

Communities and Local Government Committee

Oral evidence: Work of DCLG 2017, HC 371

Wednesday 11 October 2017

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Watch the meeting

Members present: Mr Clive Betts (Chair); Mike Amesbury; Bob Blackman; Helen Hayes; Kevin Hollinrake; Andrew Lewer; Fiona Onasanya; Mr Mark Prisk; Mary Robinson; Liz Twist.

Questions 1-89

Witnesses

I: Rt Hon Sajid Javid MP, Secretary of State for Communities and Local Government; Alok Sharma MP, Minister for Housing and Planning, Department for Communities and Local Government; Marcus Jones MP, Minister for Local Government, Department for Communities and Local Government; Jake Berry MP, Minister for the Northern Powerhouse and Local Growth, Department for Communities and Local Government.

Written evidence from witnesses:

– [Add names of witnesses and hyperlink to submissions]



Examination of witnesses

Rt Hon Sajid Javid MP, Alok Sharma MP, Mr Marcus Jones MP and Jake Berry MP

Chair: Good afternoon, Secretary of State and Ministers. Thank you very much for coming to our session this afternoon. I will, just to begin with, ask Members of the Committee to put on record any particular interests they may have that are pertinent to this inquiry. I am a Vice-President of the Local Government Association.

Liz Twist: I am a Councillor on Gateshead Metropolitan Borough Council.

Kevin Hollinrake: I employ a councillor in my office.

Andrew Lewer: I am a Vice-President of the Local Government Association as well.

Bob Blackman: I am a Vice-President of the LGA.

Q1 **Chair:** Secretary of State, you are most welcome, as ever, coming to the Committee. Once again, thank you for coming so early to meet with us. I think we have had the other Ministers before us. The Minister for the Northern Powerhouse is back before us, I think, or is this your first time?

Jake Berry: It is, yes.

Q2 **Chair:** Yes, I am sorry, and it is the Housing Minister's first time as well, so you are both very welcome on the first occasion. We will see whether you feel welcome after a few minutes. The Local Government Minister, I think, is here almost as often as we are, so welcome once again.

Sajid Javid: And a pleasure it is, Chairman.

Q3 **Chair:** Absolutely. Secretary of State, I think you would like to say a few words to us before we begin with the questions.

Sajid Javid: Yes. Thank you very much, Mr Betts, and good afternoon to you and the Committee. First of all, congratulations to you again on being re-elected as the Chair of the Committee, and to all hon. Members on joining this Committee. We look forward to working with the Committee over the coming weeks, months and years—hopefully. The scrutiny the Committee will provide in helping us to do our job, and the ideas that you have already generated in the previous Committee, have helped us a great deal in our work.

I thought it might be helpful if I just set for a minute our current work and our key priorities. We can either discuss those or anything else the Committee may have in its mind. The first thing to say, I think, will come as no surprise to the Committee. The key work that we have been very focused on ever since the election has been around the Grenfell Tower tragedy and supporting the victims of that tragedy, but also the work that has come from that, such as the building-safety work and the wider work around social housing. I hope that is something that we can discuss later



today. It still takes up very much of the time of the Department, my time personally, and the Housing Minister in particular as well, but still remains very much our focus to make sure that we are doing everything that we can in response to the tragedy.

The other piece of work that is important is the work we are doing on the housing market. I have talked very openly about fixing the broken housing market and the crisis in the housing market, and there is work going on, such as the consultations we have launched in recent weeks, for example. The Local Government Minister, as we expect, has been doing a great deal of work on a number of things but especially the local government finance settlement, which will come to Parliament early in the new year.

Lastly, I wanted to mention the work that is also very important to the Department, which is our “stronger communities” work, building strong communities across the country—trying to help with that—and more cohesive communities. I think it is a renewal of our efforts that, across Government, we have acquired in this regard, especially in light of the recent terror attacks that we have seen on our country; the Louise Casey work that was done in that study; the hate crime that goes on, sadly, in our country; and also, even just yesterday, the information we published as a Government on the racial disparity audit, which I think gives us more work to do. This fits in with things like our integration strategy, so more needs to be done there.

I will leave my opening remarks there, if I may, but again, I thank the Committee for the work that it does in helping us do our work.

Q4 Chair: Thank you, Secretary of State. Just to follow up on the Casey report, which I think we all felt was a helpful contribution, I think you will agree that, when the Government has a response ready, will you come back to the Committee and talk specifically about that, which would be helpful to our consideration of it as well?

Sajid Javid: Yes, absolutely. We are working on that, Mr Chairman, and we have made a great deal of progress. There are some further discussions in Government to take place on our final Green Paper—that will be our first response—on a new integration strategy, but we will certainly be coming back to the Committee with that.

Chair: We note today we have had responses from you on the “Capacity in the housebuilding industry” report and on social care. All I will say is, while we appreciate the responses, you will appreciate we have not really had time to read them and digest them at this stage. We know that the Housing Minister has offered to come and speak to us specifically about the house building issues—we are taking him up on that offer—but we can pursue that response there. We will probably want to explore social care as well in another way, but we will come back to that issue as well.

What we said today, Secretary of State, as I think you are aware, is that



we want to concentrate to begin with on Grenfell and the issues there and the wider consequences of it, bearing in mind, of course, that there are other inquiries taking place—a public inquiry and a possible criminal investigation as well—and we want to be very careful that we do not impinge on those in an improper manner. Just to say at the beginning—and I am sure I speak for the whole Committee—that our feelings and sympathy go out to everyone who lost their lives in this tragedy, their family and friends, and also those, of course, who escaped the fire but are traumatised by their experience and, in many cases, still have not got a settled home to live in. We obviously have those feelings and I think we ought to put those on record, quite properly, at the beginning of our discussion.

Sajid Javid: Yes. Thank you, Mr Chairman.

Q5 **Chair:** That leads in, of course, to the issue of how people are now being rehoused—or not rehoused—as a result of the fire. Perhaps you could update us on the current position.

Sajid Javid: Yes, I can. Thank you, Mr Chairman. As you would expect, immediately after the tragedy, our priorities were all the people affected, their families and friends as well, but particularly the survivors of the tragedy from both Grenfell Tower as well as Grenfell Walk, where their homes were permanently destroyed as well. In the early days, our focus was very much on getting people into emergency accommodation as well as offering all the emotional-services support they might need, emergency funding and discretionary funding. There is lots of information there and I can come back to any of those bits of information, but I will focus on the rehousing effort for now.

The first thing to say is there were 151 homes—there will be quite a few numbers here, because I wanted to make sure the Committee had a full picture—that were permanently lost in Grenfell Tower and Grenfell Walk. Having said that, today there are now 203 households that need to be rehoused, and that is because a number of families after the tragedy, for various reasons, had decided and still are deciding—in fact, the number would be slightly lower had we had this meeting last week—to split into two, and in some cases even three, households. Wherever that request has come through to the council—because, as you all know, to remind the Committee, the council is leading on this work with our support and support from other councils across London, but the council leads on the rehousing work—they have honoured that request, so there has been an increase in the number of households that ultimately need to be rehoused.

As of the latest information I have, of the 203 households, 111 have accepted offers of either temporary or permanent accommodation. Of that—I want to break down that 111 further, if I may—61 are temporary acceptances and 50 are permanent acceptances. Of that total number of 111, 54 households have moved in to property, and that 54 further breaks down into 44 into temporary homes and 10 into permanent



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homes. Clearly, a large number still remain—I think there are 152 households from Grenfell Tower and Grenfell Walk—in hotels, in emergency accommodation. On top of that, there are also others in hotels following the tragedy from what the council refers to as Category B: people who have not permanently lost their homes but their homes may be damaged or the families may feel traumatised and want to move into hotels from the nearby estate.

This has been the absolute No. 1 focus for the council and for us in trying to get people rehoused as quickly as possible, but our priority in doing that has been to listen very carefully to what each family wants and what they say their needs are, and to move at their pace. If they change their mind or they are unclear as a family—we have had a number of instances where the family itself cannot decide whether, for example, they want to be near their old home or they want to be further away or even outside of the borough—then we are giving them time. No one is being pushed at all in any way in reaching a decision.

There are still families—particularly, as you would expect, some of the bereaved families—who are not ready to make a decision and do not want to engage in the process. There are some individuals, where it is not a whole family but an individual, in a hotel room. Quite a number say they would prefer to stay in a hotel room at the moment and do not want to move because it is working for them right now. In each case, however, we have worked at their own pace.

In terms of properties and availability of properties, I would like to update the Committee on that. The latest numbers I have are that, again, led by the council, they have so far acquired 167 new, permanent homes—a combination of houses and mostly flats—and some of them will be well-known already. I have talked to them in Parliament, those that are already publicly known, such as Kensington Row—68 properties—and Hortensia Road—31 properties—and, on top of that, over 60 other properties as well. Many of them have been acquired directly in the market and their target in terms of permanent homes is to, by Christmas, have 300 properties available—so, more than what their actual need is at the moment—and to keep increasing that because the council's view is that there may well be some people who were not from Grenfell Tower or Grenfell Walk who are affected. In other words, they are people from Category B properties who may want to be rehoused eventually, so they are acquiring properties to allow for that eventually as well.

In terms of temporary properties, there are 130 properties in total available, plus many others that are available through the private-rented sector which the council has available if and when needed, but they are not currently acquiring them, so they will be rented out as and when needed.

That is a lot of information I have just shared with you—I can take any questions on that, or I can carry on.



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Q6 **Chair:** Just one follow-up there: what date do you expect everyone who is needing a permanent home to have one and actually be moved in?

Sajid Javid: It is a difficult question to answer because it depends on the needs of the families as well. It is not just going to be a question of when the homes are available but also of the pace that the families would want to move at. We have a weekly meeting of the Grenfell Recovery Taskforce, which I chair. It includes the council as well as a number of the other support providers and a number of other Government Departments. I asked that very question to the council leaders themselves and their aim is that, by Christmas, they would like to see a situation where no one is in hotels, unless they just want to be, because that is what they prefer, and they thought that might be the case in a few cases where you have individuals who just prefer that. In that case, they do not want to push them.

Sitting suspended for a Division in the House.

On resuming—

Q7 **Chair:** Secretary of State, we were discussing rehousing of people from the Grenfell, looking at some figures and then talking about timescales for rehousing.

Sajid Javid: We were talking about the timescales of rehousing. Mr Chairman, it is probably worth just reminding the Committee, at the start of the tragedy, with the immediate emergency, we had set out a target: within three weeks of the tragedy, all families affected from Grenfell Tower and Grenfell Walk would be offered good, high-quality temporary accommodation either in the borough or a neighbouring borough, and that would be within three weeks. We met that commitment, as in it was offered. There were a lot of people, clearly, who did not take the offer, who either were not ready to engage with it or preferred to stay where they were, or had other reasons, but that offer was made.

Around the same time, the council also set out that their plan was that everyone affected would be in permanent accommodation within a year of the tragedy. That is the overall plan that they are working to. Obviously, there are stepping stones to that, and the first big step, as it were, looking forward now, is, by Christmas, to see if all families from Grenfell Tower and Grenfell Walk can be moved out of the emergency accommodation—the hotels—into either temporary or permanent accommodation. That is the timescale that they are working on.

From what our understanding is of their plans and the rate at which they are progressing, I have every reason to believe that they can meet their plans in terms of having the right number of properties available, the quality of properties available, properties in the right location, and other support that needs to go alongside that in terms of rehousing, working with the housing officers, and the many properties. I mentioned earlier, Mr Chairman, that there are a number of acceptances where people have



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not yet moved in either to temporary or permanent accommodation, and one of the reasons that has happened is because, once the property has been identified, whether it is temporary or permanent, then the family is given time, once they have visited the property a number of times, to ask for redecoration in terms of simple things like colour; the furniture can be changed; and any other things that need to be fitted to meet their needs if they have children, for example. That will take two or three weeks each time to get the property ready, and then the family will move in. That is often why we are getting this lag between an acceptance and a family actually moving in.

Q8 **Chair:** The year target, then, for everyone to be in permanent accommodation is still there?

Sajid Javid: In permanent, yes, it is.

Q9 **Fiona Onasanya:** I wanted to ask a question based on some of the figures that you gave as well, just to clarify for myself. You said 167 new permanent homes were available. Before that, you said that 152 remain in temporary accommodation. Have those people in temporary accommodation been shown permanent homes? I understand that it is their final decision but are you showing families like-for-like? For example, are you showing a family or five a one-bedroom apartment, which is why they would not accept it because it does not meet their requirements? I am just trying to understand that they are being shown something that is suitable for their requirements and declining it, and that these new permanent homes that are available have been shown or offered to the 152 that remain in temporary accommodation.

Sajid Javid: Thank you. I will answer those. Just to be clear, if I may, when you say "are you showing?", it is the responsibility of the council.

Fiona Onasanya: Yes, of course.

Sajid Javid: We are working very closely with them and supporting them in many ways, but it is the council. I am, however, happy to answer the questions. I do have good information on that but, if there is anything more after this discussion we can add from the council, I will certainly do that as well.

Turning to your particular questions, is the council showing those permanent properties available to all households from Grenfell Tower and Grenfell Walk, including the 152 who remain in hotel accommodation?

Q10 **Fiona Onasanya:** Yes. I think the reason why I ask that is because you have been very specific on the numbers and you have said 152 remain in temporary, but there are 167 permanents currently available. That is why I am trying to understand whether those 152 have been shown these 167 by the council, because it is less than the number.

Sajid Javid: Explaining how the allocation process is working will answer that question. The first thing is that the council is making sure that, as



new permanent properties become available, all families are given an equal opportunity to bid for those properties. They are put in a priority system, and this is agreed with many of the victims groups. There was a lot of discussion and consultation with them about how the priorities should work. As you hopefully would expect, the priorities started off, for example, with families who were bereaved. As the properties become available, they are shown to bereaved families first. Once the bereaved families then decide whether they want to engage with a property further or not, then it is shown to the next on the list in terms of priority, and that would be families who have disabilities, serious mental health problems or other issues of that type that would make them a priority. It would then be families—and there is much more detail to this—with children, and then all other families.

This has been agreed with the victims group. In particular, the council has been engaging a lot with Grenfell United, as have I, the Housing Minister, the victims Minister and others. At each stage, they try to work with the victims groups to try to get their input into how that priority should work. It is being shown and, as new properties become available, then they are added to the list that is available. There is a website that all families can access and they can immediately see, at the same time, what is available. The priority system, however, is respected. For each individual family, it would depend on where they are on that priority system in terms of their ability to go and see a particular property. Every family also has a housing officer, so there are a number of key workers, including housing officers. With the exception of maybe two or three cases, as I understand it, where they are bereaved families who do not want to engage, so they are not ready to engage with a housing officer, every family has met with their housing officer, and those housing officers have then taken a detailed list of their requirements.

That goes to your second question about the types of properties that might be shown. You used the example of a family who needs five bedrooms and whether they are being shown five. Of course; absolutely. The properties are matched, so you will only be shown properties that clearly meet your needs. There are no circumstances in which you might be shown a property, for example, that has fewer bedrooms than you might need.

- Q11 **Bob Blackman:** Thank you, Secretary of State. Can I commend you and your colleague, the Housing Minister, for keeping the House up-to-date with the progress through this terrible tragedy? Can I ask you two specific issues on this particular issue of allocations? First, can you confirm this? The standard policy on allocations would be a tenant would be offered one reasonable offer. If they declined it, then that was the end. I assume—and I just want to make sure this is on the record—that is not the case. There does come a case, then, of what happens to tenants who continuously say, “I just cannot take anywhere”. What will happen to them in the end? That is a backstop that people will want to know.



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Sajid Javid: First of all, I can confirm that it is not a case of one offer and that is it. It is very much, "Here is one offer, based on what you have said are your needs", but if the family then turns that down, for whatever that reason might be, then you move on to continue to work with that family at finding another offer. Some families have multiple offers and they may give different reasons each time as to why that is not suitable for them, but that process will continue.

The second part of your question was: how long does that continue? Ultimately, that is not a decision for me. The council will work on that. My own view, however, is that it has to continue as it is for now. I have met many of the families, as has the Housing Minister. Many of them are severely traumatised. There are families who have had bereavements, and families with children. The council has rightly taken a view here that this is outside, in any way, any normal rehousing policy you might have, and it is a very special case. For that reason, I think they will continue to show compassion and keep working with people at their pace, and I do not expect that they would stop showing offers. I think they will just keep continually working with the family until you can find the right home for them.

Q12 **Bob Blackman:** The second issue is you have talked a lot about the numbers, and the council has acquired a number of properties on a permanent basis, which presumably are sitting empty right now. If they are not being used at the moment, is there a proposal to use them as temporary housing for other people in the event that the victims of Grenfell Tower are not using them, rather than having literally empty properties, when, in London, we know there is a severe housing crisis?

Sajid Javid: Clearly, the council's priority will be that these properties that they are going out and acquiring now are for the victims of this tragedy. I would think that, once the Category A residents—those from Grenfell Tower and Grenfell Walk—have given their view on the properties and been given first choice on those properties, I can see them eventually then offering those properties to Category B residents. They have not permanently lost their homes but they may not want to live in the area. They may feel traumatised, for example, by what they have been through or by looking at the tower today. The council's view has been to keep building up the number of properties because there is a big need, as you say, not just in London but certainly in Kensington and Chelsea as well, for more high-quality social housing, so I do not think the council feels that there can be too many new properties.

I can give you some more numbers, if it is helpful. I do not want to blind you with lots of numbers but it might be helpful with the question, Mr Blackman, that you asked. I said earlier that the council has already acquired 167 permanent properties. There are another 129, according to the latest numbers that I have, that have offers out at the moment. Of those, 52 have been accepted but there have been no legal exchanges yet. I share that with you just to give you a sense of how fast they are



moving. That gave me confidence. When the council says that, by Christmas, they want to have at least 300, I think that can be achieved. They went further today and said that, a few weeks after Christmas, they want to be at 400, so they want to go over and above what they need, partly to provide as much choice as possible to the former residents of Grenfell Tower and Grenfell Walk, but also, if there is surplus, to use that in an intelligent way for the other demands for social housing in the authority.

Q13 Chair: I think we are going to have another vote before too long, so we will just move on now to the wider implications. Clearly, there is a testing programme going on now about the safety of all social-housing tower blocks. How many tower blocks currently have been found to be unsafe by local authorities?

Sajid Javid: In England, there have been 270 residential and public buildings that are above 18 metres where the testing has taken place—these are tests of the ACM cladding that have been done—and have unsafe cladding. Let me just define what I mean by “unsafe”. You might remember, Mr Chairman, that immediately after the tragedy the first quick tests that were done were the tests on the cladding. They were tested by the BRE to see if they met what is called the limited combustibility test. When I say “unsafe”, this means that that cladding that was tested on these buildings failed the limited combustibility test, so they are unsafe for that reason.

As you will know, alongside that, at every step, we have taken advice from the expert panel and implemented what they recommended without any change or any view of our own—we are just making sure that we are listening to the experts on this. The expert panel recommended that you then have another type of test, which is what we have called the system test or the large-panel test, where the whole wall—with the cladding, the insulation and the brick wall—is constructed and put through a testing lab. The whole system was tested and the reason that was done is because it would have been possible for a builder or developer to claim under the British Standard BS 8414 that, whilst they might not have met the testing of limited combustibility, they may have met the large-system test. We wanted to make sure we looked at all possibilities.

Of these 272 buildings that failed the limited combustibility test and were declared unsafe, 260 went on to fail the large-scale system test. That is the latest set of numbers that I have. Those numbers include social housing, buildings that are public buildings, residential housing and student-residential buildings. Of those, if you are interested, 165 are social-housing buildings.

Q14 Chair: Has every potential combination of materials in tower blocks that could be deemed to be unsafe now been tested?

Sajid Javid: We believe so, yes. Based on the advice of our expert panel, that is the case. Originally, when they set up the large-scale test,



they had recommended six tests. During the testing process, certain members of the industry had recommended another test, and so they ended up doing seven tests in total, just to try to cater for demands out there for certain different combinations. The way it has been done is that all potential combinations out there have been tested. It is possible that you could have a private developer that has a slightly different type of insulation—it is still foam insulation, for example, but it can be a slightly different brand or something—but, by and large, the industry has accepted the validity of these tests.

Q15 Chair: With all your expert advice, then, there are no other tower blocks now that are unsafe, apart from those that you have identified.

Sajid Javid: I want to be clear in my answer. These are tests of those tower blocks with ACM cladding. I can be sure regarding those that are either publicly owned by the local authorities or owned by the housing associations. What we cannot be sure about is whether there are still towers that have ACM cladding that are untested and owned by the private sector.

Q16 Chair: What are we doing about that?

Sajid Javid: What we have already done about that is a number of things. First of all, we have been working closely with the private sector early on in a number of meetings with officials, myself, the Housing Minister and the expert panel, to make sure that all the different associations that might represent private sector holders are aware of the testing and being kept up-to-date on how that is being run.

The second thing that we did was to remind local authorities that they also have an enforcement power. We asked local authorities to work with us and to use their local knowledge and their powers to compile a list, to talk to all private-sector property landlords that may have ACM cladding and, where they were not getting co-operation, to use their enforcement powers under the Housing Act 2004. We have written directly to all CEOs of all local authorities in England on this. We have discussed it with a number of them. We know many of them are doing this work. We have worked with the LGA on it as well, and we have a committee working with the LGA on this as well.

Lastly, a number of local authorities came to us and said, “Can we get extra money for this? This is a new burden”, and we have authorised that as well. We are now giving extra money to those local authorities that need it to make sure they can carry out this duty.

Sitting suspended for a Division in the House.

On resuming—

Q17 Chair: Secretary of State, I think we will press on. I think that is the last vote anyway, so hopefully we can have a nice long session together now and do without the interruptions. Just finally on these issues of testing of



tower blocks, you referred to the ACM testing, and clearly that was the issue at Grenfell. Before Grenfell, however, we did not know about the problems with the ACM material. How many other materials are around that might potentially cause problems that we do not know about at this stage? What plans are there to test those?

Sajid Javid: I would answer that in two parts, Chair, if I may. The first thing is that we are very much going on the advice of the expert panel. Our immediate priority—and I think, rightly so—was ACM and to have a testing regime in place for that: first, the initial limited combustibility test, followed by the systems tests. We have asked the expert panel to consider all of the types of cladding, whatever they might be, and to recommend whether testing is necessary. Not all of it would necessarily require testing. That process is what is going on now. The expert panel has moved on to that, bringing in other expertise wherever necessary.

The other thing that we have done that is related to this is that it meant that we needed to take, I thought, a fresh look at building regulations and enforcement of building regulations. Separately, the Home Secretary had decided, rightly, that there needs to be a look at fire safety regulations, including internal fire safety. That is why the Home Secretary and I then concluded together that we need an independent review, and that is why we appointed Dame Judith Hackitt to lead that review and asked her to consult with whatever expert she needs to—in fact, I think she has also launched a call for evidence as well—and to produce an interim report later this year, followed by a final report early next year.

Q18 **Chair:** We will come on to that in a second. The chair of the independent review has agreed to come to the Committee at the time of her interim report to discuss it with us, which I think is helpful as well. In terms of the expert panel, are their recommendations and considerations made public in any way?

Sajid Javid: What happens is each time the expert panel has reached a decision on either testing or any other building-safety decision, it is published by my Department. We have published it typically either as a letter to the CEOs or to private-sector landlords, and it is made available on the website of my Department.

Q19 **Chair:** There are no recommendations made by that panel to you that you decide not to take up and that are not made public?

Sajid Javid: I am not aware of any.

Alok Sharma: Mr Chairman, just adding one other point on other cladding systems, what is also happening, as well as the expert panel considering what needs to be done in terms of other cladding systems, is they are publishing work that has been done previously in relation to other cladding systems. That work will have been done on behalf of other bodies in the past, and that is something that is coming online as well. What we hope will happen at the end of this process is that everyone will be able to see precisely what the situation is in terms of the safety of



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different types of cladding systems. As the Secretary of State has said, however, the focus right now has been on ACM cladding.

Q20 Bob Blackman: Secretary of State, there has been a very generous outgiving of public support but also money to the victims. The last figure I had was £13.8 million collected by various different causes. It has probably increased since then. What is the delivery mechanism for making sure that that money that has been generously donated reaches the victims and goes to their assistance?

Sajid Javid: Thank you, Mr Blackman. First of all, the latest number I have in terms of public donations to the various appeals is £20.6 million. There may well be some other related appeals, but the latest I have is £20.6 million. Of that, £12.4 million has been distributed. As you would expect, these are private donations by caring individuals. It is the charities themselves that are in charge of how that money may be used and how it may be distributed. Early on, the charities came together. Most of them are working together through a group to make sure they are well co-ordinated and they can better target how that money can be used. We did ask—and this was led through the DCMS, the Culture Secretary's office—the Charities Commission to work with all the respective charities to bring them together in a group and have regular meetings about better co-ordinating those funds and working on the distribution. That work is ongoing.

Also related to that, the Charities Commission and officials at DCMS have suggested that, for some of the families, because there could be quite large sums of money, once it is all put together, including the support that has come from Government or other public agencies, they may want financial advice on how best to manage those funds for the long term. The Charities Commission, with the charities, has also been looking at how they can provide that advice, in some cases, for example, working with the Citizens Advice Bureau.

Q21 Bob Blackman: Thank you. Moving on to the scope of the public inquiry, while I do not want to go into the details of the inquiry, there were many concerns raised at the time by the victims and several other people around about the terms of reference of the inquiry. Are you satisfied that everyone has been listened to and that the terms of the inquiry are now absolutely solid and everyone supports them? Are there any areas that you think possibly could be included that have not been included?

Sajid Javid: No, I am satisfied. First of all, the terms, rightly so, have been set by the judge independently. The Prime Minister accepted in full the recommendations of the judge in terms of the scope of the inquiry, and it is a broad scope. I think I am right in saying that I think the judge, Sir Martin Moore-Bick, has said himself that, as he progresses with the inquiry, if he feels that there are certain areas that he needs to go into that he may not have identified early on, he reserves the right to do that, and quite rightly so.



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Once the judge decided on the scope of the inquiry and how he was to approach it, after that the one question that came to my mind was that I thought that there is a broader question about social housing. Again, I do not want to prejudge anything that may be covered by the inquiry but instances have come up in other local authorities where it has been clear that residents of social housing have complained for, in some cases, a number of years about the quality of social housing. It was increasingly becoming clear to me that, in many cases, they were not being heard or not enough action was being taken. There were then issues of quality. Outside of fire safety, there was what has been discovered in Southwark, in Lakanal House, in that development, with the cracks in walls, some of them so big that you could put your hand in. Again, there have been complaints over a long period. I do not want to prejudge it but it looks like not much was done. There have been issues in other local authorities as well.

I felt that, given that this will not be covered by the judge, who is rightly focusing on what happened in Kensington and Chelsea, and in particular on that night and what led up to it, there was a need for a broader look at social housing, and that is why I recently announced, last month, a Green Paper on social housing that I have called a top-to-bottom review.

Q22 **Bob Blackman:** That very neatly leads me on to my next question. You did announce that but when are we going to see the Green Paper?

Sajid Javid: Early next year. I cannot be more definitive than that.

Q23 **Bob Blackman:** When you say early next year, early next year is January, as far as I am concerned.

Sajid Javid: It could be a bit later than that.

Q24 **Bob Blackman:** I know in official terms that spring extends to November, but can you give us more of a view?

Sajid Javid: I do not want to be led by some arbitrary date that I just set. I have committed—and I think it was absolutely necessary—to consult far and wide on this. The Housing Minister may want to say something about this in a second, but he has engaged already, meeting with social housing tenants across the country in all types of tenancies. That is part of my process. I am listening to local authorities, to housing associations and, frankly, to anyone who has something valuable to say on this, including, of course, parliamentarians. That is what I am going to be led by. What I have said publicly—and that still remains my position—is that I want to, certainly internally, by the end of this year, have a good sense of where it is heading. The first quarter of next year would be my aim to get something out, but I do not want to be held to a hard-and-fast number.

Chair: Before the Easter recess.

Q25 **Bob Blackman:** Finally from me, you quite rightly mentioned the



Housing Minister and his conversations, but what are the key lessons that have come out of those conversations? Clearly, the Housing Minister has had a number of discussions with social-housing tenants. What are the key lessons that have been heard?

Alok Sharma: If I may, Secretary of State, what we have done so far is spoken to the tenant-management organisations, some of whom represent tenants on a national basis. With them, we have designed a programme and I will be going up and down the country. The first of the big engagements is tomorrow. We will be bringing together social-housing tenants and hearing from them on issues related to safety, their rights, whether they are listened to and the whole issue around service management. That is a process that is starting but what I and the Secretary of State have been very keen to do is to engage right from the start with those organisations, like Tpas and Trafford Hall, that have a history of representing tenants over many years, so that, when we do that engagement, it is done in a way that gives people confidence as well. As I said, the first of those is starting tomorrow. I will be having sessions over the next couple of months, and that, I think, will inform quite a lot the direction in which we go also in terms of the Green Paper.

The Secretary of State is right that we want to do this. We are both committed to do this as quickly as possible but it is also really important that we hear first from the people who are most affected by this, and those are the one who are living in social housing right now.

Q26 **Mr Prisk:** Just following up on that, does the social housing Green Paper intend to extend the question of practices and standards in housing management? I think that, particularly, some councils will put elderly and infirm people at the top of tower blocks. I have always felt that is wrong. Therefore, one of the questions is not just looking at the building fabric but looking at the way in which the people are—I will not say managed, because that is perhaps not the word—cared for, so that we look at the people occupying those properties as well as the buildings themselves. I have never understood, for example, why it is that, in a commercial tower block, we regularly have fire drills but we very rarely see that take place in residential tower blocks. There are, then, some fundamental standard issues here about how housing management is operated. Would that be incorporated in the Green Paper?

Alok Sharma: In terms of the engagement that we are doing, what we have said to our partners, who are housing associations, councils and tenant-representative organisations, is that we want them to bring together a cross-section of tenants. For example, tomorrow, when I am having my session, they will bring together around 100 or maybe more social housing tenants, and those will be people from different backgrounds and of different ages. What we will gather, hopefully, at the end of the two-month process, are the views of different sections from the social-housing tenants and makeup. Absolutely, the whole issue of service is going to be a key part of this.



Q27 **Mr Prisk:** It is important, if I may ask, Secretary of State, that, in the Green Paper, the practices that take place, the variance in those practices and standards, and the professionals participating in that are looked at, so that we can be confident that the way in which not only the building is managed but the people are looked after is an entirely different thing. Will that be in the Green Paper?

Sajid Javid: It will absolutely look at that. I have called it a top-to-bottom review. Anything to do with social housing is within the bounds of it, in terms of the kinds of things we want to look at. It has to include the experiences of tenants: how they are treated, how they are listened to and the quality of social housing. You mentioned fire safety issues. There will be an overlap there with the building regulations review that is being done by Dame Hackitt. We will probably need to make changes sooner than that if they are able to deal with safety issues, because that should be a priority. You mentioned drills and where they do and do not take place. I would expect that that is something that is being looked in terms of the fire-safety part of the review by Dame Hackitt.

Q28 **Chair:** Will it include the resources available for the provision and maintenance of social housing as well?

Sajid Javid: We will certainly be taking resources into account as we work through the Green Paper.

Q29 **Chair:** The Green Paper will cover that issue as well?

Sajid Javid: It will. Clearly, whatever the Green Paper comes up with in terms of ideas and ways to go forward, it may well have resource implications. As we develop the Green Paper, we will take that into account.

Q30 **Kevin Hollinrake:** Turning now to building regulations, we have got two simultaneous inquiries: the independent review looking at building regulations, which is due to report by the end of this year; and also the public inquiry, which is not due to make an interim report until Easter 2018. They may come up with different conclusions or different pieces of evidence, and possibly even contradictory conclusions. How are you going to make sure that all of this works together in terms of informing our future proposals for building regulations?

Sajid Javid: In terms of timing, because the work being done by the public inquiry and the building regulations review are independent pieces of work by two completely independent people, ultimately it is for them to decide not just on the content of their inquiries but the eventual timing. Although both have given indications of interim reports and a final report, they are just indications. We will work to whatever work that they produce, at the time that they produce it. I would suspect that the building regulations review is very focused on particular issues around building regulations and fire safety. There is a lot of expertise available. It is very time-sensitive. We talked earlier about the ACM cladding and where cladding is coming down. For example, local authorities are,



understandably, saying to us, "When I replace this cladding, how can I know that what I replace it with is not going to be an issue with your new building regulations?" It is a good question that I cannot answer now, because I cannot prejudge what the review does. It is very time-sensitive. Whatever output we get from any review or inquiry, whether it is from my Department or from other Departments, it is fair to say that the Government view is that we must act on it as quickly as possible. It may require consultations and legislation, which could be primary or secondary, but we will act on it as quickly as possible.

- Q31 **Kevin Hollinrake:** However, taking that sequential approach, if you have one inquiry reporting later than the review, you might have to review things again at a later stage if the public inquiry comes out with something that the independent review did not in relation to building regulations.

Sajid Javid: You might. It would not be ideal but you cannot rule that out, because the whole point of the public inquiry and the building-regulations review is to listen to them. Whatever they come up with that requires a change has to be a priority.

- Q32 **Chair:** Turning to that now, in terms of change, following Lakanal, which you mentioned earlier, in 2009 the coroner was quite clear that he felt that Approved Document B of the building regulations should be updated. Why has that not happened?

Sajid Javid: Understandably, this has come up a number of times in recent months. One thing we did as a Department is we placed, in the library of the House, a full response of what the Government did or did not do in response to those coroner's reports. When I say "coroner's reports", there was the Lakanal House report and also the Shirley Towers report. This was before my time in the Department but, in both cases, they were fully responded to in the time limit that was set.

Your question was specifically about one of the recommendations that was in the Lakanal House coroner's report, which was about simplifying what is called the Part B guidance in the building regulations. The Department had undertaken a significant amount of work in terms of simplifying that guidance, producing what you might call a plain-English version of that. It was very close to consulting on that, because the first step would have been to publicly consult on it. My view has been that, since the tragedy and what we have just discussed about the need to have a much broader, wider look at building regulations beyond just Part B, it would now be sensible to take that into account, independently from the building reviews, and to look at it as a whole rather than just one individual exercise.

- Q33 **Kevin Hollinrake:** Yes, I can see that now in light of events, but I suppose the question is: looking back, we had opportunities before to update that document, and that did not happen.



Sajid Javid: The document was being updated. A version was ready. We were quite close to consultation. A lot of decisions were made many years ago, when this coroner's report first came out. We can look back and say that that consultation should have happened earlier. It did not but, given where we are today, I think it is sensible that it is taken into account as part of the broader look at building regulations.

Q34 **Kevin Hollinrake:** Turning to remedial work on other blocks that need work doing to them, I think you are on the record as saying, "If local authorities cannot afford it, they should approach us". Do local authorities have the resources? Is your feeling so far that local authorities are able to carry out the necessary remedial work? What is your sense of the local authorities being able to afford that to make sure these blocks are safe in the long term?

Sajid Javid: We have been very consistent on this right from the start. Understandably, we wanted to make sure that every local authority is making their buildings safe in light of the information that is coming out, particularly from the expert panel and from the tests. Our message to local authorities, both from myself, whether through Parliament or other communications, through what we have written to all local authorities, has been clear. First of all, in terms of any essential fire safety work, they should take advice immediately and complete that work. Funding should not be holding any local authority back. If they feel that they cannot afford that work, then they should approach us.

I can tell you that, to date, 31 local authorities have written to my Department asking about assistance—not necessarily requesting it but wanting to understand what the rules and criteria are. In six of the 31 cases, there have been detailed discussions with departmental officials on potential financial assistance.

First of all, it is essential work that they should be focused on. In terms of what is essential work, as the legal owners of buildings, they are responsible for keeping those safe. Whatever they decide is essential, as long as they have genuinely thought about it and what is required, they should determine that. I should not determine that. I do not want to second-guess any local authority. Of course, they should be taking advice from their local fire and rescue service and potentially other experts. Once they have taken account of that advice, they should determine what is essential.

In terms of financial assistance, the kinds of discussions we are having at the moment with the six local authorities in more detail are around their HRA account, giving them more borrowing flexibility and some more headroom to borrow in their HRA account. One or two have made requests asking whether it would be possible for there to be a one-off transfer from their general fund into their HRA account. We are considering that as well.



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What we will absolutely do with every local authority is work with them closely and make sure that, through that work with them and the financial assistance that we can provide and the financial flexibilities, they are able to pay for any essential works that they deem necessary.

- Q35 **Kevin Hollinrake:** For essential works but not additional, you will provide flexibility around help to find the funds in those circumstances, if the local authority could not find the funds.

Sajid Javid: Yes.

- Q36 **Helen Hayes:** In the first instance, if I may, Chair, I just want to press on this point of the definition around essential works. The Secretary of State has helpfully said that it is his belief that it is for local authorities to define what they consider to be essential. The Committee has seen sight of correspondence from the Housing Minister to Nottingham City Council in respect of their application for funding, which says, "It would appear the work you want to carry out to buildings does not meet either of these categories and the fire safety measures you outline are additional rather than essential". It seems, in that case, it is, in fact, the Government that are making a decision as to what they regard as essential rather than additional. The Government are not accepting the local authority's plea that those works are indeed essential, so I just wondered if you could comment on that a little bit more.

Sajid Javid: Thank you. I am not familiar with the detail of what they have requested and where those discussions may be. If it is okay, rather than focus on a particular council, our approach to all of them—whether it is Nottingham or others—will be the same, which is that, in terms of defining essential, they should certainly be taking expert advice. Part of that will absolutely be coming from their local fire and rescue service. Once they have taken that advice, as the legal owners of the property, it is their legal duty to make sure that it is safe. Of course, that includes fire safety. Whatever they deem is necessary, as in essential work to make that property safe for the long term, that is ultimately what we will be looking to.

- Q37 **Helen Hayes:** It would appear, on the face of it, that that correspondence contradicts that view, so I wonder if you might have a look at that issue in that particular correspondence and come back to the Committee with some more detail.

Sajid Javid: I can certainly do that but we are in detailed discussion with a number of local authorities. For local authorities, the first thing for them, if they had identified ACM cladding that was unsafe and failed the test, was to take immediate action to make sure those residents are safe. The cladding was not going to come down immediately and they were not going to necessarily put smoke alarms and other things in immediately overnight. The first thing was, "What can you do to bring confidence to residents that they are safe?" Some, for example, had 24/7 fire wardens, and that has been immediate action. Now, over the last few weeks and as



we speak, local authorities are thinking much more clearly about what work may or may not be necessary. Some local authorities have, with our officials, been changing their views on what is essential and what is not essential, so there has been a bit of a process of back and forth. Our general position, however, has not changed at all from day one, which is that they should be carrying out essential work. If they cannot afford it, they should approach us and, as I said, a number of local authorities have—not that many but some have. We will then work with them on financial assistance and flexibilities.

Q38 Helen Hayes: What are the criteria? When those local authorities approach you with works that they consider to be essential, what are the criteria that the Department is applying to decide which local authorities will be allocated funding?

Sajid Javid: We are still working on those internally with the Treasury as well, and also relying—because this is new for us and new for the local authorities involved—on the information that we are getting from local authorities. Generally, the criteria, as I mentioned earlier, are that we would look to give those local authorities, if they say they cannot afford them with the current flexibilities that they have, more flexibility on their HRA account. If they request, we will look to allow them to do a one-off transfer from their general fund, which may be the general reserve, for example, and see if that can help.

Q39 Helen Hayes: In determining which local authorities can afford the works and which cannot, are you taking into account local authorities' existing commitments and obligations? There is a great deal of concern that necessary and essential works arising in the aftermath of the Grenfell Tower tragedy must be done but should not come at the expense of existing refurbishment and routine maintenance works, or indeed the building of urgently needed new homes. I wonder if you can provide assurance on that point.

Sajid Javid: What I can say is that because safety work is essential, it is a priority. Public safety is priority No. 1. If that means that local authorities need to reprioritise their spending, whether it is from their HRA account or if they want to use some of their general reserves, that is what they should be doing. They should make that decision. As you were suggesting, it could, in some cases, have a knock-on impact on other plans that local authorities have. Local authorities are free to raise that with us, but I cannot guarantee to a local authority that they do not have to reprioritise work. They will have to do that. What I can say is that, going back to the discussion that we had earlier on social housing more broadly—because this is all social housing that we are talking about in the case of local authorities—and the review that is taking place on social housing, that is something that is the place where we will take into account the wider needs of social housing. You mentioned renovation programmes that they may have planned, and that kind of thing is something that we will be looking at in the review through the Green Paper.



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Q40 Helen Hayes: Finally from me, of the six local authorities with whom you are having detailed discussions, could you say whether any of them have been granted funding so far? Would you be able to tell the Committee how much money has been set aside by the Government to provide financial support to local authorities for these essential safety works?

Sajid Javid: I want to be clear on that. What we are talking about in terms of providing financial assistance is increasing the HRA cap if that is what gives a local authority the ability to borrow to fund that work. It is not a grant. We are not talking about grant funding. We are talking about giving the local authorities enough flexibility so that they can have the funding that is made available to carry out this essential work. It may be that, for example, with access to the general account through transferring general reserves, they may not need to borrow, so that kind of flexibility may help them that way. Certainly, in some cases, local authorities would need our support in doing that, and we are looking at that very flexibly. It is working with local authorities to make sure that, if they need financial flexibilities—they need to borrow, for example, from the Public Works Loan Board but there is a cap in the way—then we can work with them on that.

Q41 Liz Twist: I want to deal with two aspects. We have talked about building regulations, and I wonder whether the issue of building control and how that is managed will be taken into account in that wider review of building regulations—how it operates in practice.

Sajid Javid: Yes, absolutely. Building control is a big part of the enforcement mechanism of building regulations and very much part of the remit of the building regulations review.

Q42 Liz Twist: The other issue about essential works is that lots of people are talking now about sprinkler systems and people wanting to be very safe. I was going to ask you whether your view was that that was essential work as well, but I think you have answered that probably in Kevin's questions.

Sajid Javid: Yes. It is not about my view. It is about the legal owner of the building. The local authority needs to work out what they think is essential and take expert advice on it.

Q43 Chair: Is that the case? I understand that some authorities have had advice from their fire services to say that their sprinklers are, in their view, essential, but the Government are writing back to say, "In our view, it is not".

Sajid Javid: If there is a certain piece of correspondence you are referring to that I do not know about, that may be different. However, what that might be is that, in terms of guidance that already exists on fire safety measures, it is not necessarily the case that you have to have sprinklers to make sure that buildings are fire-safe. There is other work that can be done as well. As you well know, there is a statutory



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requirement for any new buildings from 2007 to have sprinklers, but there is no legal requirement to retrofit sprinklers.

- Q44 **Chair:** If a local authority has advice from their fire service to say, "In our view, the safety of these tower blocks will be advanced by having sprinkler systems put in", and the local authority comes and says, "We believe, in this case, it is essential", will the Government second-guess them and say that it is not?

Sajid Javid: If the local authority believes it is essential to have sprinklers, we will not argue.

- Q45 **Fiona Onasanya:** I am just touching on what has already been said, so I will keep it very brief. It was more just about local authorities maybe requiring more financial assistance. You have touched on that, where you have said—and correct me if I am wrong—that you would increase their HRA, so that they can borrow more. It would not be additional money that is provided to them. Is that correct?

Sajid Javid: That is correct.

- Q46 **Chair:** There are going to be no grants at all to local authorities for this work?

Sajid Javid: We will give them financial flexibilities that can provide the funding.

- Q47 **Chair:** I think that was a yes—no grants.

Sajid Javid: We are not planning grants.

- Q48 **Mary Robinson:** Just moving on to look at local authorities' statutory duties to have a contingency plan in place, the Royal Borough of Kensington and Chelsea were widely criticised for their inadequate response in the immediate aftermath of the fire. How confident are you that other local authorities are better placed than Kensington and Chelsea to respond to civil emergencies?

Sajid Javid: I think that it is fair to say that, in light of this tragedy, what has happened and the response that we have seen—and, as the Prime Minister has said, the response from the borough was inadequate in the early days—there are lessons to be learned from this. The work that has already begun in Government, led by the Cabinet Office, is a full review of how the public sector—central Government but also other parts of the public sector—responds to these types of civil emergencies. No one ever wants to see anything even remotely like this ever again, but we would give confidence to the public if we were just better prepared, just in case something terrible happened again. That review is being led. My Department is very much part of that. What comes out of this tragedy, including from the public inquiry, will certainly feed into that and will put the public sector in a much better position to respond to civil emergencies.



Q49 **Mary Robinson:** In light of that, is the current guidance adequate for emergency planning?

Sajid Javid: Certainly lessons have already been learned but there is definitely a case that, as the various inquiries progress—especially the public inquiry—the current guidance will need to be updated. We may need to go further and have permanent bodies that are ready to respond in much the way that we have for terrorist emergencies, as we have sadly seen with terrorist attacks this year, where the government machine, including at local authority level, comes quickly together and responds to that. I think there is a case to look at whether we have the right machinery in place and whether there should be some more permanent machinery that can help in the case of civil emergencies.

Q50 **Mary Robinson:** In the meantime, are there any plans to instruct or update or produce any guidance to local authorities to get their contingency plans up-to-date and be more prepared?

Sajid Javid: We work through the LGA. We have been working with local government leaders to see what more could be done in the meantime. Frankly, their time really has been spent, in terms of their attention to this, on the most immediate concern, which is the buildings that they currently have, the cladding on them and testing that—the essential work that we have talked about—but this is something that there is ongoing work on right now, as we speak, in terms of the new kind of system that we can build.

Q51 **Mr Prisk:** Just briefly on that, you mentioned in the review that you are looking at the question of civil emergencies. Is it realistic to expect smaller borough councils or any description to deal with a civil emergency of this scale? Is the review going to consider whether, in a city like London, the Mayor should take responsibility for this, and the same case in Greater Manchester and perhaps also in the West Midlands? After all, in many cases, the emergency organisations already report to the mayor in those city-wide regions. Would it not be sensible to match that by having all the other elements of contingencies respond to that? It is what they do in many American cities. Is that part of the Government's review?

Sajid Javid: Yes, it is. To answer your first question—is it realistic that any borough could respond to an emergency on this scale?—it is not realistic. Despite what I said earlier, I think the response could have been better in the early days, certainly by the borough, and the borough has recognised that. There has been a leadership change, as we have seen, as well, both at the political level and at the officer level. However, it is fair to say that any borough would have been overwhelmed by a tragedy of this size and this nature. That is why what I was saying earlier to Ms Robinson was that I think there is a need, when we look at this, to look at what kind of other structures need to be put in place.



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In the case of London, there is the London Councils structure, where all the London councils already co-operate in times of civil emergency. That is exactly what did happen here. Almost immediately, the London Councils group, which we have referred to as the Gold group in discussions, came together, and almost every London council, I think, was involved in providing keyworkers and officers at the community centre, the bereavement centre and the victim support unit, alongside civil servants from central Government. It was led by the first commander of the Gold response, who was the chief executive of the City Corporation of London. I worked very closely with the Gold Command and, each time I went, there were many of the chief executives of some of the leading local authorities in London working on that. Over time now, as you would expect, there has been a transition process, which is still in place, from Gold Command back to the borough, but only at the pace that works, to make sure that the borough, at the same time, is hiring enough people.

To give you an example on that, I mentioned earlier that we have a housing officer for each of the families to look at their needs. There are also keyworkers who are then helping to bring mental health support and other emotional support. The borough has already hired, although I do not have the exact numbers with me, well over 100 keyworkers since the tragedy and they are advertising for at least 100 more. Until they get the full number that they need, they continue to get help from other London boroughs in providing that keyworker support.

Q52 Mr Prisk: Good. Thank you very much. Just turning to the question of tenant management organisations, we have certainly seen guidance that clearly states that the legal responsibility is to both TMOs and, therefore, their board members. Are you satisfied that the TMOs themselves are sufficiently accountable and that TMO board members have the skills and knowledge they need to do their duties? Clearly, they still have legal responsibilities, whether they have the skills or not. That does not remove their responsibility but I just wonder whether you are satisfied, or is this an area you are looking to explore further?

Sajid Javid: This all requires a fresh look. Of course, in terms of the TMO in this case—the KCTMO—action has already been taken by the local authority in that. I do not want to prejudge the inquiry, so let the inquiry deal with the TMO for Kensington and Chelsea. Broadly speaking, however, I think this has given good reason to look at TMOs, how they work, how they are supposed to work, whether they meet what anyone would reasonably expect and the kind of quality of work that we would expect from them. It will be very much part of the inquiry through the social housing Green Paper.

Q53 Liz Twist: Secretary of State, I would like to ask about business rates, please. When will 100% retention of business-rates revenue be introduced for local councils?



Sajid Javid: I cannot give you an exact answer but let me first say this: we are still very much committed to business rates retention. As you may know, there was a Bill in the previous Parliament to bring that about—100% business-rates retention—by 2020. That Bill fell as a result of the general election. There is no such Bill in front of Parliament right now. What we have been working on extensively—and especially the Local Government Minister—is reviewing what the best mechanisms available to bring about business rates retention are. We have restarted work with the LGA. There was a steering committee that was suspended during the election that has been reconstituted, and we are working with them intensively on that as well. I cannot, however, answer your question about when. It will be delayed from the original schedule. I do not think it is possible because of the Bill and there no longer there being that primary legislation in front of Parliament. I think that we will, probably quite shortly, be able to say more about the timing of that. In terms of the need to do that and our commitment to it, we are still very much focused on business rates retention.

Q54 **Liz Twist:** You mentioned the fact that there is no legislation and I am just wondering how you are going to be able to implement without primary legislation. What elements will you be able to do without that?

Sajid Javid: One thing we have not ruled out is that there may well be primary legislation reintroduced to the House on this. That has not been ruled out. We have also, at the same time, been looking at secondary legislation and we have yet to make a decision on the best route to achieve this, but we will, in due course, be saying more about how we intend to do it.

Q55 **Liz Twist:** I am sure that you will understand that many local authorities will be looking to plan ahead, and I wonder what assurance you can give about that uncertainty, recognising the uncertainty that that is placing them in when putting together budgets for future use.

Mr Jones: Thank you, Secretary of State. I recognise that concern, although what I would say is that local authorities over this four-year period have been in a far better position in relation to certainty than they have been in in the past, having a four-year settlement that they are aware of and know what is coming, so to speak. That said, we do understand that people, as we get towards the end of that period, want to know what is happening with business rates retention. What the pause in terms of the legislation, with the Bill falling as Parliament was dissolved for the general election, has done is it has given us opportunity to take stock.

As the Secretary of State said, we are now re-engaging with the sector and with the LGA to take this forward. We are also bringing forward a number of further business rates retention pilots. There are five pilots currently up and running. They will continue on next year. We have, at the same time as the process of doing the technical consultation on the local government finance settlement, released the request to local



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government to come forward with further bids to be pilot areas. We are particularly interested in making sure that we have pilot areas from two-tier areas, where we can look further at how things like tier splits may work and that type of thing in relation to taking rate retention forward. There are then standalone unitary councils that hitherto have not also been involved in the pilots, so that is an open offer to local government to come forward with bids in that sense, which we will be considering later in the year.

Q56 Liz Twist: That offer to come forward as a pilot is open at present.

Mr Jones: It is open at present and it is an offer that is open to all of the local authorities in England that are not currently part of the current pilots.

Q57 Liz Twist: Can I ask, then, about the other side of the local government finance equation, which is the revenue support grant? We had the announcement that the revenue support grant would end in 2019-20. What reassurance can you give to councils that they will not face a cliff edge in 2020, with the uncertainty around business rates and RSG?

Mr Jones: The important thing here, which is what we have said all the way along, is that we are listening to councils. We are well aware that, when we put the four-year settlement out, people were always concerned with the point you are making around RSG and the situation towards the end of RSG. I think the other important issue is that this was a four-year settlement. We have a spending review that will be coming along not too long before, possibly even in the same sort of timing, as we get to that point. As I say, we are listening very carefully to local government. We want to give as much certainty as possible but, to reiterate the point I have made before, I think local government within this period is enjoying more certainty, even if, in some cases, they are not overly euphoric about their situation. They have had far more certainty than they certainly have had in the past.

Q58 Kevin Hollinrake: Will business rates retention still come along with a fair funding review?

Mr Jones: We are still taking forward the fair funding review. We continue to make progress on that. As you know, we did a call for evidence and we had over 200 responses to that call for evidence. As I understand it, your own Committee has also commissioned some work around the new funding formula and how things may be simplified, and I know that there are a number of other organisations that have done or are in the process of doing a very similar exercise. Once that work has been completed, we will be very keen for the Committee, if they felt it possible, to share that with us. We are, as I stated, still committed and we are still working with local government. We are bringing working groups back to start work again, and we expect that, over the next period, we will take that work forward. What I would say is that, at the moment, we are not absolutely certain if that will come in to effect at



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exactly the same time as business-rates retention, but we are looking very carefully and are very mindful of the challenges that there are in a lot of areas, where it is now 10 years since this issue was last properly looked at. There are a number of areas that are saying to us that there have been demographic changes that are giving them significant challenges that have occurred since that period of the last funding review, so we are very mindful of that and really keen to take the work forward, bringing in local government with that.

Q59 Kevin Hollinrake: If they were not simultaneous, it would mean changing the system twice, possibly, within a quite short period of time, if you brought one in after the other.

Mr Jones: Yes, I hear what you say and that is a consideration that we certainly need to make, but I would also say that, in relation to both of these issues—both business-rates retention and the fair funding review—we want to get both of these things right. These are both fundamental changes and, therefore, I think it is important that we take stock of where we are at the moment and carry the work forward with local government, but I do hear what you say.

Q60 Chair: Just to follow on that, you can expand the number of pilots without primary legislation and you can do the funding review without primary legislation. One of the other major aspects of the 100% business rates retention was that local authorities in total have more money and therefore you would transfer more powers and responsibilities over to them. Can you do that without primary legislation?

Sajid Javid: Can we transfer more responsibilities to them without primary legislation? We have yet to receive final advice on that. It may well be the case. With 100% business rates retention, that would lead to local authorities receiving quite a sharp increase in what they currently receive, and that would have come with more responsibilities. One of the options that we are looking at and discussing with the LGA through a steering group as well is that it may be possible—and may well work for local authorities—that we transfer fewer responsibilities but it is not quite 100%. As a result, for the local authorities, you still have a big step towards business rates retention but, by transferring fewer responsibilities, there is no need to take it up to 100%. If that means we can do it more quickly and it is something that, working with the sector, through the LGA's group, the sector prefers—to get it sooner, not quite 100% but in exchange for fewer responsibilities—then there may be a way to bring this in gradually rather than going straight to 100%.

Q61 Chair: Will you still need primary legislation to do that?

Sajid Javid: If it did not require transfer of new responsibilities, then it is likely it is possible without primary legislation.

Q62 Chair: You could then bring in primary legislation to allow a further move.



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Sajid Javid: You could, yes. We are looking at a more graduated approach, and that is why we are having these discussions with the sector: to give a few options to the sector and see whether that is a preference to going for, let us say, the big bang approach. The point remains, however, that we are very much committed to business-rates retention and to the fair funding review, for the reasons shared by the Local Government Minister, and it very much remains work that we are working on.

Q63 **Chair:** I think it is something that the Committee will want to come back to you about and have the Minister before us again to have a look at those particular issues. Thank you for that.

Moving on to social care, which is another interesting problem on your doorstep, when was the Green Paper going to be published? Do we know? We got your response to our reports today, but we have not had a chance to look at that in detail. Clearly, the Green Paper has been flagged up now as a starting point to try to address this problem. When are we going to get it?

Sajid Javid: The review is a cross-government review. It is not being led by my Department; it is being led by the Cabinet Office. As you know, it involves a number of Departments. I could not tell you today, I am afraid, when the review will be published, but it is work that is being done across Government right now, with my Department very much involved. We are looking at the various options that will go in the paper, but I am not in a position to tell you today when it may be published.

Q64 **Chair:** Is anyone in a position to tell us?

Sajid Javid: I am not, but I cannot speak for others.

Q65 **Chair:** We might write to the Cabinet Office Ministers and ask them if they can tell us, because it is clearly quite important that we have some sort of timeframe for this. It is a key issue and, every year, we seem to come back and have a crisis in social care funding and we get a bit more sticking plaster, and we really need a long-term solution now.

Sajid Javid: Clearly, this is about finding—I think it is well-recognised that you need that long-term, sustainable system, so, clearly, changes are necessary. I think we are all aware of the demographic pressures and the pressures already on local authorities. The extra £2 billion of funding that we announced at the last Budget has been hugely welcome, but we are the first to accept from local authorities and the sector more broadly that there is a lot more that needs to be done. That is the whole reason for having this review.

Q66 **Chair:** When we met as a committee and produced our report, the one thing that was absolutely clear—and we learnt that, going to Germany as well—was that, if we are going to get a long-term, sustainable solution, we need cross-party agreement and cross-party working on it. Are the Government committed to doing that and to engaging with the other



political parties in a meaningful way, right from the beginning, trying to get everyone signed up to an agreement at the end?

Sajid Javid: I think it is fair to say we would want to engage with everyone, whether it is another political party or not. There are a lot of other interested parties that I think would have something to contribute to this. We would engage with anyone who has something meaningful to contribute. It is common sense but sometimes it has to be said that they have to do it in a meaningful way and have a positive attitude to work together to reinforce.

Q67 **Chair:** I completely agree. Before the Green Paper is produced, are the Government talking to other political parties to try to get them onboard, so that they are not simply presented with the Government view which they then respond to?

Sajid Javid: Since I am not in charge of the Green Paper, I cannot speak for others. I certainly have a big interest in getting this right; we all do. I have been engaging with other political parties in the past, and even before we set up this review, and I will continue to do that. I think this is also an area where the Committee has already played a role as a cross-party committee under your leadership, Mr Chairman, where I hope you will continue, as a committee, to contribute to this.

Chair: We certainly will.

Sajid Javid: That will certainly be helping us to get this right.

Q68 **Chair:** Can anyone tell us whether other political parties have been approached? Is it the Cabinet Office again who can tell us that?

Sajid Javid: I think you would have to ask the Cabinet Office.

Q69 **Mary Robinson:** When the housing White Paper was published in February, there was also an independent review of the use of the community infrastructure levy published at the same time. The then Housing Minister said that there would be a Government response at the time of the autumn budget. Is that still the timescale for a response by the Government?

Alok Sharma: Yes, that is absolutely still the timescale.

Q70 **Mary Robinson:** That is great. What can we expect from the response?

Alok Sharma: You will not have long to wait, Ms Robinson. What I would say, in terms of the independent review, is that what it did find is that the current system is not fast enough, it is not simple enough and there is not enough certainty. I know that what also ties into this is the whole issue around viability assessments, which a number of people have raised. We have a local housing-need consultation that is ongoing at the moment and we are asking for views on viability, but our thinking on this is that we want to look at the whole issue of the need for infrastructure and, indeed, affordable housing when local plans are being developed. Hopefully, what that means is that, when you come to looking at



individual sites and a developer is putting in planning applications, there is not that same level of discussion in terms of viability. I think this is also about making the whole system a bit more transparent, so that local people as well as local councils know what they are going to get at the end of a particular development.

Q71 Mary Robinson: Given that, as you said, there is quite a junction between the housing White Paper and the CIL, why were they considered separately and not in the same place?

Alok Sharma: Sorry, in what sense?

Q72 Mary Robinson: There was a review of CIL and the response, and then there was the housing White Paper since. Why were they not considered together?

Alok Sharma: Sorry, I may have misunderstood the question but I think we have been quite clear in terms of our views on CIL and also the relationship with section 106. Also, in the housing White Paper, we have been very clear in terms of the issue in terms of viability assessments. I think the White Paper actually is a pretty comprehensive document in terms of setting out the direction of travel from a Government perspective.

Chair: We will have other questions on housing but I think we will come back to you when you come to see us in November—I think that is when we are trying to plan it for—so we will go to those issues about the capacity of the house building industry and other issues at that time.

Q73 Mike Amesbury: Secretary of State, in the current consultation on tackling the unfair practice around leaseholder sales, you quite rightly focus on future sales. What help is there going to be for current leaseholders—the thousands of leaseholders, particularly in the north-west, in fact, who are locked into those feudal practices?

Sajid Javid: First of all, to update the Committee, that consultation, which is now over, had over 6,000 returns, which is unusually high for any of our consultations. That shows the strength of interest out there. Certainly, when we launched the consultation, as well as these returns from colleagues in Parliament and others, there has been a huge interest in this. As you would rightly expect, it is much easier to change future practice, and that is what it has been focused on. There is this situation where, today, you have 4.2 million people in residential leasehold dwellings. I do not have the number here but I think those in houses number over a million. As you rightly say also, many of those are in the north-west. We would like to look at what more could be done for those who are already in contracts that they wish they had not signed up to. It is not straightforward, for reasons that you would expect, because any changes would be difficult to bring about, but we have also engaged with the sector, with the companies that were originally the developers of these types of homes and with some of the current landowners, to see



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whether we can help them to come to arrangements. In some cases, if they are voluntary, they can be a lot quicker than any alternatives.

Our first priority has been to, in the case of houses—and you mentioned specifically houses—stop any further sales, and that does require a full consultation and a full response from us. It then may require legislation. Our priority has been to put an end to a practice that really should not be going on and to focus on that first but, at the same time, not lose sight of what might be possible with those who are already in those types of arrangements.

Q74 Mike Amesbury: What might be possible?

Sajid Javid: It has not been our priority right now. The priority is putting an end to this practice by going through this process. We are looking at options but we are not ready to discuss them, because we are in quite sensitive discussions with parties that might be involved.

Alok Sharma: Just to add something, Secretary of State, on that, you will be aware of Taylor Wimpey, who have acted and have set aside £130 million, because they were one of the developers who sold houses that were leasehold, with ground rents increasing. They are in the process of discussing with the companies that they sold the freeholds on to. As the Secretary of State said, we are looking at this but what has also been quite interesting is the response from a player like Taylor Wimpey to the fact that this is something that the industry has to also step up to the plate and deal with.

Q75 Fiona Onasanya: Just on this point, because of the comments you just made, to declare an interest I used to be a commercial property lawyer. With regard to leasehold interests, there are people who are already tied into leases, with rent reviews that double and which people do not notice, first of all. There is a lease for 99 years—the years always deplete. You cannot then sell it on because you have less term than a lender would give you. What are you doing for those people? It is fine to stand back and say “Going forward, we will earmark some money to deal with this issue and deal with terms that are not fair”. However, historically, people are already tied into leases, so what is being done to help protect them? That is what the question is.

Alok Sharma: Let me just repeat what the Secretary of State has said. We are aware of that, so there are two aspects to this. One is going forward, and it is obviously easier to deal with thing going forward than retrospectively. The Secretary of State and I have met with individuals who have been affected by this directly, so we are looking at this. In due course, hopefully we can come forward with some suggestions for what may be a remedy but I think, at this stage, it would not be appropriate to comment.

Q76 Chair: Presumably, though, you will be able to come back to the Committee and talk about those ideas in due course?



Alok Sharma: I am sure we can come back and talk to the Committee at the right time about those ideas, yes.

Q77 **Kevin Hollinrake:** Just to take you back to viability for a second, in the document “Planning for the right homes in the right places”, you talk about viability a lot, quite rightly. I think you use the phrase that developers are gaming the system, which is probably a polite way to put it. Is there a thought that you might look for a standard methodology? It seems very complex at the moment in terms of developers’ arguments about viability, yet the Building Cost Information Service is very clear on cost per square foot and it is very easy to see, at a desktop, what the price per square foot of a property is. Viability assessments are pushing land values up and reducing the amount of affordable housing being provided. Is it time that we really need to look at a different system for it?

Alok Sharma: In terms of standardisation, what we have talked about is standardising the reporting of the assessments and the form of how that is put forward. However, of course we want to hear from stakeholders on this. That is why we are having this consultation, so we will have to reflect on that. Colleagues here know a lot about this sort of stuff and you will be aware that viability assessments, by their size, are also pretty complex. Let us see what comes out of the consultation and we will have to reflect on that.

Sajid Javid: If I may add to that, the challenge here is that, if you standardise it too much, you might lose the impact. If you take land values in the south-east, and London in particular, given those land values, it is much easier to make the argument that there should be X proportion of, let us say, affordable housing in a new development, because you know that the land value and the resale values can support that. In other parts of the country with much lower land values, that same proportion that you might set as a standard—be it 20%, 30% or whatever the number is—will not work in some parts of the country. It is quite obvious that it will not work. If the system was so standardised and you stuck to that regardless, you might not get any housing, whether it is affordable or not.

It is very much about striking the right balance, because I do think that the current system does lack transparency. Local people and others deserve to know how those numbers were arrived at and, once the numbers are arrived at, they really should be stuck to. I think there has been, sensibly, a debate around that. There is a need, I think, to look at this again, but then to move to a system that is completely standardised could create more problems than it solves. It is about getting the right balance between the two.

Q78 **Kevin Hollinrake:** Yes, I accept that. Local authorities could still decide on their policy in terms of percentage. You still have to maintain some flexibility but take away some of the—



Sajid Javid: Yes, there has to be some flexibility in the system to allow for the different local housing markets.

Q79 **Helen Hayes:** The Committee is looking forward eagerly and, if I may say, patiently to a response to the response of the Joint Committee inquiry on the future of supported housing. I wondered whether you might be able to tell us today how the Government plan to take forward the Joint Committee's recommendation for a supported housing allowance distinct from LHA but designed to fund supported housing, based on the actual costs of providing supported housing.

Sajid Javid: Yes, I will start the answer on that, and then the Local Government Minister will come in. We are very close to making a final decision on this. The work the Committee has done has been very helpful for us—very helpful indeed—and you will, hopefully, see that when we do respond. You will see that we have listened to what the Committee and many others had to say, because our approach, right from day one, has been one that many people have recognised that there are some problems with the current system and there needed to be a fresh look at it. What we are interested in is a system that works, that is sensible, that is sustainable and that everyone understands, and we want to bring clarity to it very quickly, because there are supported housing providers looking after some of the most vulnerable people in our society that are saying, "I cannot plan for the future and for future capacity unless I know what is happening". We are very close to an announcement on this and, hopefully, when you see it, you will see it has taken account very much of what the Committee had to say. Is that fair enough?

Mr Jones: I think you have stolen most of my sandwiches there, Secretary of State, but I think you make a really good point about the future of supported housing. We all know that it is vital for some of the most vulnerable people in our society. Our Department has got £400 million of capital funding, much of which has been called upon by organisations to build new supported housing, subject to this question of supported housing funding being resolved. We appreciate how important it is and, as the Secretary of State has quite clearly said, we hope to be able to make our announcement shortly. The Chairman of the Select Committee did make that comment in an adjournment debate yesterday that we both attended, after which I did say that we would expect to be able to come forward with those final proposals during the autumn, which does provide a little more clarity.

As the Secretary of State says, I do believe that, once we put those proposals forward, it will clearly demonstrate that we have listened to the significant numbers of people—I think there were 500 responses to the consultation—and the Joint Select Committee that Ms Hayes chaired.

Q80 **Helen Hayes:** Can I just ask a follow-up question? Autumn is good—getting from "shortly" to autumn is an improvement, I think.

Mr Jones: Colder rather than warmer.



Q81 Helen Hayes: No, that is good. We are, however, now more than 18 months on from the Government's decision to review the funding for supported housing, and there is evidence from the sector that, during that time, 85% of new schemes, in a sector that already has a shortage and already has a deficit, have been put on hold. Once we have the announcement in the autumn, can I ask what the Government are planning to do to engage with the sector to get those schemes back on track and to address the damage that I think it is clear has been done during the 18-month delay?

Mr Jones: We expect to engage with the sector very quickly once we make our announcement. As I say, we have got £400 million of capital funding, much of which organisations have expressed a significant interest in, but we absolutely want to make sure that that money is distributed as quickly as possible, so that we can increase the supply of supported housing, because we know that the demand for supported housing is something that is increasing and not reducing.

Q82 Chair: Just to summarise, then, with the Joint Select Committee's help, CLG Ministers are now rescuing their DWP colleagues from the mess they got into?

Mr Jones: I would not quite put it like that. What I would say—and as the Secretary of State said earlier—is that were clearly some challenges around the current method of funding for supported housing. What I would say is that we have worked very closely with our colleagues in DWP and other Departments. There has always been a consensus amongst the various Departments that we want to do the best thing to make sure that these people, who are the most vulnerable in our society, are well-supported and cared for.

Q83 Chair: I think we are looking forward to the response now. It seems that it is going to be a helpful one. We just have a final two areas for discussion. Kevin was going to raise this but he has had to go, so I will take it on, on devolution. After last night's adjournment debate, there probably is not much difference between us on at least one issue on devolution. I am going to ask the Northern Powerhouse Minister if he would just explain to us now what the Government's approach on devolution is and how he sees it moving forward throughout the country.

Jake Berry: In May last year, we saw elections for metro mayors in some of the combined authorities in the United Kingdom. We can see already that those metro mayors are providing real leadership to their areas. I mentioned last night in the debate two examples: Ben Houchen in the Tees Valley, who is really driving forward the first mayoral development corporation outside London on the former Redcar steelworks—SSI, as it is known; and Andy Burnham, of course, in Manchester, who provided real leadership to that city, and I pay tribute to the fantastic work he did just days after his election when confronted with an appalling terrorist atrocity in Manchester. That showed how mayors can come of age in a matter of days. We are working with all



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existing metro mayors to help them fully implement their devolution deals and we look forward to seeing them go to maturity and all of those powers sitting with mayors.

For the future of devolution, we have a very important election that will take place on 3 May 2018 for the Sheffield City Region Combined Authority. As we look beyond that and as we look to our industrial strategies and our local industrial strategies, we must decide what devolution should look like in the context of an industrial strategy for the rest of England.

- Q84 Chair:** Are the Government now waiting for other areas to come forward with bids for devolution? Are they actively looking for them or are you assuming that devolution, for the most part, will now happen in the areas that have already got devolved powers and are seeking more?

Jake Berry: I am hopeful that other areas will come forward with ground-up, locally supported proposals for their area. We will look at each one of those on an individual basis when we make a decision whether or not that is something that sits with government current policy in relation to devolution.

- Q85 Chair:** As well as bids from existing metro mayors for more powers?

Jake Berry: We already have metro mayors in contact with the Department to talk with the Department about, when their mayoral devolution settlement is fully implemented and matured, what further powers they can have. If you think about the devolution settlement across our United Kingdom, it is absolutely clear that these devolution deals appear to be a one-way street. I could not think of any universe in which we would seek to take powers back from Scotland, Northern Ireland or Wales or, in fact, any of our existing metro mayors or other areas that have devolution. Clearly, the next discussion where you have a mayor in place or you have some form of devolution in place is, "What more can I do as a metro mayor?" or "What more can we do as an area to take on more power and responsibility from Government?"

We will look at each one of those cases on a case-by-case basis, although it is quite well-publicised that the Mayor of the West Midlands is already talking to Government, in line with his manifesto commitment, to try to negotiate a Devolution 2 deal as quickly as possible and to talk to us about what further power and responsibility he can take for the people he represents.

- Q86 Mr Prisk:** Just very briefly in that context, Minister, I should declare an interest because I was a minister involved in getting them established but, with local enterprise partnerships, clearly our city regions have evolved beyond that, in the sense that the metro mayor drives economic development forward. Do you see LEPs as still being pivotal in the delivery of devolved economic development outside the city regions? Are they still crucial in the Government's approach to this?



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Jake Berry: Clearly, LEPs have been a key Government partner for us, delivering lots of our programmes, and they are a key partner where there is a mayor. When I talk about the mayoral devolution settlements coming to maturity, these are the questions that mayors should turn their mind to in their existing area. We have seen a divergence of approach being talked about by mayors. Some mayors are suggesting that they subsume the LEP into their mayoral authority and work extremely closely with them that way. In other areas, mayors are welcoming the fact that there is an independent business organisation that, to some extent, can hold their feet to the flames. They probably will not welcome it too much, if they get their feet held to the flames. It can hold them to account on the significant powers they have, in terms of housing and being an area ambassador and delivering for business in their area.

It is work in progress. Devolution is always growing, and the Government really have to wait and see what individual metro mayors choose to do in their areas.

Q87 **Chair:** Just going back to the point you made about the election for the mayor for the four South Yorkshire districts within the Sheffield city region, perhaps I could ask the Secretary of State to reaffirm this as well, because you made very clear, Minister, last night what the position is. These elections will go ahead on 3 May, and whether the mayor elected will have any powers and any money is up to the four districts to decide between themselves.

Sajid Javid: That is right. That is correct. It will go ahead.

Q88 **Andrew Lewer:** What are DCLG's key priorities for the Brexit negotiations? Within that, how are you ensuring that local government's voice is being heard by DExEU?

Sajid Javid: If I can start with that, we are working very closely with local authorities, including the LGA and other bodies, on this. As well as my officials in the Department, other Ministers are doing this. I have also begun a programme of visiting regions around the country and having what we have called Brexit roundtables. I did one recently with one of the Ministers from the Department for Exiting the EU, in Cornwall, just a few weeks ago. There will be a series of these to try to hear first-hand from local leaders, including local businesses as well as, of course, council leaders, some of the issues that they are most concerned about, and also some of the opportunities that we still want to make sure that we exploit as we leave the EU.

In terms of the Department's own work, we are not one of the lead Departments in this. Many other Departments are much more affected by the withdrawal process, but all Departments are impacted one way or the other. In terms of our work, one area of work is around some of the current rules and regulations around building products and construction products and how many of them are regulated through EU legislation. With the EU Withdrawal Bill, we want to make sure that that is as smooth



as possible. We also work closely with other Departments on what the final new immigration system might look like post exit, because of the oversight we have of adult social care and also the housing sector, as we want to build more homes, where there are large numbers of people currently from the EU working in those sectors and providing vital support for those sectors.

Lastly, on the management of EU funds—the structural funds from the ERDF in particular—we are working with DWP on the ESF as well, taking together those EU growth funds. We mentioned that there will be a system that will replace those—what we have called the Shared Prosperity Fund—the UK SPF—which was in the Conservative Party manifesto. We have started work on that with other Departments. We are taking the lead on that to try to design what that might look like. In due course, we will set out what will replace those funds, but we want to make clear to local authorities, LEPs and other local leaders that there will be a replacement of those funds, naturally focused on UK priorities. That is something that is a big focus for the Department.

Q89 Andrew Lewer: I probably should throw in at this point that I come to this from being an MEP previously. You will know that local government took a particularly large share of cuts—more than a lot of other Departments—since 2010. Given what you have said about DCLG's role, and given that structural funding is the second largest component of the entire EU budget, behind agricultural funding, there is a big issue to be dealt with there and a big voice for DCLG, if you want it. How are you going to ensure that ERDF and ESF money and its replacement is not just high up in the queue for the Government to regard as a budget saving rather than a redeployment into a more locally democratic and accountable way of spending infrastructure funding?

Sajid Javid: First of all, we have already been clear that, for those funds, there will be a UK system that will replace that—the UK Shared Prosperity Fund. That will happen; it is a manifesto commitment. It will be happening. The work on that has already begun, as I said, led by my Department, but with a number of other Departments—Treasury, for example—involved in that. While we are not at a stage yet to set out exactly how that will work, it is already well-understood in the sector—by which I mean not just local authorities but also the LEPs that have been very much part of the current ERDF system—that there will be a replacement of that. In terms of what that might look like and how it is distributed, it is not just between the different regions in England because it is a UK-wide fund, so there are also questions around the devolved nations and what the priorities of that might be in terms of how we structure those funds. I am keen that we have a system that is not overly bureaucratic and that is much simpler than we currently have and much better targeted. As you well know, certainly from your experiences, the system that we operate today with the ERDF is European rules that are set for 28 countries rather than just what might suit an individual country, so we can better target the fund. That is the work that is very



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much the priority. However, in due course, as we set that out, hopefully we will have an opportunity to discuss it in more detail at the Committee in the future. In terms of priority work related to Brexit, this is very much the priority.

Chair: Thank you very much, Secretary of State and Ministers, for coming today. We covered quite a range of subjects, quite rightly focusing on Grenfell and the issues arising from that, but other issues as well. The Committee has already indicated we want to come back to the housing and building issues, to PRS, which we are going to have a look at, to business rates, to Brexit and to social care, so there are big issues we will want to come back to. Hopefully, the Minister will come along and answer some further questions on those occasions as well. Thank you very much for coming.

Sajid Javid: Thank you very much.