just calling it planning consent.

Brandon Lewis: At the moment, a site allocation does not have planning permission in principle. It just does not. It comes back to the point I made in my opening remarks. I will write to you to outline some of the differences between how this works compared to local development orders, although I will say that one of the challenges with local development orders is that not enough local authorities are making use of them. I would encourage more local authorities to make use of them. I do not doubt that, when this is working properly, this will probably be easier and we will hopefully see more of this happening as, unfortunately, we have not seen with local development orders. Many authorities have not appreciated how useful they can be to them and therefore have not made enough use of them. I can see members of the Committee nodding at that.

In terms of local allocation, that is a simple fact at the moment. This still comes back to the point I made in my opening remarks on this particular point, which is that if you have something allocated in a local plan, it does not have planning in principle. A developer can still be turned down in principle for any development on that land, which is not a very logical position to be in, not just from a developer's point of view in terms of certainty as to whether they can develop, but also from the community's point of view.

It is a point some local authority leaders have made: they go through the process of allocating land, but then they have to do it all over again rather than spending their time working on the detail of what the planning will be. I have to say that is worth having a look at, because your point on that is a fundamental misunderstanding of how land allocation in the local plan works.

Q90 Chair: Are you are going to write to us about the difference?

Brandon Lewis: Absolutely, yes, about the LDO issue.

Q91 Chair: Finally, I have two very quick points. The Prime Minister has promised us an extra million homes in this Parliament. To be clear, is that starts or completions?

Brandon Lewis: What happened was that I made the point that seeing a million homes over the course of this Parliament would be success, and I still see that as success.

Q92 Chair: This is just a trivial point so we can monitor it. Is it starts?

Brandon Lewis: As you know, Chairman, I am not a big fan of targets, because they create unintended consequences.

Q93 Chair: Even the Prime Minister's targets?

Brandon Lewis: What the Prime Minister said was, "We want to see a million homes built in this Parliament across the different tenures and types." Making sure we facilitate that is important, but I am not going to get caught up in targets today, I am afraid, as tempting as your offer is.

Q94 Chair: I have one final point. At the end of this Parliament, do you expect to see fewer or more social rented houses?

Brandon Lewis: I expect to see more affordable houses. I expect to see local authorities continuing to build social houses. Our track record over the last five years—

Q95 Chair: Will there be more or fewer?

Brandon Lewis: Where we have built more, it is a good thing. Local authorities will continue to build, but I am not going to get into a prediction of what local authorities will be doing over the next three or four years.

Q96 Chair: I did not mean only local authorities; I meant in general.

Brandon Lewis: Based on what we have seen over the last three or four years, bearing in mind that we were the first Parliament in a very long time to see an increase in the number of affordable homes, I am confident we will do that again.

Q97 Chair: So you expect to see more social rented housing at the end of the Parliament than now.

Brandon Lewis: That depends on the success of the extended Right to Buy scheme and exactly how many homes are built in that one to three-year period, bearing in mind that there is a one to three-year period for affordable housebuilding as well. That is the same issue as when you are comparing like-for-like figures on the reinvigorated Right to Buy. That is why it is important that you look at the properties sold in year 1 and then look at how many have been started by the end of year 3, rather than comparing year 1 with year 3 the other way around. That is why I am going to avoid going any further than that at the moment. We have to make sure we are comparing like for like.

Chair: We will avoid going any further in the Committee as well. Thank you very much indeed, Minister, for coming and giving such comprehensive answers to a very wide range of questions.