

Public Accounts Committee

Oral evidence: Homeless Households, HC 462

Monday 27 Nov 2017

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Watch the meeting

Members present: Meg Hillier (Chair); Luke Graham; Gillian Keegan; Nigel Mills; Layla Moran; and Gareth Snell.

Sir Amyas Morse, Comptroller and Auditor General; Adrian Jenner, Director of Parliamentary Relations, National Audit Office; Aileen Murphie, Value for Money Director, National Audit Office; Joshua Reddaway, Director, Commercial and Contracting VFM, National Audit Office; and Marius Gallaher, Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-188

Witnesses

I: Sir Robert Devereux, Permanent Secretary, Department for Work and Pensions.

II: Jon Sparkes, Chief Executive, Crisis; Gillian Douglas, Bristol City Council; Philip Glanville, Mayor of Hackney; and Michael King, Local Government Ombudsman.

III: Melanie Dawes, Permanent Secretary, Department for Communities and Local Government; Peter Schofield, Director General Finance, Department for Work and Pensions; Sally Randall, Director, DCLG Housing Standards and Support; and Sir Robert Devereux, Permanent Secretary, Department for Work and Pensions.



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Report by the Comptroller and Auditor General Homelessness (HC 308)

Examination of Witness

Witness: Sir Robert Devereux

Chair: Good afternoon and welcome to the Public Accounts Committee on Monday 27 November 2017. We have a busy session today. I will introduce the main session a little later, where we will be looking at issues around homelessness in England. I want first to welcome the State Audit Office of Vietnam, representatives of which are in the room—a very warm welcome to you. I also welcome Sir Robert Devereux, the Permanent Secretary at the Department for Work and Pensions. This is your final appearance before the Public Accounts Committee.

Sir Robert Devereux: It sure is.

Q1 **Chair:** I say that, but I am sure that if we ever needed you to come back to explain anything you had been responsible for, you would.

Sir Robert Devereux: I would certainly make time for you.

Q2 **Chair:** Thank you very much. Sir Robert, I should say, has been the Permanent Secretary at the DWP for the last seven years and a Permanent Secretary for 10 years in total. How many years have you been in the civil service as a whole?

Sir Robert Devereux: Gosh, 150, I think. I started in 1978.

Chair: Right. We will be interested to read your memoir at some point. Sir Robert is heading off to the dreaming spires of Layla Moran's constituency.

Layla Moran: Welcome!

Q3 **Chair:** Which college will you be responsible for? You are moving to Oxford—is that right?

Sir Robert Devereux: No. I have been made an honorary fellow of my old college, St John's College.

Chair: Forgive me. I overinflated it.

Sir Robert Devereux: Yes, but it does give me dining rights, so you may not be overinflating it.

Q4 **Chair:** Well, we look forward to your memoir. We have some serious issues we want to talk to you about, and we thought this was a good opportunity, with you leaving. It is also timely, given some of the Budget announcements. I want to cover some of the issues around your Department, starting with Universal Credit, which has probably been the biggest project that any Permanent Secretary has had to implement in



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recent times. In short, would you say that Universal Credit has been a success so far?

Sir Robert Devereux: The reason why the Government introduced Universal Credit was to get more people into work, and all the academic evidence—peer-reviewed by external parties three times now—demonstrates that Universal Credit is getting more people into work more quickly and earning more than under the predecessor arrangements.

Q5 **Chair:** Just over 8% of the population are on Universal Credit at the moment. Is that right?

Sir Robert Devereux: Yes. The point I am making is that, for a limited period—a not-to-be-repeated offer—while you are still running the old system alongside the new system, you can properly compare in a controlled experiment whether this new system is better than the old one. Particularly for the benefit of some of your visitors listening, the regime we are changing—at least for those on JSA—has been assessed consistently by the OECD as the best in the world, so to over-achieve against that, as we did, is a remarkable outcome.

Q6 **Chair:** So you are bullishly optimistic about it. The numbers are increasing, but it is fair to say that you are still dealing with quite simple cases and individuals, with a few more complex ones coming through.

Sir Robert Devereux: No, that is not true. The thing we have been spending most of our time on is the roll-out of what we call the full service, which is literally everybody. In over 100 locations in the country now, you simply cannot claim any of the legacy benefits, whether it be tax credits, sickness benefits or carer's benefit—carers' version of income support. Literally everybody coming through the door in, for example, Rugby is every possible type of claimant. It is true that we started off simply, with single JSA people—the very people for whom, by the way, it was most surprising if we could get an improvement. We are now increasingly covering people with all kinds of needs and need for support.

Q7 **Chair:** You and anyone watching this will be aware, and we are aware from our caseloads, of some of the criticism of Universal Credit, and particularly the six-week delay in the first payment being made, which might mean that people struggle to pay their rent. Do you think the Budget announcements last week will be enough to allay concerns and the very real problem for people who will be struggling in those first six weeks?

Sir Robert Devereux: The responses I saw from most of the charities and most of the MPs was very positive. What you are alluding to is a series of policy changes that Ministers have made. They consciously chose to add waiting days in as part of the Budget measures several years ago. It costs money to take it back out again. It is not surprising, therefore, that it was a Budget measure in which it was announced. From a Universal Credit perspective, if we can run the system without that, it will clearly be easier for everybody.

Q8 **Chair:** One of the challenges in implementing this is that there have been



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different policy changes throughout the piece. Neil Couling wrote to us about a month ago with some of the challenges and how quickly those changes could be implemented. Is the system agile enough to make changes as it is buffeted by the very real experience of people on the ground, fed through politically, and how quickly will these changes from the Budget be implemented? Is the system as a whole capable of changing and how quickly will these changes be implemented?

Sir Robert Devereux: It is worth observing that any programme as massive as this—you acknowledged that at the start—that takes years to do will necessarily encounter changes along the way; we have now embarked on Brexit and we had the Grenfell Tower fire. Lots of things happen in life and you have to make sure that your programme adjusts to it.

I have been pleased that, in the last two or three years at least, each time one of those adjustments has taken place we have carefully stood back and said at what pace and in what way can we accommodate the new things we are being asked, as well as everything else we did. In the most recent experience we have made, as you know, some adjustments to the roll-out in February, March and April to give us a little bit more space, because if Ministers want us to do two or three more things that we had not planned to do, that will have to take some place in the programme.

The good thing about the system at the minute is that there are things that are being delivered now—take, for example, the landlord portal—that were not even thought about a year ago. It is through the process of adjusting and learning and realising what claimants do and do not know about their circumstances that we find what would work. We have got a system now that means you can rapidly reassess the next most important priority and put it at the top of the list, code it and implement it, but it does mean you are constantly juggling the collection of things available to you and trying to make the optimum decisions as you go along.

Q9 **Chair:** In answer to a previous question, you said it was a policy decision to build in the delay to that first payment. So it was not anything to do with DWP designing that in; it was because Ministers made the decision that the delay was acceptable.

Sir Robert Devereux: If you go back to the original 2010-2011 plan, waiting days was not part of it, but nor were the £12 billion-worth of welfare reductions in the Conservative manifesto in 2015. They were not in it, either.

The point I am making is that if you have a very simple, trivial programme, you can be done and dusted in five months, in which case the world probably has not changed. If you are going to do a programme that is necessarily going to take six, seven or eight years to do, you have got to go about it in a way that expects change and adjusts for change and does not stick rigidly to what will rapidly become out-of-date budgets and timetables.

Q10 **Chair:** Did you give any advice to Ministers about the likely impact of that



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delay on payments, particularly for the housing element of Universal Credit?

Sir Robert Devereux: We consistently advise Ministers on all the policies that they have in front of them.

Q11 **Chair:** Did you particularly highlight that aspect and some of the issues that have since come forward?

Sir Robert Devereux: I have had four Secretaries of State in the last seven years and each of the last three have been well aware of the waiting days issue.

Q12 **Nigel Mills:** I think you just gave us a timetable for these three changes. Is it in February, March and April that they are coming in one by one?

Sir Robert Devereux: Not quite. I said February, March and April because those are the months in which we will do slightly fewer roll-outs than we had previously planned. The date in question for the issue is in January. New claimants will be able to get 100% advances, rather than 50%. In February we are removing the seven-day waiting period, and in April claimants will get their housing benefit run-on with an extra fortnight's money.

Q13 **Nigel Mills:** And those are achievable? The code can be rewritten to deliver those in time for that?

Sir Robert Devereux: Yes, it can. The fact that we have to take people to write that code rather than the code they were going to write is the reason why we then adjust the programme.

Q14 **Nigel Mills:** Adjusting the programme is not a pause; that is an adjustment, a slowing down.

Sir Robert Devereux: The most foolish thing that anybody can ever do is stick to something even though the circumstances around them change.

Q15 **Nigel Mills:** On the third of those changes, the extra two weeks' housing benefit, is there not a risk that possibly some landlords will get that extra money? If the rent is being paid direct to the landlord and the current benefit stays there, how do you stop landlords getting a bonus of two weeks' rent in that situation?

Sir Robert Devereux: What is going on here is that, essentially, by doing the run-on, the message that comes from the Department to local authorities to say, "Please stop paying housing benefit because we have taken over", will be issued a fortnight later. In that period, we are effectively providing the claimant with more money than they would otherwise have got, which is part of the reason why this package costs £1.5 billion altogether. The money that is typically paid out of housing benefit would have been paid to the landlord. The additional cash that the claimant will have will be in the claimant's hands. They are the ones who are paying the rent, typically.

Q16 **Nigel Mills:** If you have a claimant whose housing benefit is currently



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paid directly to the landlord, and that continues under Universal Credit—I think that can happen in some situations; there may be a few more going forward—is it not then the landlord who gets that extra money, because you are kind of paying it twice for those two weeks?

Sir Robert Devereux: No. I am trying to work out what circumstances you are talking about. In the event that the pre-existing housing benefit claim is paid directly to the landlord, you are right: the extra fortnight's money will go straight to the landlord. If their Universal Credit claim is paid to the claimant, as most are, at the end of that first month the claimant will then need to decide how much they are in arrears, or otherwise, and pay the landlord.

You are right that there is a potential issue there, but this money is in the hands of the claimant and they will need to take responsibility for making the right payment.

- Q17 **Nigel Mills:** We get slightly worried about technicalities in public finances here. Are you not worried that you are spending money differently from what it was voted for? We are voting money to be spent on housing benefit but this just looks like an additional benefit payment. Can you manage that within the budgetary rules?

Sir Robert Devereux: Yes, we can. To be quite frank, it amounts to the additional provision of funding between one benefits system and the other. The same fortnight is, at least notionally, being paid for twice, but we are going from a regime that has historically paid a fortnight in arrears to one paying monthly in arrears.

It is a moot point whether or not that is double provision when at the same time you are trying cut off a monthly payment—without which, by the way, you simply cannot do the critical part of Universal Credit, which is to look a claimant in the eye and say, “You will be better off with that job”. Unless you are paying monthly, you cannot do that accurately.

- Q18 **Luke Graham:** I was going to move on to PIP, if that is okay, just to progress it. Obviously, we have seen a number of issues with the Personal Independence Payment and the assessments coming through; I have certainly had a number of constituents' cases come through.

As you will be well aware, in 2016 60% of the tribunal decisions on PIP were in favour of the claimant. The health assessments are to be re-procured in 2018. Do you see that as a real opportunity to improve the experience of those who are being reassessed, or assessed for the first time?

Sir Robert Devereux: Just one observation, because people routinely quote the success rate at appeal at me: taking PIP on its own, or indeed PIP and ESA together, about 8% of everybody makes an appeal, and about 4% of everybody actually succeeds at appeal. If you just take the appeal rate, you use a big number, but I have done 5 million decisions in the last three or four years on ESA and PIP together and only 4% of those have actually been changed on appeal. That is point 1.



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Point 2 is that, quite often, those changes on appeal are simply because more information is in front of the tribunal than was available to us. If the claimant declares something in writing that they had not previously declared, in my book that does not mean the original decision was invalid. However, if the tribunals want to routinely re-test the case as it is on the day of the tribunal, they are not seeking to work out whether my decision maker made the right decision originally.

All of that said, is it a reasonable thing for us to continue to try to improve? Yes, of course it is, so we have done two things. First, in the first instance, in respect of appeals, we have now recruited around 150 so-called presenting officers, to actually make sure that the way that the Department had been thinking about the case is put in front of the tribunal—in particular, for example, to explain why the decision maker did or did not take account of some other piece of evidence, which is not always necessarily straightforward to the tribunal.

With the contracts coming to an end, we will need to decide the mechanism by which we relet them and what the terms will be, and try to get the right balance between making sure we have confidence in delivery and professional quality control and proper cost—all of those together. All the things that we have been learning, we will try to make sure are in the new contracts as well.

- Q19 **Luke Graham:** You raise a really valid point in saying that a lot of the appeals have a success rate based on the fact that more information is provided at a later stage. Certainly from the cases I have seen, I would argue that that is because in the original assessment, claimants are not properly informed of the information they are meant to provide. Also, they are not always asked the right or complete questions by the assessors. There is definitely a performance issue there, so how hard are we going to push to make sure that in the new contracts there are clear KPIs on information provided?

Sir Robert Devereux: I would make two observations. One reflects various bits of feedback. Through the process, before we get anywhere near appeal, we now routinely call claimants to explain why we have decided something, to give them the chance, if they don't think it is right, to come back to us before they get to appeal—the so-called mandatory reconsideration—so that this is not the first time they have heard that the decision is the way it is; it is not the first time they have been invited to do this.

That said, if you have a system involving, as I have just said, 5 million decisions in the last few years, the right thing for the system to do is to have the ability to redress. So yes, we do mandatory reconsiderations; yes, we do appeals. And if we find, as we have found with some of our providers, that the variation, for example, in the individual performances of healthcare professionals is not tolerable, we take action.

The thing that you are probably already aware of is that in the reassessing of old DLA cases to see whether the people are entitled to Personal



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Independence Payment, we have consciously slowed that programme down to provide more time for the providers to make sure they have a good-quality system. That has made a big difference to the level of consistency in the system, and that is an entirely reasonable response to—

- Q20 **Chair:** If you were giving a handover note, an advice note, to your successor about how to rewrite the criteria, particularly for fluctuating conditions—we won't repeat the discussions we have had about that—what would be your top two or three tips for your successor? We have talked about the error rate, but let's not forget that of course real people are massively affected—a small percentage is a lot of people.

Sir Robert Devereux: I know that. Let's be clear: more people are getting the higher rate of PIP than got DLA with mental health conditions, so the machine, at the moment, is doing exactly what Ministers wanted it to do, which was not to be so narrowly focused as to be predominantly a physical disability assessment, but to be broader. I am pleased that that is one of the outcomes; it is entirely as part of the design.

It is difficult to be absolutely consistent about how you do things with fluctuating conditions. We are learning all the time about what can be helpful and what is not helpful, so in the way we write the contract, we will try to get that straight. But you will be familiar with the fact that with any contract writing, these things can rapidly become Christmas trees of things you would like done. At the end of the day, you need to be really clear about three or four critical things on which money and performance will be assessed.

- Q21 **Chair:** So that is your tip for your successor.

Sir Robert Devereux: That's one tip. The other thing that we have learned, possibly the hard way, is that there is no substitute, with any Government contract, other than managing it day in, day out, within an inch of its life. Sometimes I have found Government Ministers being slightly surprised by how much effort we have to put into managing the private sector, and more than one Secretary of State has said to me, "Just a minute. I thought they were supposed to be doing this; that was the point of giving it to them," to which I'm afraid the answer is a slightly wry smile and, "Well, you may have thought that, but in truth, it does require real attention on the part of the purchasing authority," as this Committee knows very well.

- Q22 **Chair:** That's a tip for your successor. What about a tip for the politicians that your successor is going to be working to? Let's say I am the Secretary of State moving into the DWP, for example. What would you advise a politician in terms of, first of all, PIP?

Sir Robert Devereux: Are we on to the last question yet, or just on PIP?

Chair: No, just on the disability assessments.

Sir Robert Devereux: The thing about the Department is that it's running a series of quite different businesses. There is a whole set of things to do with means-testing that we have been doing forever. There is



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a set of things on child maintenance, which has now finally, after whatever it is—27 years—got an unqualified account from the CAG, which is a triumph to go out on. We have things to do with contributory state pension, which is running perfectly well, too.

When it comes to the disability, the health agenda, Ministers know that that is the hardest part of the system we run, because it depends on understanding somebody's capacity for work and the effect that the disability or sickness has on their life. That is not a straightforward thing to measure. It is not the same as a bank balance; it is not the same as the funding transferred between parents who have separated. So it's not a surprise to me that that is the hardest part.

I think the last three Secretaries of State, for sure—actually, all four, including Iain Duncan Smith—knew that the last part of welfare reform, over and above everything we have done already, is to make sure all of this really works well. But what we have found, actually, is that the simplest way to do this is to keep working the problem in close consultation with the suppliers and the feedback from the claimants themselves and their charities.

Q23 Chair: Okay. Can we move on to the issue of jobcentre closures? You are planning to reduce the size of the estate by 20%. First, how is that going?

Sir Robert Devereux: Pretty well.

Q24 Chair: And that is going to be done by 2020-21. What percentage are awaiting—

Sir Robert Devereux: Some 93% of all the leases have now been signed. From memory, we are on target to reduce 18% of the space by 2021—19% if you don't count the sites we are transferring from HMRC. We think we are going to be making savings of the order of £135 million a year. About 15% of all the people who work for me—75,000—are moving building as part of this in March. We have gone beyond the point at which external scrutineers have been fretting about our capacity to run what is probably the largest estates renegotiation in the country. We are now into people fretting about, "Can I actually buy enough desks and wire enough cables to get all those 15,000 people moved?"

Q25 Chair: That's the internal. What about the people who actually need to visit the jobcentres? What consideration—

Sir Robert Devereux: Oh, I'm sorry.

Q26 Chair: That's fine. We wanted that too. What support are you providing for claimants who, for instance, have longer journey times or maybe expensive journeys? Many of my constituents don't get the bus to the jobcentre because they can't afford the bus fare. They have to walk, which is fine if you are in Hackney, but possibly not so easy in Mr Graham's constituency or in Amber Valley. What about those practical issues? At the end of the day, one of the things you are doing is serving a broad public.



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Sir Robert Devereux: You won't be surprised to learn that Ministers spent a great deal of time going through the changes to the jobcentres—the retail estate, as it were. The great majority of changes we have made literally involve people making an initial journey of less than five minutes. Even the National Audit Office's own assessment concludes that something in excess of 93% of people journey for less than five minutes more.

Q27 **Chair:** What about the 7% for whom it is longer than five minutes?

Sir Robert Devereux: I knew you would ask me that. I am just getting to it. I just wanted to get that bit in first.

Chair: Getting the little bits in.

Sir Robert Devereux: In the event that somebody is moving, what are we doing? Two things. First, claimants can elect, if it is better for them, to choose a different jobcentre—one that is closer to them, if we have moved the first one. Secondly, we will give them advice on how to get to their second jobcentre and some time to adjust to that.

But the arrangements in respect of providing funding for it basically are unchanged. At the moment, if we require you to come in outside your normal fortnightly signing, actually you are capable of getting a reimbursement for your fares. There are cards for jobseekers that will give them a discount on the bus. We have not changed any of that, because actually that seems to be a system which has to date worked, and beyond all of that, there is, in those events that really need it, a possibility of postal signing.

Q28 **Chair:** Okay. I want to move on to the wider challenges of the Department's running costs and the plan to reduce the costs by a further £800 million by 2019-20, obviously set out in the last spending review. How is that going? What is the impact of that? What will we see not happening as a result of those cuts?

Sir Robert Devereux: The spending settlement was set in 2015. We got inside our budget in 2016-17 and I am expecting it in 2017-18. But you are right: the plan that we agreed with the Treasury included a reduction between the year we are currently in and 2019-20 of the order of £1 billion. We entered into that in good faith with the Treasury, based on the then plans of the Government.

The main reason why you end up with a big saving in that period is that of the increasing automation delivered through Universal Credit, because we would have finished all the reassessment of the disability cases and all the winding up of all the old child maintenance cases, with them being on the new system. So essentially, the great wave of change that we have been running for the last seven years comes to an end.

Since then, we have made good progress—on the estates regime, for example, where our target for 2019-20 is broadly going to be met. We made some big changes in the cost of our digital contracts; just last weekend, we have moved some of our biggest systems from very secret

sheds in the north of England to much cheaper ones in the south of England, and just doing that alone is going to save me £60 million a year.

But on the other hand, some of the changes we have talked about, such as Universal Credit—if Ministers change the plan, it actually puts back the data automation. If people choose to vote for customer confidence in the PIP system and we do it slower, that puts back the date at which I am not running two systems, all of which does put pressure on the 2019-20 position.

So you can expect that my successor is going to sit down with the Treasury and do two things. One is, “Are there other savings that you can deploy to offset that?” If there are not other savings, then the hard question is, “What do you want us not to do, and/or where is the extra cash?” That is a perfectly robust conversation—I have been doing that now for 38 years with the Treasury—

Q29 Chair: What are the options about what not to do?

Sir Robert Devereux: In my view, relatively few—

Chair: I would have thought you’ve already squeezed until the PIP squeaks.

Sir Robert Devereux: It is always possible, if Ministers do not want to run a pretty much top-of-the-range conditionality system, to see people less frequently. There is a lot of money locked up in doing that. However, all the evidence to date—this is one of the reasons why the OECD commended the JSA regime, even before we got to UC—is that an intensive conditionality regime, which is where most of the money in the Department is spent, has a particularly positive effect on the labour market. Therefore, you fiddle with the cost of my Department at the peril of the much, much larger moneys that my Department is accountable for. So we are talking about a £6.5 billion budget to run us, and a £180 billion benefit bill. So, “Be careful what you wish for” is the message.

Q30 Chair: That is very candid. Talking about that intense conditionality service, you have got 11,000 work coaches planned for the full roll-out of Universal Credit. How is that going? How ready are the staff to embrace this new challenge, this new style of working?

Sir Robert Devereux: Again, I think it is going fine. We have recruited 1,700 people since April last year. We have now got 13,000 work coaches across the network—

Q31 Chair: Are these all new recruits to the DWP?

Sir Robert Devereux: No, it is a mix. We have got both people coming in from outside—some of those will be from other Government Departments—and other people being promoted from inside. So basically the grading within the jobcentres has been consciously increased, because these are very responsible roles. Each of the members of staff doing this are typically spending five weeks in classroom training, having consolidation on the job when they get there.



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I guess the most important thing I could usefully use as evidence is that I have yet to meet a work coach who would not prefer to stay with what they have now got in Universal Credit than go back to the system they were on previously. So, yes, they have got to learn more, but they are happy to learn more because the thing that work coaches are driven by is getting people into work. And they know that, by the time you have explained the 16-hour rule and what you can and cannot do as a carer, and what you can and cannot do with the transition to housing benefit, it is just more trouble than it is worth. Whereas, with Universal Credit, you look them in the eye and say, "That job will pay, will make you better off", and it is consistently so.

- Q32 **Chair:** Okay. I want to go back to the issue of waiting times for Universal Credit payments. How quickly, practically, could your Department reduce waiting times if there was a decision to do that further? Would that cause a further delay? You talked about delays earlier, but how quickly could the system shift? If a decision had been made in the Budget to reduce it by three or four weeks, instead of by a week, would that have been possible, and how quickly could it be implemented?

Sir Robert Devereux: I think you have to start by asking: what are you trying to achieve here? I tried to allude earlier to the fact that the reason that Universal Credit works is that people can be confident that if they take any job—even three weeks, even for 30 hours—their take-home pay to the end of the month will be higher than it would otherwise have been. For that to be true, you have to be able to take account of and know the earnings that they have had in that period. For three quarters of the population, those earnings are monthly, so I simply cannot run a system on which people can be paid, let's say, fortnightly, and dynamically adjust it in such a way as to—

- Q33 **Chair:** No, not every week, but this is about that first payment, isn't it? We don't want to repeat the issue around that first payment.

Sir Robert Devereux: No, but this is important. You get the general point, right? So then, imagine we are in the first period. If I do not wait long enough to find out what the monthly earnings are, what would you like me to pay people? Because they may not have any entitlement.

- Q34 **Chair:** Enough to pay their rent would be a good start, would it not?

Sir Robert Devereux: But how would I know what that is? The reason about the first period is that, actually, in that first period, all we are doing is gathering the information—and 89% of everybody is getting a payment at the end of the first period, and 80% are being paid in full.

- Q35 **Chair:** Sir Robert, you are describing this in procedural terms, which is partly what your role is, but at the end of it there are people who are struggling and worried and getting pre-emptive eviction notices from landlords because of the challenge of their benefits not being enough to pay the rent.

Sir Robert Devereux: Yes, there are a lot of stories about this, and as my Secretary of State made plain in the House the other day, some of the



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stories you hear are simply not true. We heard one story running the rounds that said that one in eight people in Gloucester on Universal Credit were being evicted. It turned out that it was eight, none of which had anything to do with Universal Credit. People had been abroad for 18 months. That happens on housing benefit. The question you should ask is about the fact that a lot of housing associations and landlords—not unreasonably, in the old world—automatically trigger something from the computer system that says, “You appear to be two weeks in arrears. Unless you fix this, we might start eviction processes.” In the Universal Credit world, that is not the smartest letter to write, so we have been talking to the housing associations and saying, “If you know it is going to be a four-weekly period, I wonder whether you should be sending those letters?” In practice, a judge will not grant possession of a property if the state stands behind it.

- Q36 **Chair:** The issue for social landlords, of course—we do not have time to go into all that—is the impact on their borrowing if they have an erratic set of payments or there are arrears. When housing benefit went directly to the tenant, there was evidence that some people were delaying payments to landlords for rational reasons, such as buying a washing machine when theirs had broken, which caused a problem for those housing associations in borrowing terms. There are knock-on effects. You cannot see it in isolation; surely you would agree with that.

Sir Robert Devereux: I can see that, but we are running a system here. The other feature of Universal Credit—this has gone slightly unnoticed—is that our ability to recover arrears is at a much higher rate than it was in the legacy benefit. If it turns out there is a problem, and if the landlord comes to us, as they may do, with anything up to eight weeks arrears and starts to have those arrears corrected directly—

- Q37 **Chair:** Through the landlord portal?

Sir Robert Devereux: They can come without the landlord portal, but it makes it easier. Then we will collect those arrears. We have to think about it in the round here. That is what I would say.

- Q38 **Chair:** There is one case that sums up some of the challenges: one of Karen Buck’s constituents was on Universal Credit benefit and moved to a borough without Universal Credit, which was a bit of a sticky challenge to start with. This is partly due to the transition of the system. The Universal Credit benefit for housing was £442 per week, but the rental costs in Westminster were £460 per week. She then had to apply, with some help, to get a discretionary housing payment. That brings me on to discretionary housing payments generally. They are funded by your Department, but they are topping up a system that already, in many expensive areas of London and the south-east, does not cover the actual rent. Does that not suggest that the system is bust? Is there anything you would say to your successor about how to manage that, rather than everybody having to apply once for UC and then for a second discretionary housing payment, which will have to stick in place for quite some time unless that rent drastically reduces?



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Sir Robert Devereux: What can I say about this? Discretionary housing payments are basically a mechanism by which the Government can respond to the fact that individual circumstances will be complicated.

- Q39 **Chair:** Except it is not just individuals. In London and the south-east it is quite widespread. That is the point, isn't it? Some of these areas are very expensive.

Sir Robert Devereux: No. Put it this way: I don't think it's possible for a Department like ours to legislate for all sorts and conditions of mankind. We have made some basic propositions about the benefit cap, the spare room subsidy and things like that. We have then said, "Look, if your particular circumstances are such that that is not a sensible thing, here in the DHP world is some extra cash."

Ministers have consciously made those choices. Remember, coming back to the 2015 position, that the Government were elected on the basis of making £12 billion of savings. Some of that has come out of housing. Some of it has been inviting the question, "If we have people on benefits, should they be in Westminster and Kensington? Are there other options available?" Those are the sorts of questions that the policy is prompting.

- Q40 **Chair:** If you live somewhere already, and you need to claim housing benefit, the idea that you might move house for a few weeks while you are looking for work seems incredible. I will park that, because it is probably more of a policy issue and we do not have time to get into all that.

Sir Robert Devereux: It is a policy issue.

- Q41 **Chair:** Perhaps I can ask you about discretionary housing payments. Is that budget going to be continued? It was originally going to be a temporary thing, but it has carried on and money continues to go into it. Is that something you envisage in the system: a regular system that continues ad infinitum to cover those personal circumstances, as you call them?

Sir Robert Devereux: I'm afraid I do not have to hand the last commitment we made. I think we have probably made a commitment for the next two or three years about discretionary housing payments. That is consistent with the fact that, at the moment, the Government's own financial planning for each Department only goes up to the end of 2019-20. Would I expect it to continue after that? I probably would. Some of it, though, is to do with transitions, because some of the policies that have been introduced will have worked their way through by the time we get further on.

I don't know that it's self-evident that it will be persistent. You come back to a fundamental feature of the welfare system: ever since Beveridge, nobody has been able to find a national way of doing housing costs, other than by having something separate for housing. Then the question policy-wise is: do you want that thing to be exactly equal to rent, or do you want



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it to have any particular pressure in it to make people make choices? Those are choices that Ministers have made.

Q42 **Chair:** Do you think that the housing benefit system is fit for purpose?

Sir Robert Devereux: We are spending a large quantity of money supporting a large number of people. One quarter of all the people in the private rented sector are on housing benefit, so I think it is a reasonable thing for Ministers to make some choices about that, but you are now straying very much into the heart of quite deep political choices.

Q43 **Chair:** Absolutely. What would be your top three tips or messages to your successor as they walk into the Department, possibly in January, and are faced with all the challenges that you have been dealing with for the last seven years? What would your private note to them—which you would wish to share with us—say in terms of top tips and best advice?

Sir Robert Devereux: I actually have something that I want to say to the Committee, but I will come back to that in a moment.

Let me come back to Universal Credit, because I think that is a fairly good illustration for what my top advice would be. The Department is doing an extraordinary number of things, so my first piece of advice is that you have to watch it all incredibly carefully. It is all very well saying that we have a policy of test and learn—which we do, by the way—but it is a very active thing. It does not happen on its own, and you are constantly trying to look around and see what is going on.

In the run-up to the decision in October to accelerate the roll-out of Universal Credit, the best part of about a year's hard work culminated, at a level of detail that you do not want to see. The net effect of that was that when we came to make the decision, the big meetings were actually rather dull, because everybody knew that we had covered every possible base—so the first thing is that detail is quite important.

Secondly, as I have already alluded to regarding Universal Credit, if the world around you changes, change your plan. Do not stick rigidly to things that have long since passed their sell-by date.

If I had a third tip, I am conscious—particularly in the Universal Credit world, but this is true more generally—that some of the stories that do the rounds are simply not accurate, and we need to be much faster in dealing with them.

I do not know if you listened to "Money Box" on Saturday, but Paul Lewis gave us a perfectly nice apology for a story that he had run the previous week. The story that he ran the previous week was, of course, all over the "Today" programme and BBC Online; the apology was just on "Money Box". My staff wake up in the morning and have to deal with claimants who are worried because of a radio programme, and it turns out the worry was entirely misplaced. That happens time after time; the stories that you hear are rarely entirely consistent with the true story. I think it is part of

my role, and that of my communications director, to ensure that we get those messages out quite quickly.

Q44 Chair: Okay. Thank you very much for coming to—

Sir Robert Devereux: Can I just take two minutes to say something back to the Committee today? I have appeared 30 times now. It will not take me very long.

Chair: Okay. I'll be indulgent, but I am aware of time and you are on the next panel but one.

Sir Robert Devereux: That is very kind. First, the system of accountability that you preside over works better than you might imagine. That might seem an odd thing to start with, but having the most senior civil servant in a Government Department personally accountable to Parliament for all the public spending really does keep everyone on the straight and narrow. Ministers, officials, and everybody else know that day-to-day decisions have to be right. That does not typically involve getting out the rule book; people actually behave that way.

Secondly, on the method of scrutiny, the Committee might want to think about one thing. All of the 30 hearings that I have done have typically been about one particular thing—project X, policy Y or contract Z. Very rarely do you ask me about the totality of the many things I am doing, - and you have never inquired about the consequence of what that totality does for—

Chair: Well, that's what we are going to do in the next session actually.

Sir Robert Devereux: No, you're going to do one on homelessness. That is not the same as all the other things that I am doing.

Chair: Well, it's a wider thing across Government.

Sir Robert Devereux: The point I want to make is that we have now had a series of non-executives since 2010 on the main boards of Government Departments. The three that we have had have run, respectively, B&Q, the London Stock Exchange, and Argos. Each one has said, "To be honest, I think you're probably doing too much too quickly." That sort of risk, however, is almost impossible to pinpoint before it happens, so despite the fact that people work hard, not everything necessarily goes well.

Lastly, despite all of that, I am incredibly proud of the things that my colleagues have done. In the last six years, we have managed to reduce our running costs by £2.5 billion and reduced our staffing by 50,000 people as we have become more efficient; and taken out 50 million phone calls a year as we have become more digital. All of that has actually improved our customer service and reduced our complaints. Just last week we managed to become finalists—along with Shell, if you please—for project company of the year, reflecting all that we have done on welfare reform.



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The thing that underpins all of that, without a doubt, and that I will leave as the most important thing to my successor, is that ultimately the success of the Department depends on the motivation and hard work of the 75,000 people who work for me. That has gone up 16 percentage points in the last six years, which is more than any other main Department. That engagement—their pride in what they do and their belief in making a change in people's lives—has been the root of all the success of the Department, and will be the root of their success long after I have retired. Thank you for listening to me.

Chair: Thank you and we will look forward to having you back on the panel after the next one.

Sir Robert Devereux: I can't wait.

Examination of Witnesses

Witnesses: Jon Sparkes, Gillian Douglas, Philip Glanville and Michael King.

Chair: Welcome to the Public Accounts Committee on Monday 27 November 2017. We now move into our main session, which is in two parts, like all the best movies. We are discussing homelessness—a very serious issue—and some of the work we did about a year ago looking at housing policy in the round across Government.

With the support of the National Audit Office we are focusing particularly on issues around homelessness—not just visible homelessness, but hidden homelessness. We are working with the benefit of the NAO's Report of that name, which was published in September and which I think all of you have seen. We are delighted to welcome, as our first panel, people from the coalface who have to deal with the challenges of how to implement Government policy on homelessness and the real issues of people in that situation.

From my left to right, I have Michael King, the Local Government Ombudsman, who deals with some of the complaints and issues around this; Gillian Douglas, from Bristol City Council; Philip Glanville, the elected Mayor of Hackney, who is well known to me, of course; and Jon Sparkes, chief executive of Crisis. Our sister Committee is also doing a hearing on homelessness today, so we will liaise with them on the final report that we put out.

Q45 **Gillian Keegan:** Do you have any idea what is driving the increase in the number of households that are ending their assured private tenancy? That seems to be one of the drivers for homelessness, but what is the driver for that?

Chair: There is a good graph in the Report that highlights this point. It is figure 3 on page 18.



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Jon Sparkes: I will start with some structural reasons that are contributing to that. In fear of stating the obvious: the affordability of the housing in the first place; access to social housing; the access arrangement for private rented sector housing; and welfare reform and restrictions to that. Put simply, homelessness has been tackled over the years either by there being enough social housing or through a welfare system that plugs the gap between what people can afford and the cost of rents. We are where we are because neither of those things are working right now.

Q46 Gillian Keegan: But we have been hearing for years that there is not enough social housing, yet there has been a little bit of a spike in delivery of social housing. It is something that has been going on for years, so why is that? Is it because we have much more demand? What are the factors that are making that change recently?

Jon Sparkes: We have had that for years, but it is also a recent phenomenon. Between 2007 and 2016, for example, the number of single homeless people obtaining a social let each year has gone down from 19,000 to 13,000. It is simply the case that with welfare being frozen, reduced or cut variously, and rents continuing to up, that gap has become unsustainable for many households.

Philip Glanville: I would echo what Jon said. Since some of the welfare reforms that we just heard Sir Robert talk about, we have seen rents go up 47% in a borough like Hackney. The amount of funding available for residents to support that rent rise has only gone up 2%. The de-linking of LHA rates and housing benefit from local rents, and then the cap on those, has had a massive impact. The proportion of people exiting the private rented sector and becoming homeless was only 7% in Hackney in 2006-07; in the last year it was 30%. The key driver is not family breakdown, domestic abuse or being in the wrong size property; it is the ending of those private rented sector tenancies.

Building on what Jon said, you have seen more people in the private rented sector in a borough like Hackney, but it is completely unregulated in terms of its affordability and the length of tenancies. You are seeing that dual effect of welfare reform and an unregulated sector. The public purse—local government and housing benefit—is having to pick up the strain, with more people coming through the door seeking housing support because there simply isn't anything else affordable in the system. Only 3% of rents in Hackney are now affordable to a family relying on local housing allowance. That has fallen in the last seven years.

Q47 Chair: I wonder whether Gillian Douglas has a perspective from Bristol, which may be different.

Gillian Douglas: In Bristol, we have 1,000 households per quarter presenting as homeless. The private rented sector now makes up 29% of all tenures, compared with 18% for social lets. The ending of an AST is the joint top reason, along with being told to leave by family and friends, for people presenting as homeless. The key issue is our inability to find an



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AST to replace it with. When that tenancy has become unaffordable—as we know, private landlords do not need to justify the ending of a tenancy; they just need to follow due process—what we find is that there are no market rents out there that are within reach of people who are on any level of housing benefit, and 35,000 households in Bristol are on housing benefit to some degree or other. Most of them are working, so the issue is not about just being in work.

The average rent for a three-bedroom private let in Bristol is £1,200, whereas the LHA is £780 or so, so it is massively out of reach. We have requested on a number of occasions that LHA be reviewed, because it is based on a wider Bristol market area, but there is just such a huge gulf for people that even if they were to move out of Bristol to commuting distance they would not find anything within reach. They are looking to social rented accommodation to meet their need and usually waiting for a very long period to achieve that—if, indeed, they have enough priority, because they are vulnerable or they have children. They will be waiting in a very long queue anyway.

- Q48 **Gillian Keegan:** We are trying to understand ASTs, and you have just brought up something. We were thinking that, perhaps because there is just more pressure in general in the marketplace, landlords were basically getting choosy, but there is an affordability element that is actually causing them to be terminated.

Gillian Douglas: Yes, definitely. Bristol City Council has tried to work really positively with private landlords and incentivise them to take people on LHA or just above—we have even offered top-up, rent in advance and deposit bonds—but it is understandable that most landlords want to maximise the return on their property. Therefore, if they can get working households—people who do have 30 times the monthly income as their salary—then obviously they are going to go to that market first. Some lettings agents have told us that for some properties in Bristol they will see 25 working households with the income they need to take those properties, so the people on LHA are off the radar in that respect.

- Q49 **Gillian Keegan:** Are you using discretionary housing payments for those schemes?

Gillian Douglas: Yes, we do use discretionary housing payments. We have administered about 440 in the last quarter to prevent homelessness. That often buys us some time to negotiate with a landlord. In some cases, we have successfully worked with families to get them out of the benefit cap—especially single parents, if they can get 16 hours' work; people sometimes do not realise that they will increase their income if they take that advice and help—but that usually just buys us a bit of time. It does not necessarily save the tenancy.

- Q50 **Chair:** Mayor Glanville, how have you used discretionary housing payments in Hackney?

Philip Glanville: In a very similar way to Bristol, but I think, again, welfare reform means that private landlords are a lot less willing to



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engage with housing services, like in Bristol or Hackney, and there is the impact of Universal Credit, where you are not seeing that direct payment. One of the tools in our arsenal was the fact that it was a guaranteed rent; if someone was on housing benefit you could do the rent deposit scheme backed up with the kind of support that we have been hearing about. That is a lot harder to do and you are seeing private landlords really question whether they are going to work with the social sector and provide that accommodation.

There are families that probably Meg and I see that never expected to be coming to the council for housing support. We have had a teacher who has been faced with homelessness. You see families who are in work who never thought they would be part of this homelessness cycle, and then being faced with temporary accommodation and a long wait for social housing, because that is the only affordable thing left in a borough like Hackney. There is just no mid-market in the private rented sector, and the welfare system that would have supported that has also fallen away. I think that is the real challenge we face with the declining supply of new homes, as Jon has set out. That creates that perfect storm that we are all dealing with.

- Q51 Gillian Keegan:** We hear a lot about housing pressures. It is clear that we have not been building enough homes; we need to build more—but if you add the housing pressures, rental increases, particularly in areas like Hackney, which hardly anyone can afford quite frankly, and the housing benefit cap, have you got any forward predictions? We have just had this quite shocking report, which has showed a doubling of homelessness, but all of these factors are just continuing—right? So have you got any forward predictions in terms of homelessness?

Jon Sparkes: We have some. We commissioned some research from Heriot-Watt University recently to try and really pin down some of the numbers and the projections going forward. They estimated that across Great Britain there are 160,000 households suffering the most acute forms of homelessness—rough sleeping, sofa surfing, living in hostels, living in unsuitable temporary accommodation and so on: 9,100 sleeping rough.

The projection over the next 10 years, if the current policy trajectory or policy environment stays as it is, was the 160,000 increasing by 25% and the 9,100 sleeping rough increasing by 76%. The other thing they did for us was to reverse that, which was to say, “Well, if we didn’t go ahead with the welfare cuts that are programmed in for the next five years, what would that do to those projections?” And they saw their 20-year projection reduced by 33% by not going ahead with welfare changes that are programmed in.

- Q52 Gillian Keegan:** Which cuts are you talking about specifically? The housing benefit cap?

Jon Sparkes: Yes.

Q53 Gillian Keegan: You mean stopping the housing benefit cap?

Jon Sparkes: Yes, stopping the changes that are programmed in. Similarly they looked at if you follow the very best practice on prevention across all local authorities then similarly it would reduce that long-term projection by a third. So what the numbers demonstrate is that they will go up and down with policy; they are not just some sort of random shift in the system. They go up and down.

Q54 Gillian Keegan: But the cap was introduced because you had the opposite: you had working people having very inferior properties to people who were on benefits, which they couldn't afford, in those areas. It was to try and get some measure of fairness; so surely it is social housing, or alternative ways of housing. Have you looked at some of the more innovative schemes, like the one in Lewisham? What stops you from being able to do that as local authorities?

Philip Glanville: I think it is working households suffering in the system now that are being priced out of the private rented sector. We haven't seen rents fall with the introduction of the LHA cap. They have gone in the exact opposite direction.

I think you can do work like we do around single homelessness; we have a prevention service. We are pioneering No First Night Out, looking at those that might be at risk of rough sleeping, moving out of sofa surfing, and things like that; but they are only very small, limited interventions. They are not going to shift the numbers that we have seen. We have seen a 117% rise in only seven years in homelessness—that is families, and that is children.

I think the only response to that is actually really investing in new affordable social housing, council housing, in a borough like Hackney, and seeing real rental reform in the private rented sector. Those two things are the only real answer. Anything else around that is just sticking plaster on this crisis.

We have done some projections, which we have put to CLG, around a possible deal that Hackney could do around the lifting of a debt cap. If we invested in the same way that housing associations are able to—using the HRA; the housing revenue account—we could reduce temporary accommodation costs by £100 million and take 1,000 people out of temporary accommodation in the next five to six years. That would make a meaningful impact on both the housing benefit bill and those individuals' lives.

Q55 Chair: I noticed in the Budget that there is talk of lifting the cap in 2019-20. If it was introduced earlier, could Hackney and Bristol practically implement it sooner or would it be very challenging to do in a shorter timeframe? Would you prefer it if it was a year earlier, or would that be impossible to deliver?

Philip Glanville: The case we and a number of local authorities have made to Government is that we would be ready to go now if we had those



freedoms. I think those should be real freedoms and not us constantly having to go back to Whitehall to check plans. Yes, you should only do something that meets prudential borrowing rules, but the amount of freedom that has been offered by the Chancellor could be soaked up by inner-London boroughs alone, in terms of investing it. We need meaningful freedom, based on the financials that underpin our business case.

Gillian Douglas: Yes. If LHA were to be raised, that would make an immediate impact on our ability to help people into the private rented sector. Although Bristol has a very strong commitment to new builds and affordable developments—our commitment is to build 2,000 new homes per annum by 2020, 800 of which should be affordable—we are starting from such a long way back that we actually need 18,000 affordable homes in the next 20 years.

Working in a homelessness service, where we want to prevent homelessness and help people sustain their existing home, we cannot give up on the private rented sector. Anything that would bring that closer towards social rents will help us to get a solution for people. In other words, longer term, more affordable tenancies with more landlords wanting to work with us who are not solely about revenue income but also offering families a long-term home. These are good tenants, people who are ready to manage that tenancy. We need to get them a home and get children out of temporary accommodation.

Q56 **Layla Moran:** Mr King, we have heard from a couple of boroughs that are doing quite well. Can you tell us more about those that aren't doing so well? What have you seen?

Michael King: You spoke earlier about the human consequences behind the statistics, and I suppose that that is the picture that we see. When we investigate complaints about homelessness, we uphold 70% of those cases, which is by far and away above what we would find in the rest of our work. We find significant problems in this area, and there are two particular ones that I will highlight.

One is around gatekeeping and delays and actually accepting homelessness applications. Around gatekeeping, where local authorities try to resist accepting an application, we saw a case this year in which a young woman was pushed away from the local authority five times in 15 months. She ended up sleeping on the streets, and being admitted to hospital as a consequence of that. On delays, we saw a woman and her autistic son, who were fleeing domestic violence this year, being put into unsuitable temporary accommodation for two years. That was solely as a result of local authority delays in processing her application.

The other area where we see significant problems, and probably the area over which we have the greatest concerns, is around the continued use of unsuitable temporary accommodation. Four fifths of the complaints that we look at are in that area. The length of time people spend in unsuitable accommodation appears to be getting longer. The law requires that families should not be put into unsuitable accommodation for more than

six weeks. In the last year, the timescales we have looked at have ranged from 19 weeks at the lowest end to 30 months at the highest end, which is shocking.

Q57 Layla Moran: Has the number of those cases increased as well?

Michael King: Certainly as a proportion of our work it has been increasing. The other problem we have seen is that the condition of the accommodation that people are in appears to be getting worse in the cases we see. We now routinely see cases where there is significant damp or infestation in homes. We published a report just the other week that spoke of a family who have two young children and were living for 26 weeks in one room in a hostel that was infested with cockroaches. That is typical of the kind of case we would see.

Q58 Chair: What about colleagues from Bristol and Hackney? Are the challenges with where people are being placed or having to be housed as Mr King laid out—particularly in terms of temporary accommodations?

Gillian Douglas: Yes. We have at the moment over 500 households in temporary accommodation under the housing legislation, and 80% of them are families. That amounts to nearly 900 children. We have worked very hard to ensure that our providers meet standards and that we go out and get the appropriate certification and so on, but it is still undesirable for people to be in temporary accommodation, because their life is basically in limbo. They are not in a neighbourhood they necessarily would have chosen, and they will be in more cramped, confined conditions.

Q59 Chair: Can you describe what kind of temporary accommodation you mean?

Gillian Douglas: The majority of our temporary accommodation is nightly purchased self-contained units from the private sector. We avoid the use of anything with shared facilities for children, but it is an expensive marketplace. Bristol City Council spends millions of pounds on that type of temporary accommodation. We have worked hard to try to use some of our own stock and bring empty homes into use as temporary accommodation, and we have supported family hostels where support workers come with it, but we are still largely reliant on the private sector.

Philip Glanville: I would echo that. The type of accommodation that was once temporary, where someone moved into the private rented sector while they waited for a permanent home, is now somewhere that a family could potentially be living for up to two years—in some cases longer, depending on the type of accommodation they are looking at.

Chair: I should point out that figure 9 on page 30 of the Report highlights this.

Philip Glanville: We have a situation where we are opening hostels—we should not be proud as a local authority that we are having to open hostels—to respond to the challenges and costs in the private rented sector. We are opening hostels in the borough and bringing empty homes



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back into use—300 over the last few years—to keep families and communities together.

We have worked very hard to not see people move out of the borough, with the challenges you get from that, but it is very difficult indeed. Rather than investing in a temporary fix, which is what opening a hostel is, we need new development of social housing, changes to LHA and a better private rented sector. Then people would not have to spend so long in hostel accommodation. I go back to what I said: when you have people in work who were paying their rent up until very recently but are now being evicted—

- Q60 **Gillian Keegan:** I think we got that point. You just mentioned 300 houses being brought back into repair. I have heard in my constituency about there being lots of voids. I think there may be some kind of pressure on rent increases, maybe due to the fund for refurbishment. In a place like Hackney particularly, why are those houses not always kept in full repair? What blocks that?

Philip Glanville: Our general voids are at an all-time low, but we are doing large-scale regeneration and developing new homes across the borough. We are building 4,000 homes over the next couple of years and demolishing homes that are not fit for purpose. Rather than seeing those homes let out through guardians, we have decided to invest in them and bring them back into use for temporary accommodation. Obviously, if they have been flats before, they have separate bedrooms and separate facilities, so they do not come with some of the challenges for people in shared accommodation or shared rooms. That is what we have been doing to meet that objective.

- Q61 **Gillian Keegan:** That should improve things. Something we thought we picked up in the NAO Report was that it seems we have created some kind of incentive whereby properties that used to be longer-term let premises are being turned into nightly hostels to try to optimise the profit. Have you seen that in either of your boroughs? Have you seen that, Mr King?

Chair: Let us start with Ms Douglas.

Gillian Douglas: We have concerns about some hostels that are not commissioned by the city council and not subject to the same scrutiny and that we do not nominate to, but they still fulfil a purpose, especially in terms of single people and rough sleepers, of which Bristol has about 90 on any given night.

It is very difficult to say to people, "You're better on the street or in a tent in a park than in some of the private sector hostels." But yes, some of those hostels are looking to get exempt accommodation rates. It is up to our benefits team to regulate that and ensure that they are providing the support they say they are providing to be able to claim those levels of housing benefit.

- Q62 **Chair:** Mr Glanville, what about Hackney? Figure 9 on page 30 shows a



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huge increase in bed and breakfast and nightly paid self-contained accommodation. Is that something you recognise?

Philip Glanville: It is the nature of managing the crisis. You are having to find accommodation for someone who has come through the door and needs accommodation now. It is a lot harder to find that in the general private rented sector. The hostels are full, so people are going out to the market of nightly rate. Whether it is nightly rate or hostel rate, it is three or four times the rent of a permanent settled social accommodation, and probably even higher in terms of the housing benefit bill to local taxpayers than if we had been able to prevent the homelessness in the first place, because of the impact of LHA.

Q63 **Gillian Keegan:** And that comes across clearly in the Report. The money is all being spent in the wrong way, effectively; so what would you do? You see this from a crisis situation. Clearly it is going to take time to build new homes. Clearly voids we need to move on, as quickly as possible. What are the other innovative schemes that you would implement?

Jon Sparkes: One of the other points about hostels, as well as being more expensive—and we completely understand the use of hostels where there is an emergency, and where there is no alternative—is that there isn't the evidence that even says that people then move on into sustained tenancies, when they have been in the hostel system. So not only is it more expensive, it is less effective.

A piece of work we just did in Liverpool city region looking at their hostels and what they would have to do to their system to move away from a hostel-by-default system to a housing-by-default system showed that of people going through the hostel system, only 15% were then going on to sustained ongoing tenancies. All of the international benchmarks and all of the UK benchmarks—on Housing First, for example, which is a technique used with people with more complex needs, to move them straight from the street to housing and wrap around the support for them—say 80%, 85%, 90% sustainment. There is a project in Manchester called Threshold which works with women who have offended: 90% tenancy sustainment over two years and zero reoffending, in their particular case. So there are examples.

Of course, in all of this the difficulty is moving from one system to another. If you move from one system to another you need investment to double-run the system—otherwise your only alternative is to go into the hostel system; but the evidence is all there that, particularly with people with complex needs, the Housing First approach is both effective and more cost-effective.

Q64 **Chair:** And this is going to be the subject of the three pilots that were announced in the Budget last week.

Jon Sparkes: That's right. That's why we were really pleased to see that. In many ways the only thing I object to is the constant use of the need for piloting.



Q65 **Chair:** That was my next question, because you have described something that works. Why is it being piloted?

Jon Sparkes: The evidence is that it works, and the best, most comprehensive study that has happened in this country was that study in Liverpool city region, which redesigned the system and showed how the mix would change between the use of emergency provision and a housing-led approach, and showed how quickly that would turn to actually be saving money.

So we don't think it is time for more pilots. We are pleased to see that £28 million is being put into that, but we think it is time for roll-out. My only word of caution on that is that I fear, in the rush to be seen to do something, the £28 million gets spent on housing-led approaches without actually rewiring the system and crystallising both the savings and removing the human misery that is sitting in hostels for months on end.

Q66 **Layla Moran:** Mr Sparkes, the focus of the Report is also about other costs—associated costs in other Departments that might not just come under DCLG and local government. How does homelessness affect the people who are, sadly, involved in it, and where do you think we can help to prevent some of those causes of homelessness?

Jon Sparkes: The very first thing, in terms of impact, is some of the stark figures like the average age of death of someone who is rough sleeping: 47 years old. If that were happening with any other segment of the community, that would be considered to be a national emergency. Also people on the street are 17 times more likely to be the victims of violence than someone who isn't on the street. So the impact is really clear.

Looking at costs that run across into other Departments, I think the best evidence we have got at the moment to point at is what has happened in Wales since they brought in prevention legislation similar to the Homelessness Reduction Act 2017, which was enacted this year in England. As well as the figures of improved prevention, they have also seen a 25% reduction in A&E admissions, a 25% reduction in hospital admissions and 14% fewer convictions in those populations. Those are very costly things to happen as well.

There is good evidence of prevention work, and there are some great examples from the trailblazer in Newcastle, where housing teams and Jobcentres are working together to identify risk. The "No First Night Out" pilot in Hackney has demonstrated the same thing: if you identify the risk, you can avoid the person going on to the street in the first place.

Q67 **Chair:** I will flag up that this Committee is keen to look at the overall cost of those things—not just in one Department but cross-departmentally. Going again to the councils, you have talked about wanting to see private sector rents reduced. Practically, given the supply issue and the choices that landlords have, how could you see that happening, Gillian Douglas? You said you have had some success in individual negotiations, but is that something you could do more wholesale, and is it something the Government could help with?



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Gillian Douglas: I think LHA has to go up, because there is too big a gulf now between those rents. There are other issues taking properties away from us, such as Airbnb, for example, which has taken hundreds of whole houses and properties to that market, never mind rooms in houses and so on. There are things like that that come in from left field.

But what other incentives could we offer private landlords? There is still a stigma and a perception of homeless households as chaotic, irresponsible and unable to manage a tenancy, which is not generally the case. We do not match people to properties until we have built their capacity, helped them through recovery, etc. We have a big mindset change and public education change to get through. Many people in Bristol want to do something about homelessness, so they will give money to a rough sleeper or they will volunteer—

Q68 **Chair:** But in terms of the rents, you are saying that raising the LHA is the—

Gillian Douglas: That is the single biggest factor. That would help.

Q69 **Chair:** Mayor Glanville, you have talked about rents in Hackney being particularly out of control. What could be done practically, and how could the Government help with that?

Philip Glanville: The National Audit Office Report and others have said that there needs to be a wide-ranging departmental strategy. That should be holistic. I don't think moving on LHA without looking at longer-term tenancies and rent dampening would work, because of the risk that it might fuel the system again. There are so many elements of it that are broken.

The movement on letting agent fees—we will have to see how that plays out with the legislation—makes it a lot easier to support somebody into a private rented sector tenancy. If you saw three-year tenancies as a matter of course, with index-linked rent rises, fewer people who are facing the end of a private rental tenancy would be coming into the homelessness system.

If you then saw, as has been said, some movements on the LHA rates as well, you would be dampening down that sense of crisis and giving the supply of new homes, whether they are affordable or private rented, time to catch up. At the moment, we are still fuelling the fire with all those causes, and we are not seeing the supply in the system. We must do both to have a meaningful impact.

Q70 **Chair:** Earlier, we spoke about the attempt by Government to give some support to local councils, giving them freedom to spend and build. You said that you could get going now. I know Hackney has been doing some quite good work on building affordable council rented homes, but to both our council colleagues here: what can you do when the Government are not giving you the money? What can you do on your own with the resources you already have? Perhaps Mayor Glanville can answer first and then Gillian Douglas.

Gillian Douglas: We have—

Chair: Sorry, can I take Mayor Glanville first and then Ms Douglas?

Philip Glanville: We continue to lobby on housing revenue reform, as you have said, and on Right to Buy receipts and other things. What we have been doing as a council in Hackney is to use the land values and sale of private homes to invest in new council housing and shared ownership. That is how we have been able to build a development arm of the council, which allows us to say we are building 4,000 new homes and to have that track record.

If we got the freedoms, we would be able to do a lot more and, as so many reports—whether by Shelter or others—have said, the only way to solve the housing crisis is if all parts of the housing sector work. Private sector build, housing association build and local authority build, like in Hackney: that is what we need to get back to the levels of housing development that will make a difference.

Q71 **Chair:** Do you think you can do that in Hackney partly because of the land values? Is that a big factor?

Philip Glanville: That allows us to sell a private home and build a social rented home or a shared ownership home. On infill sites in the borough, we are able to build 70% genuinely affordable housing, because we are able to engineer it; but the artificial borrowing cap means that that is not scalable to have a real impact on the housing crisis.

Q72 **Layla Moran:** Mayor Glanville, what is your definition of “genuinely affordable”?

Philip Glanville: My definition would be no more than one third of income being spent on housing costs. At the moment, that is social rent in Hackney. Private rent or affordable rent simply do not cut it. Only things like the developing London living rent or social rents generally do that. That is a council rent.

The trouble with it being 80% of market rent is that the market, as I have indicated, is so out of control that that is just meaningless. You have to start looking at incomes, whether that is incomes on benefits or low incomes for people in work.

Gillian Douglas: A lot of the new build in Bristol has been student accommodation, so we would like to see something in planning that says a proportion of that student accommodation has to be affordable or has to be given over for more general housing. We have also tried to participate in initiatives, such as the national homelessness property fund with Resonance and St Mungo's.

We have 130 private rented sector tenancies, and we have acquired properties through that fund by investing with Resonance. We are just trying to maximise affordable supply in any way we can, to speed up our

housing development programme and to work more with our registered providers in the city.

Q73 Layla Moran: Do you think that the new Homelessness Reduction Act 2017 will work? Is it enough?

Gillian Douglas: We are very positive about the Act because we cannot fall out with the principle of it, which is that prevention will always be better. We like the ethos of the Act, which is about not disempowering people and not seeing people coming through on a conveyor belt, where they feel they have to accentuate all their deficits, if you like, to get a slice of the affordable housing. So, we like the spirit and the ethos of the Act, and we need to always be doing better, in terms of encouraging people to present early with the early issues and problems that we might be able to work together to resolve before they actually lose that roof over their head.

However, the crunch point is that it still comes back to affordable supply. We can help people troubleshoot around their financial issues, around helping them into work, around tenancy skills, around antisocial behaviour and literacy and so on, but if, at the end of the day, we do not have those affordable tenancies to help people into, that limits what we can do.

Philip Glanville: I echo everything that has been said. It is that long-term solution that especially the single homeless need. With the shared room rate and the cuts to housing benefits for under-21s—that is a key group that we are talking about, in terms of the single homeless—unless you have the projects and end points that allow people into an affordable, sustainable tenancy, all of that prevention will not help.

Yes, we should do more and there should be more work on things like No First Night Out, which we are pioneering, but you need those long-term, affordable housing solutions for single homeless people—especially where they do not have the cultural capital to just go out and rent with somebody, such as people who might be leaving university or moving London to enter the labour market. People do not have those networks that they can fall back on, and I think we need to do more to find shared housing solutions for those more vulnerable young people.

Q74 Layla Moran: Finally, the hidden homeless are often not counted in the Department's numbers. How can the Department count better and make sure that everyone is included in the numbers?

Jon Sparkes: If you go back to the piece of research that I mentioned earlier, it drew on existing survey data to get to that figure of 160,000 households. That covered people living in unsuitable temporary accommodation, people who are sofa surfing in an unsafe situation, people who are living in buildings that are not fit for habitation and so on. What it did not do is to get to everybody who lives in an overcrowded house or a house that is in a place where they would rather not be.

Q75 Chair: On that, do you, as councils, have a good grip on the numbers of families that are living in not just overcrowded households but perhaps



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with two households in one house? Is that possible for you to measure? Do you think you have a good grip on that?

Philip Glanville: We would definitely be able to provide those figures. It is worth remembering that acute overcrowding in Hackney had fallen to fewer than 400 families going into 2010 but has since almost tripled, which creates pressure further down the line; the more you are dealing with acute homelessness, the further back in the queue go those who need to move to the ground floor for health reasons or those who may be short of one bedroom or two bedrooms. There are 13,000 on the waiting list, with 4,100 in acute housing need and 3,000 in temporary accommodation. Those are the sort of pressures that you see going back through the system for those who are hidden.

Gillian Douglas: One of the things we are going to do with our new burdens funding, to help implement the Act, is interrogate our housing register better, because we have got 10,000 households in Bristol who are on the housing register in four different bands—the homeless households are in the second band. If we mine that information, we know there are people in there who are seriously overcrowded, who are having family breakdown; there might be domestic abuse starting. In other words, the reasons are starting to bubble up, and those people may well present as homeless at some point down the line, whether that be months or years away. So we need to be more proactive about going in and finding those people and reaching out to them before they get to that crisis. That is one of the things we want to do with the new resources.

Chair: Thank you all very much for sharing your experiences. You are very welcome to stay for the next part of the session. Our transcript of this hearing and the bit afterwards will be up on the website uncorrected in the next couple of days. I will obviously send you a copy of our Report—I am afraid I cannot give you a date for publication at this point. I call the Government witnesses up to the table.

Examination of Witnesses

Witnesses: Sally Randall, Melanie Dawes, Peter Schofield and Sir Robert Devereux.

Chair: Welcome back. We are continuing with our hearing on homeless households—our hashtag today is #Homeless—and we now have the Government witnesses in front of us to discuss how Government policy is working, or not, to deliver to tackle the challenges of homelessness both that we see visibly on the streets, and among the hidden homeless we touched on at the end of the last session. As before, we are basing a lot of our figures on the excellent work the NAO did in its Report on homelessness, published in September.

Our witnesses, from my left to right, for the remainder of the session are: Sally Randall, the director of housing standards and support at the

Department for Communities and Local Government. Welcome to you, Ms Randall; I think it is your first time in front of this Committee.

Sally Randall: It is.

Chair: Welcome. We have Melanie Dawes, the permanent secretary at the Department for Communities and Local Government and responsible overall for housing policy across Government—a huge task for you there among your many other roles, Ms Dawes. Peter Schofield from the Department for Work and Pensions was here the last time we discussed housing, and Sir Robert Devereux, permanent secretary at the Department for Work and Pensions, was of course with us earlier. I will hand straight over to Gillian Keegan to kick off.

Q76 Gillian Keegan: Ms Dawes, we are spending more than £1.1 billion on homelessness services, but we are spending more of that on firefighting and crisis management than on actual prevention. We therefore have an unsustainable model that is not solving the problem. What is your Department doing about that?

Melanie Dawes: Well, can I say thank you for inviting us to give evidence today? I think the approach that the Government is taking for the future does recognise that we need to focus even more on prevention. That is in the end where you get the best value for money. We know that it costs around £500 to help somebody when they are still at that early stage, and it can be 10 times that much later on when they are in need of temporary accommodation. So I certainly agree with that overall premise; it is very much the one that Government policy is built on. But you will always need a safety net. So I think we will always see the need also to spend to some extent on helping those who are in crisis through temporary accommodation, through other services and so on.

Q77 Gillian Keegan: Sure, but it is taking a much bigger part of the budget right now. Would you accept that?

Melanie Dawes: We have certainly seen an increase in temporary accommodation, yes. We have seen overall spending by councils on prevention and other services broadly stable over the last few years. But, as I have said, this is something we want to see councils feel able to do more up front on.

I think the other thing I would say is that at the beginning of this year we shifted what used to be the old temporary accommodation grant for councils—that turned into something that is much more flexible for them. So, rather than having to respond simply to a system dictated by the welfare system, they now have the money in their own hands, and many of them are now using it to put money further up front in the system and to invest in prevention. That has given them more flexibility, but it is still very early days.

Q78 Gillian Keegan: You have had quite a light-touch approach—it has been kind of devolved down to local authorities—but during that time we have seen a massive increase in homelessness, we do not have a sustainable



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model, rents have shot up and the assured tenancy has been a massive problem in terms of people being evicted from their homes. All this has happened on your watch, when you have had quite a light touch. Surely local authorities need much more support to get this right, and your Department has been failing them in that.

Melanie Dawes: I think that rather overstates the case. I accept we need to do more in a number of areas. The greater ambition the Government has, as was clearly echoed in last week's Budget, to tackle rough sleeping, but also the introduction of the new Homelessness Reduction Act from April, will significantly change our approach. It is going to require us to get much more closely involved in working with local authorities, overseeing what they do and supporting them. We are getting ready for that. We now have a team of advisers in the Department who are expert. They have come in mostly from local authorities and from voluntary sector organisations that have been working on homelessness services, and they are already beginning to draw together local authorities and start to help them to get ready for the Act.

Q79 Gillian Keegan: But it is clear that this has been looming since 2012-13. Why has it taken you so long?

Melanie Dawes: You are asking partly questions of policy and partly questions of departmental performance. During those years, we have been investing quite a lot in innovation. We have had social impact bonds. We have had a number of other projects where we have been trialling new approaches. As I said, a couple of years ago we took the decision—our Ministers took the decision—to change the way the temporary accommodation management fee was administered, to give local authorities more flexibility. So we have been active in these areas, but we are certainly stepping up our effort now.

Q80 Gillian Keegan: I don't doubt you have been active. What we are trying to establish is whether you have been effective. The results are quite shocking, and what is most shocking is this. You have referred to rough sleepers, and rough sleeping is mostly what we think of as homelessness, but that is not actually the biggest problem, is it? Many, many more people—indeed, many working families—are falling into homelessness. This is a very different phenomenon. It seems it has appeared but we are all quite surprised, including you.

Melanie Dawes: I don't think we are surprised. The figures have shown that homelessness has risen in a number of different forms, as you say, at all ends of the spectrum, over recent years.

Q81 Gillian Keegan: When did you first realise that this crisis was looming?

Melanie Dawes: The data has shown that increase for a number of years.

Q82 Gillian Keegan: But when did you first realise you had this kind of crisis on your hands?

Melanie Dawes: I think you are asking a question here of overall Government policy and strategy.



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- Q83 Gillian Keegan:** No, I'm asking about measurement and seeing what the impact of Government policy and strategy is locally. It is not about policy; it is about measuring where you are spending the money and what is happening in the local authorities and in all the areas when you see that the policy is not working.

Melanie Dawes: The data has been clear for a couple of years, and we have responded to that in a number of ways, as I have just described. What was drawn out very clearly from your panellists just now was the extent to which this is also a reflection of the wider problem of affordability and availability of housing in general—

Gillian Keegan: And we will get on to that.

Melanie Dawes: Certainly of homes to rent, but also of homes to buy. And again, you have seen my Department, I think, being very active in those areas for a number of years, but particularly in recent months and years.

- Q84 Layla Moran:** Ms Dawes, just on this point specifically, when did you first flag with the Ministers that the data was going up?

Melanie Dawes: You would not expect me to describe—

Layla Moran: I just want a date.

Melanie Dawes: The conversations that we have with our Ministers, but you would regularly—

- Q85 Chair:** Ms Moran wasn't talking about the conversation with the Minister more than the actual knowledge of the data. Look at the graph in figure 2.

Melanie Dawes: You can see the data for a number of years, so—

- Q86 Layla Moran:** When did you—

Melanie Dawes: Well, our Ministers always get updates on the data, very regularly, as it's published.

- Q87 Layla Moran:** Yes, we know this; over time, we have learned. It is the permanent secretary's job to inform the Ministers when they see a big problem looming; there is lots and lots of data floating around. When did you flag with the Ministers that this was a potentially big crisis that was coming? When was the first time you mentioned it?

Melanie Dawes: I am not going to be able to share with you today the private conversations we have with Ministers, but I can tell you that it has been clear in the data that there has been rising homelessness for a number of years, and Ministers regularly get information on that. Much of the data has been published quarterly. It is all published quarterly now. And it is a regular feature of the Department's work to keep Ministers updated on that data. So there has been no concealing of the figures or any kind of attempt not to have that data available.



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- Q88 Gillian Keegan:** What is concerning is that many strategies were put in place in the past that seemed to be very effective and then suddenly they are all undone, and we are now back without any real highlighting of this looming crisis from the Department responsible for it. It seems that we are going backwards, and we were doing quite well.

Melanie Dawes: As I said, you are partly asking questions of Government policy.

- Q89 Gillian Keegan:** It is not Government policy to increase homelessness.

Melanie Dawes: During the 2010-15 Parliament, as you may know, there was certainly a shift towards putting more responsibility on local authorities for their own strategies rather than having teams of civil servants monitoring them on a very regular basis. That policy of localism was certainly the Government's strategy of the day. It is important that, as we now get more active in the Department—we are now doing that, as I say—we respect that local authorities in the end are in charge of what goes on in their areas, are accountable for that, and are often best placed to work out the detailed strategies that need to be put in place. We are, however, going to be significantly upping our effort over the coming months and years. We are already doing so. Improving our data, for example, is another big investment that is going on right now.

- Q90 Gillian Keegan:** It seems, as well, that one of the causes of this spiking again is some of the changes in the benefits system. How much were you aware of those, and how much did you model the potential impact of changes, for example, to housing caps and so forth on homelessness or the risk of homelessness?

Melanie Dawes: First, as I said, the issues we have seen are ones of wider affordability in the market. That has clearly taken place over this period. We have seen rents rising very rapidly, particularly in some areas. As the NAO Report draws out, where we have seen the fastest rising rents, we have seen the fastest rising homelessness. There is a clear link, as you heard from your panellists earlier.

On the question of welfare reform, again, my DWP colleagues can speak to that, but we keep very closely in contact with them. When there are major changes in a Budget or a spending review, we do work together. Our analysts, in particular, work very closely together. It is part of the process of government that when there are changes to one Department's policies, those are discussed with others so that any wider impacts can be taken into account. We do that as well as we can.

- Q91 Layla Moran:** So you predicted the rise that has happened over the last few years.

Melanie Dawes: I don't think it's the case that we can say that the rise has been caused by any particular factor. One of the things that the Report says is that we should do more work to look at the causes of homelessness, and that is something we are very actively thinking about with DWP.



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- Q92 **Gillian Keegan:** If you have rising rents and a welfare cap that is way below the rising rents, surely it doesn't take much to understand that that could be a root cause of this problem.

Peter Schofield: Shall I come in on that? The key thing, Ms Keegan—it is brought out very well in the Report—is the fact that homelessness is an incredibly complex situation. For any one household, there is a complex chain of issues that will be happening. It is very difficult to say there is any one particular cause of homelessness, but I would just add to what Melanie has said—

- Q93 **Gillian Keegan:** A lack of a house is one. In this case, that is being exacerbated by rising rents and the welfare cap not keeping up with those rents. We have seen that. It is clear in the Report. I know there are complex issues, and that is perhaps a secondary issue. There are many, many people in this Report who have just lost their homes.

Peter Schofield: I think you are making two points. The first is: do we work well together as Departments? I would just echo what Melanie has said: from the working level in terms of analysis, to the senior level and the way Ministers come together in terms of decisions at fiscal events, that works seamlessly. As some of the Committee may know, I have worked in both Departments, so I have seen it from both sides of the house. The thing that has really struck me is how well this works at local level as well. One of the things I hope we will get into is the way that, for example, DWP staff in jobcentres work very closely with claimants and then with local councils in terms of trying to make an effective outcome.

- Q94 **Gillian Keegan:** So can you explain how you would solve this? We heard earlier that the average rent is £1,200 and the LHA allowance is £780 in a very competitive housing market such as Bristol. How would you solve that?

Peter Schofield: The Report sets out very clearly the basis on which the LHA is set. The LHA was previously set at the 30th percentile in terms of market rent. In terms of what the graphs show—

- Q95 **Gillian Keegan:** And it is not adequate in many cases now, is it? You can see that in figure 6 on page 23 of the Report. "Weekly rent available below LHA rate" is the small orange bit at the bottom, and then you have the yellow, which is kind of on target. You then have the red, which is, "Weekly rent available above 30th percentile." All the red is the problem.

Peter Schofield: Well I do not want to trivialise this, but let me just be clear about what this graph actually shows. This graph has picked this 25 areas where there is the biggest problem, so it is not representative. These are the 25 areas where there is the biggest problem.

- Q96 **Gillian Keegan:** We would accept that homelessness probably does come in specific areas, but they are the areas where people are homeless. So they are the right areas to measure for the problem.

Peter Schofield: I accept that, but I am just trying to give you a picture of what this graph is showing. The top of the red—I was talking to Aileen



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of the NAO about this only on Friday—is basically the most expensive three-bedroom property you could rent in that area. That is entirely irrelevant to the claimants, to our customers, who we are talking about. The key thing to focus on is the thing where you really need to narrow in on the orange part.

- Q97 **Gillian Keegan:** And there are not enough orange houses, are there? There is not enough supply at that level, I think. That is another thing we have been hearing.

Peter Schofield: Is it worth just stepping back in terms of the local housing allowance policy? The object here, first and foremost, is partly to reduce the cost of housing benefit, so you would expect there to be a gap that grows, because that is how we are delivering savings to housing benefit, but it is accompanied by two really important things. One is that, since the freeze on the LHA, which came into force in April 2016, we have been recycling 30% of the savings into targeted affordability funding. That targeted affordability funding is then used to raise, in a targeted way, the LHA in those particular places where there is the biggest affordability problem. The Chancellor announced last week that that was going to be increased to 50% for the next two years. From next year 50% of the savings from the LHA cap will be recycled into targeted increases in the LHA and that also applies in some of the places in London where there was already a cap on the amount that that could go up to.

- Q98 **Gillian Keegan:** And how many areas is that going over?

Peter Schofield: In the current year that has been 48 of the rates. We know that this will provide an additional £125 million over the next two years to go into this fund. Ministers will make decisions about how to target that in the future. Alongside that, as the Committee has already heard, we have the funding for discretionary housing payments. Discretionary housing payments in the current year total £185 million and that is then available to local authorities in the way you have heard from the previous panel.

- Q99 **Gillian Keegan:** So it is clear that you will have some savings in DWP because of the welfare cap changes, but have you actually looked at the knock-on impact of the savings there and the increased cost to other Departments, including the local authorities, or indeed to the people who are now homeless? Have you modelled how much you have saved versus how much cost has been shunted onto other areas and much more expensive solutions?

Peter Schofield: The real challenge here—this goes back to what Melanie was saying about the challenge of data—is trying to understand the causes of homelessness. I think paragraph 3.9 in the Report is rather good, because it talks about some of the limitations to data, and the following paragraph talks about the sorts of changes we are going to see going forward from April next year when DCLG colleagues will have access to data, which does not just tell you what the particular trigger was when someone moved into homelessness, but it will actually tell you a bit more

about the journey that claimant has been through from the moment they first presented to the council.

Q100 Gillian Keegan: So you don't have a model today to do that? You could make assumptions to model this. It is quite clear how you would develop a model from this Report.

Peter Schofield: The basis of our decisions, in terms of the targeted affordability funding and the discretionary housing payments, was to provide provision that enables our customers to make the transition if they are effected by the LHA cap. Our whole objective here is—

Q101 Chair: But Mr Schofield, there are places like Hackney, where I obviously have particular interest and knowledge, in which you cannot rent anywhere below the LHA—only 3% of families, we have heard from the mayor just now. Whatever you do to tinker around—you can give discretionary housing payments—the rent levels locally do not meet the welfare changes. That is exactly where your two Departments clash. Okay, that is one borough, but it is not just there, it is across other expensive parts of London and the south-east with similar challenges. There is a regional challenge here.

Peter Schofield: As the Report sets out, we do monitor the way that discretionary housing payments are spent. We look at that very carefully. We look at the allocations. Madam Chair, you will be pleased to know that discretionary housing allocation for Hackney this year is higher than last year, which reflects some of that. I reiterate that the targeted affordability fund will now enable 50% of the savings from the LHA freeze to be recycled, and Hackney potentially could benefit.

Q102 Layla Moran: Can you guarantee that the rise in LHA will fix the problem in Bristol, where it is £780 versus the average rent of £1,200, which we were told about by the pre-panel?

Peter Schofield: First of all, looking back, we have used the targeted affordability fund in a way that supports that. Some of the rates in Bristol have benefited from the funding in the current year. What we do for next year is a decision that we are putting to Ministers. The money available, given the announcement the Chancellor made last week in the Budget, will now be significantly higher than it would otherwise have been—it is an extra £125 million over the next two years.

Q103 Gillian Keegan: How are you going to prevent that money going, as it looks like it is at the moment, into nightly accommodation and unsuitable accommodation? As a result of whatever has happened or not happened, the market has changed, and you have new entrants, with what used to be long-term lets now being nightly lets at much greater rates. That money is just being wasted.

Peter Schofield: This is where we have worked closely together.

Q104 Gillian Keegan: Are you not working closely together today? It doesn't look like it.



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Melanie Dawes: We are working closely together and always have done between DWP and DCLG on these issues. The question of how we spend temporary accommodation money is for my Department. The Report draws out that there have been changes. More of that money is going on nightly paid accommodation. That is, to some extent, a concern. It doesn't mean it is always going to be a value-for-money concern, but we need to do more to understand this. The NAO Report recommends that.

A very important part of the Homelessness Reduction Act is that next year, for the first time, we will be able to have proper data on cases of homelessness. We will be able to link for the first time someone's journey through the system, from when they first present right through to the interventions they have and then whether they go into temporary accommodation and, if so, for how long. For the first time we will be able to understand unit costs for TA, which we cannot do now, which will enable us to do much better research into some of these areas.

Q105 **Chair:** Ms Dawes, with all respect, most councils worth their salt could do that now. They have a very clear understanding—our witnesses were a good demonstration—of the financial challenge and the human cost of people going through the system. You are making out that a great revelation will happen next April and thereafter, but it's not really, is it?

Melanie Dawes: The Committee often rightly says that DCLG needs to have a system-wide view, and for the first time we will be able to take that view, because we will have proper system-wide comparable data.

Q106 **Gillian Keegan:** But it's quite passive, isn't it? This is a light touch. You could model this today. We have looked at the many links between welfare benefits and housing shortages and the knock-on impacts on mental health and prison services. You could model this all today. You will have proper data, which we can use to update it, but it is all very passive, light touch and waiting for this to present itself. Meanwhile, a lot of families that were not homeless a year or two ago are now effectively homeless or living in very unsuitable accommodation and cannot get on with their lives.

Melanie Dawes: We absolutely do see this as a concern. I share your concern that there are families in unsuitable accommodation, and that is something we are very committed to tackling with our Ministers, but I don't think we are passive—I really don't. In recent years, and particularly over the last two years, we have put a huge amount of effort into devising a new approach and working with the private Member's Bill that became the Homelessness Reduction Act. That is a very significant change indeed. It is only possible because of some of the investment we have made into understanding preventive approaches, and we have done that over the last three to five years. I don't think we are passive.

Q107 **Chair:** Can we go back to what Ms Moran raised earlier? You talked about telling Ministers. Forget telling Ministers for a minute. Figure 2 tells us that, by all measures, homelessness has gone up. The trend was very apparent. You could see that by—let's be generous—2012-13, and



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certainly by 2013-14, the trend was on the up. Was that not the point at which to do something and intervene? You talked about the last couple of years. What was happening in both your Departments from that point onwards? Was there some flag raising that it will cost people and the public purse as that line goes up?

Melanie Dawes: You can see that the figures are rising although they were still significantly lower than had been the case in the mid-2000s. I cannot share with you the advice that we give to Ministers—I do not think that that would be proper—but, as I say, the figures are clear to see.

Chair: No, no, no. I am not asking about the advice given to Ministers.

Melanie Dawes: Ministers are very clear that this is a concern, and the Homelessness Reduction Act was designed to do just that.

Q108 **Chair:** I didn't ask about the advice. Surely, in your Department, this would be something that, as civil servants—you and your predecessor, particularly, with the responsibility for the overall system—alarm bells would ring and you would think, "This is something we need to be watching and need to be alert to", because there is a cost to this. If you think it is all going very well now, what is your projection for where we will be in 10 years' time?

Melanie Dawes: Perhaps I can say two things. First, when I arrived in the Department in March 2015, there certainly was a conversation going on about homelessness. I remember it at the time and I remember talking to Sally about it when we first met and indeed to Peter, as part of our introductory conversations. There is no sense in which this is something the Department was not aware of.

Secondly, in terms of projections, we don't have a figure on homelessness reduction, although I think that is a fair challenge. We know from the early work we have done—particularly with Southwark, which Sally may want to say more about—is that the implementation of the measures in the Act will potentially have a quite significant positive impact. You have already heard witness earlier saying that they welcome the spirit of those changes, and we are finding, particularly from the work we have done with Southwark, that we are seeing real, tangible reductions in homelessness on that back of this.

Q109 **Chair:** Where are people going? Where are people being housed? Ms Randall, do you want to explain the Southwark example?

Sally Randall: Southwark agreed just over a year ago to behave for the following year as if the Homelessness Reduction Act had already come into force. They adopted the Homelessness Reduction Act in full last autumn, well ahead of the legislation coming into force—just as it was starting its passage through Parliament.

What they have done to that end is that they have effectively brought in the new prevention duty and behaved as if they have a statutory duty on homelessness prevention, they are working with households that present as homeless to develop a personalised housing plan at the earliest



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prevention stage and they treat them exactly as they would under the new legislation. They have found, as expected, that they are dealing with significantly more households as people have started to understand that more help is available. In a six-month period they saw 13,000 households, whereas in a comparable period in the previous year they had seen 10,000 households.

As a result of that, they doubled the amount of prevention activity that they had seen—the number of people who were helped to either stay in their existing home or to find a new home through prevention activity. During that comparable six-month period, they had half as many acceptances of statutory homeless. So, despite seeing more people through the door, they halved the number of people who were accepted as statutory homeless.

Q110 Chair: Where did those people go?

Sally Randall: Some of them were assisted to stay in their existing homes and some were helped to find new homes—predominantly in the private rented sector, I should imagine.

Q111 Layla Moran: To carry on the theme of prevention, but also looking backwards, I really don't accept that, in 2013, the problem could not have been foreseen. In Oxford, for example, that was the point at which we knew that huge cuts were coming down the line for prevention—the exact same thing that has been reinvented by the Act. My question, to Ms Dawes, first of all, is, when you saw that local authorities across the country were cutting the money for prevention, what did you do at that point to try to stop problems down the line?

Melanie Dawes: I think you are asking me a policy question. I am sorry, but I do not think I can say any more than I already have.

Q112 Chair: Let me be really clear: Ms Moran is actually saying that there is a cost to not doing things—a financial cost and an effectiveness issue; economy, efficiency and effectiveness. The efficiency and the economy of the system are the two things that Ms Moran is pushing on. It is not about policy, although there is a policy element to it.

Just on the money, surely there was some flag that there would be a knock-on cost down the line if the problem carried on growing like that? Surely that was being talked about in the Department, because, overall, the money for solving a lot of these issues comes from your Department and from the DWP?

Melanie Dawes: There were things we did in those years—for example, we launched a programme of social impact bonds—to start to trial new approaches, particularly in London. We have seen very effective results from those.

Q113 Chair: Can you give us an example of the effective results from social impact bonds?

Melanie Dawes: Can you say something about the social impact bonds, Ms Randall?

Sally Randall: In partnership with the GLA, we have run social impact bonds for people who are at risk of rough sleeping and for some entrenched rough sleepers. They found that, by paying providers by results and giving them the opportunity to innovate and to use the right interventions for households—particularly for single homeless people and people at risk of rough sleeping—they have been able to significantly improve the outcomes for those households.

In particular, they have found that the important things are the partnerships for those very vulnerable people with mental health and drug and alcohol services and the support that they give those people to navigate other public services. The work we have done there has very directly informed our current round of social impact bonds for rough sleepers and also the work that we are doing through Housing First, which was announced at the Budget.

Q114 **Chair:** Have you done an analysis of the set cost savings of those sorts of interventions and Housing First on health, benefits and so on?

Sally Randall: Housing First on a major scale is something that we have just announced at Budget, so the evaluation for that will run alongside. That will attempt to really test at, system-wide scale, the hypotheses there are.

Q115 **Chair:** We heard quite clearly from Crisis that it is quite well tested—well, certainly in other parts of the world—and it is also not unknown in the UK. Have you got any analysis of the cost savings and cost-benefit ratio of investing in it?

Sally Randall: There has been international work—for example, our Secretary of State visited a Housing First project in Finland, where they found savings of around £13,000 for an individual person who was moved into housing—

Q116 **Chair:** Over what period of time?

Sally Randall: Over the course of the project, which I think was probably around two years. Typically, these need to run for two or three years with an individual person.

Q117 **Chair:** And that is taking into account health savings and other savings—

Sally Randall: Yes, savings to wider public services. The highest cost would be through health and criminal justice: nights in prison cells, other engagement with the criminal justice system and acute presentations at A&E, for example.

The aim of what we are doing through Housing First is to really thoroughly test that in a UK context—to test that in England. Lots of work has been done already in individual, small-scale projects, but it is to build on that and really test it, as Jon Sparkes was saying, in a system-wide approach



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in those cities we will be working with as pilots, including Liverpool, where some of the early feasibility work has been done, together with Crisis. They are one of the areas where we will be rolling out a more large-scale pilot across the city.

Q118 Gillian Keegan: Together with the data you are going to collect and the new initiatives you are implementing, what is your goal in terms of homeless reduction? What are the numbers going to look like by when? Do you have real targets? I do not sense a measurement that you are measured by. Do you have targets?

Melanie Dawes: Our Ministers have not set out an overall target for what they want to achieve on homelessness reduction—

Q119 Gillian Keegan: Have you ever had one in your Department?

Melanie Dawes: There were targets for homelessness in the mid-2000s, yes. We have not had targets—

Q120 Gillian Keegan: When it was lowest—

Melanie Dawes: That was when we had the very highest levels, which are still higher than those we have seen recently.

Q121 Gillian Keegan: So those targets were effective in bringing about some action, weren't they?

Melanie Dawes: Well, there was a very concerted Government strategy at this time—this is obviously way before my time in the Department. And there was significant activity from the Department. There were new legislative approaches and so on and alongside that went some targets. Particularly on rough sleeping, the Government has a clear target to halve rough sleeping by 2022 and abolish it by 2027. On homelessness more widely—

Q122 Gillian Keegan: And that is a smaller number. That is why I am trying—

Melanie Dawes: Exactly. On homelessness more widely, we are clear that the Act is the big change that we are implementing, and as I said that comes with lots of change for us: on data, on more activity from the Department and so on. We do not have a single number for that. Our new burdens estimates, which we may come on to, do assume that we will see some reduction there. That is not at this stage a target, but it is something our Ministers may well consider in future.

Q123 Layla Moran: On the target, are you sure you know how many people you are dealing with here, including the hidden homeless: the ones who are surfing couches—that kind of thing? Are you sure you have got that data or that you can have access?

Melanie Dawes: That is a very fair challenge. What we know from Southwark is that lots more people did come forward, which is what we want to see. We are widening eligibility here. This is why homelessness teams so welcome this new approach: They are no longer having to spend



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their time determining yes or no; they are actually spending their time trying to help people and give them a service.

So we have seen more people come forward. That is partly because more people are more eligible, and it may also be because people who were eligible before actually feel it is worth coming forward now in a way they might not have done previously.

Q124 Layla Moran: But some of that is going to be reactive. We heard from Crisis that there are ways of modelling those numbers as well. Are you using some of that methodology?

Melanie Dawes: We are aware of that work by Crisis, which was a very specific piece of research. Again, I think something would pass the test of a Government statistic or a Government evaluation—we have got to be realistic about what we can achieve. The data is going to improve things hugely for us, as I described earlier. It is going to take a couple of years for that data to come through, because it is new.

It will first be published—and it will still be experimental—this time next year. We are expecting to get the National Statistics badge the following year or in the year after that. It is a big change for all local authorities to change the way that they are doing their caseworking and their data collection. We do have quite a significant body of evidence on costs and on evaluation. We do not have a recent estimate of the costs and causes of homelessness. Our Ministers are thinking about that at the moment, and we are actively discussing with DWP whether we should do more specifically on the causes.

Q125 Layla Moran: I hope you do.

Melanie Dawes: I think it would be a very helpful addition.

Chair: We will be coming back to that, but I am going to bring in Gareth Snell.

Q126 Gareth Snell: It's all well and good collecting data, but it is going to be below freezing tonight, and knowing that there are more people on the streets doesn't mean there will be fewer people on the streets tomorrow.

Ms Dawes, you rightly point out that the responsibility for this sits with local authorities. The DCLG has removed a lot of the ring-fencing around funding that is given to local authorities and at the same time there has been a reduction in the central support grant. My own local authority is taking £1 million out of its homelessness reduction budget over the next three years.

How confident are you that local authorities are not going to be reducing the amount of money they put towards homelessness reduction in order to supplement other services? Obviously, the net impact of that, as Ms Randall said, is just an increase in the number of public services in the periphery.

Melanie Dawes: As I have discussed with the Committee before, it is a challenging funding environment for local authorities. Again, as Sir Robert



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was saying earlier, it is important to remember that these are decisions that Ministers took a few years ago and have continued to take about overall spending levels and how to reduce spending in order to reduce the deficit. Local authorities have played their part in that.

In the end, it will be for individual local authorities to work out how they meet their commitments. We are significantly increasing the commitments that they have to meet on homelessness with the Homelessness Reduction Act in April. We are providing new burdens funding to smooth that over in the first two years in particular, and we will keep that under review. It is one of the areas we are going to be scrutinising very carefully.

Q127 Gareth Snell: I appreciate the new burdens funding. The Homelessness Reduction Act 2017 does create a statutory requirement, but it does not stipulate at what level that should be, so you may have a local authority that has an all-singing, all-dancing department that is out there doing its bit, but you may have another local authority where it is one man and a clipboard. In terms of guidance and the expectations of DCLG, what is it that you expect local authorities to be doing and how are you ensuring that is happening?

Sally Randall: We recently published a consultation, which I think is open until 23 January, on a statutory code of guidance—it has statutory weight—that accompanies the Homelessness Reduction Act. That will set out in quite a lot more detail our expectations of what local authorities should do to implement the Act.

Alongside the duties in the Act, it talks about good practice, the things that local authorities need to take into account when they are dealing with households and all those more detailed expectations that don't sit comfortably on the face of the Act. That should answer some of those questions about what this means on a day-to-day practical level for local authorities and what our expectations are.

Q128 Chair: Will it have something to say about whether it is acceptable to house families two-plus hours away from where their children are at school? Does it get down to that granular level of detail? Is that the plan, or not?

Sally Randall: Yes. Some of that is set out already in statute. The 2012 suitability order sets out the issues that local authorities should take into account when they are making a placement out of borough, which does include education and travel to work. But yes, it does go into the steps that local authorities should take when making placements either within their borough or outside.

Q129 Chair: So it's not saying you can't house someone outside the borough.

Sally Randall: No, it doesn't say that.

Chair: So boroughs like mine will still have problems, I fear. Ms Keegan.

Q130 Gillian Keegan: Yes, I think many will have problems, particularly where we have seen the crunch points here. It is clear that the real long-term



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answer here is to have good quality social housing at affordable rents, so what can local authorities do without central Government support to encourage building for social rent rather than affordable rent? It is clear where the answer is here. Instead of waiting a couple of years for the data and so on, what can they do right now to start to address this problem?

Melanie Dawes: First, can I just be really clear about one thing? I am not saying that we are waiting for the data; I am saying that we are improving the data, which is going to significantly improve our ability to do analysis and evidence. We are introducing the Act in April. That has taken several years of work. We haven't waited for the data; we have used the evidence that we have. It is frustrating that it takes a long time to get that in, but we are not waiting for it.

On affordable housing, I absolutely agree. In the end—

Q131 **Gillian Keegan:** Social rent, not even affordable rent.

Melanie Dawes: Yes. I agree about that, too.

Q132 **Gillian Keegan:** A 50% rate as opposed to the 80% rate.

Melanie Dawes: We have more than £9 billion for affordable housing over the five years to 2020-21. That has been increased over the last year. The first thing I would say is that I do not think councils can do all this on their own. They need grant support from central Government, which is being provided on quite a large scale over the coming years.

Q133 **Chair:** It is being provided to councils?

Melanie Dawes: It is going to be provided to housing associations, but some of it will be available for councils if they want to use it. Some of it, as was announced just a few months ago, will be available for social rent. That change has been widely welcomed, particularly in parts of London where, as was mentioned earlier, it is sometimes the only thing that is truly affordable for some families. Then, of course, in last week's Budget the Chancellor announced a £1 billion pot to give councils in high price areas more borrowing headroom. That is a constraint for many councils at the moment.

Q134 **Layla Moran:** Have you decided the definition of high price areas?

Melanie Dawes: We are working that through with our Ministers at the moment. I don't know if Sally can say more.

Layla Moran: I ask because my area is Oxford.

Chair: We have Chichester, Oxford and Hackney here.

Sally Randall: Ministers will make further announcements on the exact definitions, but their clear intention is to target areas where the affordability pressures are greatest and where local authorities have a clear ambition to build and a plan to do so. They will target the available borrowing headroom where it will make the most impact.

Q135 Chair: So a competent council in a high price area has a greater chance? What about a high price area where the council has perhaps not quite got the bit between its teeth yet on building, for various reasons? Would it still get support to try to provide the homes for those local people?

Sally Randall: We are interested in understanding what support local authorities need. Some local authorities do not have recent experience of housebuilding, and we have been engaging with some of those local authorities to understand what they might need to do to get things going. In allocating borrowing headroom, we would be looking for people who have a plan, because we want that headroom to be taken up and spent. That is probably a slightly different question. If they have not had building experience, the chances are that they may already have some headroom to use.

Q136 Gareth Snell: Very briefly, Ms Randall and Ms Dawes, it is not necessarily about the high value but the differential between the land value and the final product. In Stoke-on-Trent it costs about £120,000 to build a house. The land value and the rent you will subsequently be able to levy against that house mean you will never earn enough rent back to pay for the cost of that house. Your scheme does not address that, because it is looking specifically at those with a high value. While you may have high values and good councils, you have some very low land value areas with decent housing associations that are not able to access that funding but desperately want to, because they could then build the houses we need.

Sally Randall: The criteria on highest affordability pressure are specifically for the additional HRA borrowing headroom. The affordable homes programme has a range of different products available across England, which meet different needs in different markets. It is certainly not the case that we are only building new affordable housing in some areas, but that particular criterion, which Ministers wanted to apply, is about HRA borrowing headroom to build additional council housing at low rates.

Q137 Gillian Keegan: Can I just go back to housing? In my area, Chichester, there are quite a number of housing association properties that are empty and need basic refurbishment. I think some change in the rent cap has made that less likely or meant that there are fewer funds available. Have you looked at that as low-hanging fruit, to make sure that every property that is void is made good within a short period of time?

Sally Randall: Obviously, housing associations are private bodies, but they are regulated and expected to operate efficiently. One of the measures of efficiency that they benchmark themselves against is the period of turnover between a property's becoming vacant and its being let again. It is not something we regulate directly from central Government, but it is something we look at. We would expect an efficient housing association to have a rapid rate of turnover between a property's becoming vacant and being ready for re-letting.

Q138 Gillian Keegan: Have you heard that the rent caps that were put on have had an impact on their ability to fulfil that promise?



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Sally Randall: To be honest, no, we haven't, and we are in very regular dialogue with housing associations. They have certainly said to us that they have had to make changes to their forward-looking and cyclical repairs programmes, to make adjustments and find efficiencies in order to live within the rent reductions that were put in place from 2016 to 2020. I have not had a housing association say to us that that is causing longer void lengths. It is not something that has been reported to us.

Q139 **Layla Moran:** I would like to move on to the forward view, if I may, and the ability of your Department to manage that, Ms Dawes, because ultimate responsibility lies with you. We knew that there was a Minister-led joint working committee, or whatever it was. We understand it met three times in the last two years. It doesn't really feel like much has been done so far, so let's move to the future. How can you assure us that you and your Department have the capacity to deal with this incredibly complex issue at this time, when you have so much else to do?

Melanie Dawes: I think we do have the capacity. As I said, we have recruited an expert team of advisers. They are already working with local authorities now. That is going down extremely well. Just this week they have got a meeting, I have been told, drawing together all the councils that have got a problem with too many families in bed and breakfast accommodation for too long. So they are already getting cracking looking at councils that are not performing to their statutory duties, and bringing them together. So I think we have built up new capacity in areas like that, and we are ready to implement these big Government priorities.

Q140 **Layla Moran:** We have heard you say that yourselves and DWP work closely together. Can you describe how that works? Do you meet at regular points? How does that work practically?

Melanie Dawes: There are a number of different layers to that; so, firstly, at ministerial level there have been working groups chaired by Ministers in the past few years and, again, the Chancellor announced last week in the Budget that there would be a homelessness taskforce, which would be chaired by my Secretary of State, which would be all Government Departments around the table that need to be there; and we will hold everybody to account for delivering under a strategy which is the accountability of my Department.

Beneath that there are various forums in which senior officials get together, and also our analysts, so it isn't just one set of meetings. At the moment our analysts are meeting every fortnight between DWP and DCLG. They have a lot to talk about, all the time, and that is a very deep engagement.

Q141 **Layla Moran:** Can I just delve into that strategy? As far as we are aware it is not published. Is there a plan to have a published strategy about the whole thing?

Melanie Dawes: That will be a question for our Ministers. I am sure that we will be saying more about the details of all this. So we have already set out a lot of information about how we are going to be implementing the



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Homelessness Reduction Act 2017. We are consulting on details of the statutory codes that will underpin it. We have published information on new burdens, and so on. The NAO Report suggests that we ought to publish a strategy and our Ministers have heard that request. Again, I think you will hear more from us on this. On the specific commitment on rough sleeping, we have already said that we will publish a strategy specifically on that, where there is a very clear target.

Q142 Layla Moran: I suppose what worries me about that announcement is that we know it is one small part of the system. Can you assure us that everything else will not be forgotten because you are focusing on that small part?

Melanie Dawes: With the Act coming in next year that really holds us to account across the whole system, but the problem of rough sleeping is such a difficult, problematic one, that gives us all so much concern, that I am very glad that it is in there as part of the—

Q143 Chair: Everyone is talking about rough sleeping as if it is a new thing. It was under the Conservative Government, in fact, back pre-'97, that it was beginning to be tackled, with a cross-party consensus to pretty much eradicate it, which was pretty successful. David Curry was the Housing Minister who led that through. Much work was done—and work was done to reduce bed and breakfast accommodation, which the Report shows has, alarmingly, gone up dramatically. That was in the early '90s. I remember visiting people as a councillor. So it is not new.

It is incredible sitting here and hearing, "We have got to have a strategy. It is all very complex." These things have been tackled before, and we see them drop and go up again. What went wrong? Forget policy—surely as the Department responsible for this, what went so badly wrong that this wasn't then picked up when things went into reverse?

Melanie Dawes: I am not saying that we will have to wait until we have a strategy before we act, or wait until we publish a strategy; I am saying the question of whether or not the Government publishes a strategy is a matter for Ministers, but we are very clear already—Ministers have already been clear what their overall aims are—and we have got a very significant body of work which does draw on that experience of the 2000s, although it does also draw on new approaches as well. Housing First, for example, is a more recent development that is going to be at the core of this strategy.

Q144 Layla Moran: We visited St Mungo's last week and one of the things that they mentioned was the number of strategies and initiatives over time, which they feel have not been sufficiently evaluated; it is like one thing starts and ends and the lessons are not learned, and then we move on to the next thing. Do you recognise this problem that they raised with us?

Melanie Dawes: I don't know whether Sally wants to comment on this further. I think that it is a fair challenge to say that we need to bring all this together more clearly and take a more holistic approach, yes; but I think we have a good track record of evaluating, and publishing the evaluations of, the work that we have done more recently. So I do not



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think there is a lack of effort on my Department's part in understanding what we have achieved in the things that we have piloted and trialled, but I do think the critique that we should be more holistic and bring it together is a fair one.

Q145 Layla Moran: This is my last point on this. Obviously our job is about value for money across the whole of Government. I am just going to come back to this point. Are you planning, once you have got the data, to model the cost savings of the Homelessness Reduction Act over the whole of Government, and are you sure you have got the right data to be able to?

Melanie Dawes: We will certainly be able to look at what is effective in reducing homelessness. The question of what costs that then helps us to save more widely depends on truly understanding the costs of homelessness, which is a slightly separate question. We do have some studies in that area. There has recently been a study of rough sleeping, for example, which gives estimates of the wider costs, in terms of services, of people rough sleeping.

As far as we are aware, there has not been any international work that really attempts to look at the full costs of homelessness. That is partly because of the difficulty of really disentangling what is causing the cost. Sometimes it is simply very vulnerable people—not always, but sometimes—and the wider circumstances in their lives are catalysed by a homelessness crisis. Disentangling those costs is not always straightforward, but we are committed to doing more on all this.

Q146 Layla Moran: What have you learnt from Wales?

Sally Randall: We obviously spent some time with the team in Wales when we were considering the introduction of the Homelessness Reduction Act in England, and you will see that there are quite a lot of similarities between the legislation. There are some quite detailed working-level points, such as exactly how we work with families to develop plans, and the sorts of relationships they need to have with the private rented sector—all sorts of detailed learning—but we have done that with a careful caution because, as is clear to everybody, a lot of the problems we face, particularly in London and the south-east, operate in a different housing market.

Much of what they saw in Wales—a reduction in overall homelessness acceptances, a reduction in the number of challenges to decisions—has been mirrored in the experience that we have had in Southwark, although obviously that is only one borough so we take that with caution as well. We think that there probably will be some quite strong parallels, but we are looking cautiously at Wales because we do not want to presume that we can replicate, in a London housing market in particular, what has been experienced in a very different housing market.

Q147 Chair: Can I go back to the rough sleeping point? Ms Dawes, I think we touched on this earlier. Crisis talked about the growth and their projections. Have you an idea of when you are going to see that growth



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reverse? Have you got a plan, a target, for when you are going to see the turning point?

Melanie Dawes: We don't yet have a projection for that, no; I would be misleading you if I said that we had clear trajectories for that. We are starting to form that work now. What I think we can say regarding some of the factors behind the increase in rough sleeping, particularly in London, is that there has been a big increase because of EU migration.

We have seen a particular increase in the number of EEA nationals who are rough sleeping. Some boroughs are saying to us that that is edging down in recent months, but we have not seen that come through in the figures yet. The count has only just been done for this year in most places, and so we await the latest data.

Q148 **Chair:** So you haven't got any idea about whether, if you had more appropriate hostels—all these seem to have gone up since house prices and rents; you talk about London—have gone up. Surely there is a correlation. If there was affordable housing, an EEA or British national or whoever would be able to get private rented accommodation, but they cannot. I recognise that with rough sleeping there are more complexities with some individuals, but some of those people are on the streets because they just cannot get anywhere else to live.

Melanie Dawes: For some, yes, although generally those speaking rough are facing more complex circumstances in their lives.

Q149 **Chair:** They are, by the time they have slept rough. So you haven't got a target at the moment?

Melanie Dawes: We don't have any kind of projection at this stage, but we do have—

Q150 **Chair:** When will you be able to have—

Melanie Dawes: We do have a target that Ministers have set out for 2022 to halve rough sleeping. We do not, at this stage, have the detailed modelling showing us the detailed projections.

Q151 **Chair:** And you will be able to model that with step-down targets along the way, will you?

Melanie Dawes: I would hope that we will be able to do that. I think we will need to if we are going to be clear when we will meet the target and how.

Q152 **Gillian Keegan:** Turning back to Mr Schofield, a quarter of the people in the private rental sector are on benefits. It is clear that this is the sector that has been most affected by a competitive market. Have you considered, studied or modelled the impact that Universal Credit will have on this marketplace in terms of the drivers for homelessness and private rental availability?



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Peter Schofield: There is quite a lot packed into that question. In terms of the impact of housing benefit reforms on homelessness, I would go back to what I was saying at the beginning of the hearing—

Gillian Keegan: Universal Credit in particular—have you looked at that with the different timeframes and kinds of schemes?

Peter Schofield: Robert has described the changes that have been made to Universal Credit as part of a budget change—

Gillian Keegan: Will it help these figures?

Chair: Let Mr Schofield answer.

Peter Schofield: In terms of some of the measures that we are talking about: first of all, the housing benefit run-on that Robert described, in which housing benefit continues to be paid for two weeks, that is clearly a benefit to our claimants, and Robert described how that would work in practice; the access to advances that will be made available from the beginning of January so that a claimant can access the estimate of the full month of their entitlement as an advance up-front, and can pay that back over 12 months rather than six months, that will certainly be a help to our claimants; and, obviously, the removal of the seven-day waiting days. All of these are there to advantage our claimants and I think they have been widely welcomed.

Q153 **Chair:** Sir Robert, did you want to come in on that one?

Sir Robert Devereux: Those are the right things to identify. Coming back to the point you have consistently asked about, homelessness is a function of not getting a house, which is obviously a function of the number of houses. In a world in which prices are rising rapidly, in ordinary economics that is because there are more people chasing limited supply. Typically, when demand exceeds supply, one thing happens—so in this particular world, either people are occupying houses more densely than they previously were, or they are not going to form households or some will be homeless.

Chair: Exactly. It is not rocket science, in other words.

Sir Robert Devereux: The point that I am trying to make is that the number of people who might define themselves as homeless is a function of that, and some of the policies that you can pursue might change the distribution of that—will you have family X or family Y? But as one of the earlier witnesses said, even some of the obvious policies just increase the LHA, and increasing the LHA may just stick the price up.

So the question that I think you are getting to is, what is the right structure to make sure that there are enough houses around to do that? Certainly we are trying to make sure that if there is any mechanistic thing going on in the welfare system that steps in the way of people getting housing, we are trying to deal with that—but we are not creating the housing in the first place.



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Q154 Gillian Keegan: Of course that makes sense. However, what perhaps makes less sense and maybe has caused some of this is that at the same time as when there is a known housing shortage and predictable rent increases in the private rented sector—as the same time as all that is going on—you put in place a policy that in most cases that we have heard about is about half of the need, in terms of housing benefit. Those two policies together is why we are asking the question—did you consider them in tandem?

Sir Robert Devereux: Yes. Two things—first, some of the sums in the benefit world are very large, so when Ministers go for making savings they are talking about savings well in excess of any of the numbers you have talked about this afternoon for a start. Secondly, as the Report makes perfectly clear, despite that fact a lot of people who are actually renting below the LHA and all the ones above it are choosing to do that. Some part of the policy we are trying to do is to give people the choice to do it. We do not go around telling people what they can and cannot rent.

Gillian Keegan: Everybody would like to if it was available, I would have thought.

Sir Robert Devereux: The point I am making is a slightly different one. When it says in the Report that some people are, as it were, paying more rent than the LHA provides for, then that is a choice that is in a sense is a function of the way in which the system is working. But coming back to the homelessness, which is the point of this particular hearing, the quantum of homelessness is in my view a function of the numbers of people chasing homes and the supply of those homes, together with people's choices about either occupancy or household formation.

Q155 Gillian Keegan: But they don't get a choice. One of the big drivers was this assured tenancy. They have been evicted—

Sir Robert Devereux: With respect, you can't evict people while they are in a tenancy. If there is a competition at the end of a tenancy for the price, as one of your colleagues has said, the landlord says, "Look: this house is worth a lot of money. I'm going to put up"—

Q156 Gillian Keegan: I get that, but I just don't get that you think there is choice.

Sir Robert Devereux: There is choice in the sense that people are clearly choosing—even with the money that we provide—to pay rents in excess of the LHA rate. The Report says that. I am not saying that that is a good thing; my point is simply that in a world in which the choices in front of Government are to think what is the best way to play this—

Q157 Chair: I think that to say choice makes it sound like it is a really free choice and I don't think that is right. People pay that because it is the market rent. Often, people pay more than half their salary in rent. People on benefits do not have that choice, even if they were already living in it—they just never get the money paid to them.



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Sir Robert Devereux: But the properties that they were previously in are not vacant, to my knowledge. It is because there are a lot of people chasing a number of houses. You are absolutely right; choices about the way that the state intervenes may affect the distribution of homelessness, but that is a different question from the quantity—

Q158 **Chair:** That brings us on to Ms Dawes. We talked about supply and the release of land for homes in previous hearings so we will not need to revisit all of it. We pushed you on that and said that you could build executive homes with four bedrooms, or ones that meet local housing need. Thinking about all this, is it not absolutely imperative that you encourage building to meet the needs, to prevent people becoming homeless in the first place? Should that not be a more central part of your strategy in order to prevent homelessness in the long term?

Melanie Dawes: You are right that we need to make sure that there is sufficient affordable housing. That is part of the Government's approach. In the end, local authorities put together plans that reflect the need in their area, but affordable housing is a very important part of that.

Q159 **Chair:** We heard from Mr Snell about the problems in Stoke. On the contrary, in Hackney, the price of housing is so high that the Mayor of Hackney can say, "I will build, and a percentage of it will be sold on the open market at high levels"—higher probably than a permanent secretary could afford, or maybe not. It probably depends which permanent secretary; but certainly, more than a highly paid MP could afford. That would cross-subsidise properly, really affordable council-rented homes.

That high end is not necessarily reaching even a local market of people on a medium to good income who could afford to buy it, so it is not actually solving the supply problem. It is a supply problem for overseas purchasers, for example, which is a big issue that we have seen in my area. How will you make sure that the right housing is built, and councils don't have to just build the wrong sort of housing to help fund the right sort of housing, if you see what I mean?

Melanie Dawes: There are two elements to that; one is whether we are supporting affordable housing. I have described the measures that we are taking there and the budgets that are behind that.

Q160 **Chair:** But affordable is 80% council renters?

Melanie Dawes: Yes, that's what I mean—or social rent, which is the new announcement that was made a couple of months ago. More broadly, you are asking, simply for families who want to buy or perhaps could afford or might want to pay an ordinary private sector rent, whether the homes that are being built, particularly in parts of London, are actually meeting their needs.

The answer is that until we build enough homes we will find that some parts of London continue to be very inflated. The other important measure that we announced in recent months is for changes to planning need and the requirement that local authorities plan not just for the demographic projections in their areas, but also in a way that reflects market prices.



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That ups the ante significantly in terms of the numbers that need to be built in high-price parts of the country. Across the piece, we are very clear that we need to fix the housing market in multiple ways.

Q161 Layla Moran: Can I come back to that? Oxfordshire actually has gone above and beyond these numbers, as you will know, yet I have attended countless planning application committee meetings—I should have better things to do, but I don't—and my reason is to try to ensure that there is enough affordable and social housing. Nine times out of 10, the developers come back and say that they cannot possibly afford to do that, so they put huge pressures on councils, even in boroughs such as Oxfordshire that are delivering 100,000 homes—well above your figures. I think that your answer is a bit of a cop-out. How can you help?

Melanie Dawes: I don't think that it's a cop-out. You are saying that it isn't enough. The challenges that we face in the housing market mean that we are constantly pressing harder on councils to build all sorts of homes in their areas. We are very pleased to have had the deal with Oxfordshire just in the last few days, as part of the Budget. That is a really good step forward. They are now going to have to work out their plans for affordable housing—

Q162 Layla Moran: But you pressing hard on them is not actually solving the problem.

Melanie Dawes: It is beginning to solve the problem. We are seeing planning permissions go up, but we are not seeing them rise by enough. We have put more money behind affordable housing. We need to see that come through the system.

Q163 Chair: How much more of it is social housing? The viability assessment, for example, is something that is really screwing a lot of local authorities, because those developers get delayed incentives to reduce the number of affordable homes and increase the number of highly expensive ones.

Layla Moran: Can I put this into context? The Vale of White Horse is building at one and a half times the rate needed to deliver the 300,000 homes a year that the Government set. That is a really good example of a local district over-delivering, yet the problem is not being solved.

Melanie Dawes: I can only agree that these are really significant problems to solve. Also as part of the Budget package, we are empowering the Homes and Communities Agency—which will be renamed Homes England—to have much more ability to use its budgets locally, to unlock whatever problems are standing in the way of development, whether that is loans to small builders, which are flying off the shelves at the moment to be honest and are extremely successful in unlocking smaller sites, or larger infrastructure loans that allow big developers to manage their cash flow better and build homes faster. We are also looking at the community infrastructure levy to see whether we can reform it, to change some of those dynamics between the developer and the council that you are describing.



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There is action we need to take with the utilities companies, who are often the ones claiming that there is a large investment to be made in a site that subsequently turns out not to be as expensive as they initially said, which frees up a conversation about affordable housing rather late in the process, when it could have happened earlier. There is no single solution. We are active on many fronts, and I can only agree with you that we need to remain so.

Q164 Gareth Snell: I do not necessarily, Ms Dawes, agree with anything you have just said, because it is predicated on a local authority under a five-year housing land supply, otherwise the default position of the national planning policy framework is a presumption of very good development. Moving this away from the higher-value areas, in the lower-value areas, in the sort of cities that I represent, time and time again we have schemes coming forward for 15 to 20 houses, of which, under local plans provided, 25% would be social or affordable housing. Then the viability impact comes back and we get told, "I'm really sorry, can't afford the three or four affordable housing units on this site, because it will hit our products."

The district valuation officer signs that off nine out of 10 times, so the actual flow of affordable housing is not there. I would like to know, where local authorities are entering into agreements that allow for payments in lieu of development to be made through section 106 agreements, what is your Department doing to make sure those are being used to build site provision, because there are councils in low-value areas that are building up small reserves, at £10,000 a scheme, that are not able then to deliver new houses, because the cost of building is so high.

Melanie Dawes: I do not know if Ms Randall can come in on this, about the specific problems of affordable housing in lower-value areas. That is partly what our affordable housing grant is designed to support. It generally means that affordable housing is easier in those areas than in others.

Gareth Snell: No, it's not.

Melanie Dawes: As I was saying earlier, we do have a wide range of interventions that the Homes and Communities Agency is already using. Those are in a range of areas across the country, not just in the south and higher-price parts of the country. Sometimes it is grants and sometimes it is loans that can unlock these schemes, but we are absolutely ready to work with any part of the country that has a housing need that it is struggling to meet.

Sally Randall: I think that what you are referring to is when a local authority takes a commuted sum instead of actual contributions from section 106. Just to reiterate what Melanie was saying, the Homes and Communities Agency is ready to work alongside the local authority, to make sure that those sums can be turned into actual homes and can be done so promptly, because we do not want to see local authorities sitting



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on large sums when they could be turned into homes, so we stand ready to help them with that, if that is the case.

Q165 Chair: You have picked up on a concern about the viability assessment. That is not really the main subject for today, but it certainly is having an impact in high-value areas. I just wanted to quickly ask about private rents and whether the Department has any plans to do anything about the increase in private rents, given that it is at the moment a completely free market, and led, as Sir Robert highlighted, by demand. Are there any plans on that, Ms Randall or Ms Dawes?

Melanie Dawes: Sally may want to come in on this. In some parts of the country, it is only really recently that we have begun to build a market for building purpose-built private rented housing. That is now beginning to move in a number of parts of the country. We have had a guarantee scheme, which has helped to make the market, and we are finding that more and more areas are seeing the value, and more and more developers. In fact, new sources of finance—not the traditional lenders and developers—are building more private rented units. That helps, in the end, to increase supply, which will help on rents as well as buys.

Q166 Chair: Just to be clear, there are no plans at the moment by Government to do any rent increase regulation of any sort?

Melanie Dawes: No. As I was going to say, that is the other side of the coin. There are no plans on that at the moment, but we do have some plans in this area to look at tenancies.

Sally Randall: There are certainly no plans to regulate rents as they have been regulated in the past, but Ministers have taken action in particular to look at the up-front costs of renting. The Tenant Fees Bill was published a few weeks ago, which looks to directly tackle some of the up-front costs of renting. Ministers are also interested in seeing what can be done to encourage tenancies to be available for longer periods, through either the build-to-rent sector or private landlords.

Q167 Layla Moran: That brings me neatly on to something that was raised in my constituency casework recently. A constituent wanted to rent their house out to a social tenant, only to find there was a clause in their mortgage that said they could not. Are you aware of that, Ms Randall, and are you talking to the banks about it?

Sally Randall: We are aware that some mortgage lenders have had those clauses in the past. We have worked with a number of mortgage lenders, and those clauses are much less common than they used to be as a result. Obviously I cannot comment on the individual case, but we are not aware of that being a very common mortgage clause any more. In particular, those clauses used to say that a house could not be rented to someone on benefits or—

Q168 Chair: How do you monitor how many building societies and banks require a one-year tenancy, which I guess would usually be the minimum?



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Sally Randall: We don't collect data on that, but we do—

Q169 **Chair:** Is that the job of councils? Do they have a handle on this?

Sally Randall: I think they do have some information on that, but I don't have that to hand.

Q170 **Chair:** You say you are sure the number of those clauses has gone down. I just want to know on what basis you are sure this is happening less often.

Sally Randall: Because we have been in dialogue with specific mortgage lenders whom we know have changed their terms, but I could not tell you specifically which ones they were.

Chair: So it is a bit of a finger in the wind?

Q171 **Layla Moran:** There are two different clauses here: one is about whether someone can rent to social tenants and the other is about the length of tenancy. Are you talking about both clauses in the same breath?

Sally Randall: Yes. I think more mortgage lenders have shown flexibility on the length of tenancy than on clients on benefits, but there has been a change in both. We can certainly get you information on what the CML has done on that recently.

Chair: If you have information on that, it would be very helpful.

Q172 **Gillian Keegan:** I am a little concerned. We have 77,000 households in temporary accommodation. Clearly that is the problem we are trying to solve. We recognise that in quite a few areas around the south-east and London in particular, social housing is the only thing that will deliver truly affordable rents—and even that is probably questionable in London. You have been talking much more about affordable housing, but affordable housing that is 80% of market value is not going to solve this problem most of the time. We are on a trajectory where this will just increase exponentially, and nothing is going to change unless we focus on getting the right housing. I don't see a plan for that to happen. What is your plan to address that in particular?

Melanie Dawes: The choices our Ministers have made so far are to put significant funding in—

Q173 **Gillian Keegan:** Into affordable housing. You keep talking about that.

Melanie Dawes: Into the affordable housing programme, but that includes some flexibility on homes for social rent for the first time in a number of years.

Q174 **Gillian Keegan:** Flexibility for?

Melanie Dawes: Sally may want to say more about this, but the reason the Government moved towards affordable rents at 80% a few years ago is that, that way, the grant goes further and you get more homes built. There is always that trade-off. In many parts of the country, affordable



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rent is actually fine. It is particularly in high-demand areas that social rent is often still needed.

Sally Randall: Can I just clarify something about rent levels for affordable rent? The affordable rent product is up to 80% of market rent. In London it has tended to be set closer to 65% of market rent, and the London affordable rent product that the Mayor is operating with DCLG funding is even slightly lower than that in some cases. It varies according to affordability in local areas. It is not set at 80% of market rent; it varies from place to place.

Q175 **Chair:** There is so much more we could cover, and we would love to go into this in more detail. I just want to be clear. We have talked about Ms Dawes and Mr Schofield in particular working closely together a number of times. Does that mean that from now on, when the Committee looks back at this, we can hold you both equally to account for delivering on tackling homelessness?

Melanie Dawes: It is my—and my Department's—responsibility to make sure that the Government's objectives on homelessness and rough sleeping are met, and to support them in doing that, but as we do that we have to work very closely with other Departments. The Department for Work and Pensions is right at the front of the queue of Departments that want to work with us. This is about Ministers getting together in the way we have described through the new taskforce, which will be supported by people from outside, to hold us to account, but it is also about officials.

Q176 **Chair:** Obviously we want to hold you to account. You know we like to call you back if we are not happy with something. When would be a good time to do that? When will you see the results of some measures you have described today that you believe will make a difference? When will you set out targets that we can hold you to account on?

Melanie Dawes: I cannot say for sure when Ministers will want to publish the next stages of the work. The Chancellor announced the new taskforce last week.

Q177 **Chair:** You have pointed out that you are not waiting for a strategy and are getting on with things in the meantime, so when would be a good time to call you back?

Melanie Dawes: We are getting on with it. The Act comes in in April next year. We will start to get our data in the autumn of next year. There will be more to say at regular intervals. We will publish data on the existing basis—quarterly—but I cannot say for sure exactly when Ministers will want to publish any further strategy in these areas, but I can say that it is a big priority.

Q178 **Chair:** It is not so much the strategy that we are interested in. The strategy we have talked about is the results—the reduction.

Melanie Dawes: Yes, it is.



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Q179 **Chair:** That is not necessarily dependent on Ministers deciding on a strategy. When will we begin to see results from the things that you have talked about today?

Melanie Dawes: We will start to see the implementation of the Act from April. We know from Southwark that it took six to nine months to start to see the results coming through. We would expect that in autumn next year, we will be beginning really to understand how that transition has gone. That is the single most significant change in the short term.

Q180 **Chair:** When Ms Randall described the Southwark example, which was very interesting, it relied a lot on the private sector providing homes for families, some of whom might prefer to have a long-term, stable, permanent home. Is that an indication of the general direction of travel—that the Government see providing private rented accommodation for families as an answer to the problem? Obviously it is a short-term answer, but is the long-term plan for the Government to have more people housed in the private rented sector?

Melanie Dawes: We do not have a view on the right overall tenure mix between the private and social rented sector. We think we need more affordable—

Q181 **Chair:** I am partly referring to the permanency of the tenancy. If you are in the private rented sector, you have no idea whether you can grow your family there. If you are in a council or housing association property, you have the knowledge that you are there until you die, if needs be.

Melanie Dawes: It certainly does provide more certainty, although many families living in the private sector do have the certainty. They have good relationships with their landlord.

Q182 **Chair:** It depends on the—

Melanie Dawes: It is important not to characterise it all as Rachmanesque.

Q183 **Chair:** But they have no legal protection, even with the good, long-standing, large private landlords who have a good track record. There is no legal requirement for the landlord to keep them there permanently.

Melanie Dawes: The tenancies are generally not as long as they are in the socially rented sector. I do not know if Sally has to hand the figures for the average length of tenancy.

Q184 **Chair:** So part of the Government's plan is to provide housing on that basis, as a solution.

Melanie Dawes: The private rented sector will need to be part of the plan for tackling homelessness, yes.

Q185 **Chair:** Can I just ask a final point? We obviously do not have time to go into this today, but the challenges around Grenfell are obviously keeping councils very busy; I know you have talked about this in other places, so I will not press you on the progress there. One of the big concerns for



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councils is what will happen with that and who will fund the works that need to be done to certain blocks. Can you just state, very clearly for the record, what plans DCLG has to make sure that councils can afford to do the necessary safety work, so that tenants are safe in their homes?

Melanie Dawes: Our Ministers have said that any council that has any concern about costs should come to us straight away. We are engaging with a number of councils across the country right now and have been for some time. As the costs become clearer—that is not just yet in most cases; they have estimates but they are not yet at the stage of contracting the work—we will be able to reach agreement with individual councils about how we can help. That is on a case-by-case basis, but our Ministers have been clear that we are absolutely ready to provide whatever flexibility is needed.

Q186 **Chair:** That doesn't sound like you are necessarily committed to paying the whole cost of that work to those blocks if they need it.

Melanie Dawes: In the first instance, their landlord—the owner of those buildings—is responsible. Where councils can meet that, the Government's position is that they should. Where a council has a problem—

Chair: Can I just give a parallel example?

Melanie Dawes: Can I complete the sentence, because this is important? Where a council has a problem, we will expect to understand any impact on their wider housing spending if they have to divert funding towards remediation of any of these towers. That will be part of the assessment that we would want to do. We are treating it on a case-by-case basis.

Q187 **Chair:** Just to give a parallel example, in Ireland, a building product that had been licensed by Government, and was therefore provided by the contracting sector, caused some serious problems with houses cracking badly and, in some cases, falling down. The Government instituted a compensation scheme because it was the body that licensed the products. Some of the cladding on dwellings was sanctioned by Government, in effect, so does that have a bearing on what money you will fork out—if it is something that has been sanctioned as safe for use?

Melanie Dawes: After a number of months working on this, I am not aware of any such sanctions having been given on any of the relevant products by the Government.

Q188 **Chair:** Not even under building regulations?

Melanie Dawes: We don't sanction individual products; that is not part of the framework. We put together the tests over the summer that very clearly showed that certain combinations do not pass our regulations, but they are not products that we have provided any view on or given any approval to in the past. That is done through industry-wide schemes, not directly by Government.

Chair: Okay. We'll leave it there for now. I thank you very much indeed for your time—particularly Sir Robert, who has been with us for quite a



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long time this afternoon. I wish you well in your retirement, Sir Robert, although be warned that we may well call you back. I am sure you would love to come back and explain policies when we get them further down the line. Our transcript will be up on the website—uncorrected, as ever—in the next couple of days, so please take a look. Our Report will be out in due course.