

Housing, Communities and Local Government Committee

Oral evidence: MHCLG Housing Prices, HC 830

Monday 12 Mar 2018

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Members present: Bob Blackman (Chair); Helen Hayes; Kevin Hollinrake; Andrew Lewer; Jo Platt; Mr Mark Prisk; Mary Robinson; Liz Twist; Matt Western.

Questions 1-129

Witnesses

I: Dominic Raab MP, Minister of State for Housing, Ministry of Housing, Communities and Local Government, Heather Wheeler MP, Minister for Housing and Homelessness, Ministry of Housing, Communities and Local Government, Fiona Darby, Deputy Director for Homelessness, Ministry of Housing, Communities and Local Government and Nico Heslop, Deputy Director for Planning Policy, Ministry of Housing, Communities and Local Government.

Examination of witnesses

Witnesses: Dominic Raab MP, Heather Wheeler MP, Fiona Darby and Nico Heslop.

Q1 Chair: Welcome to the Housing, Communities and Local Government Select Committee. Before I invite the Ministers to speak, will Members declare their interests, if any, for the record? I am a vice-president of the Local Government Association, and I also have a small property portfolio.

Helen Hayes: I employ a councillor in my staff team.

Jo Platt: I employ two councillors in my constituency office.

Liz Twist: I am a member of Gateshead Metropolitan Borough Council.

Andrew Lewer: I am a vice-president of the Local Government Association and I have an interest in Drakelow Development Holdings.

Mr Prisk: I am a chartered surveyor.

Kevin Hollinrake: I employ a councillor in my office. I also have some property connected with my previous life, which is all declared in my entry in the Register of Members' Financial Interests.



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Q2 **Chair:** Thank you. Welcome, Ministers. Dominic, I think it is your first appearance in front of our Committee. Heather, it is your second, but of course you were on the other side of the table on many occasions. Will the officials introduce themselves, please?

Nico Heslop: I am Nico Heslop, deputy director for planning policy.

Fiona Darby: I am Fiona Darby, deputy director for homelessness.

Mrs Wheeler: Chairman, if we are declaring interests, I am married to a councillor and I employ councillors.

Q3 **Chair:** Thank you for coming to speak to the Committee and answer our questions. I want to kick off with the Government's proposals to achieve 300,000 new housing starts, which is a very bold target, given that it is a net figure we have never actually achieved before. We are going to talk about the planning policy framework later on, so please avoid that for the moment. Can you update the Committee on the measures you are going to take to achieve that level of house building?

Dominic Raab: It is a pleasure to come and give evidence to your Committee. We have had the NPPF published for consultation. I will leave the detail, as you have suggested, for the moment, but that is one piece of the jigsaw. There are a whole range of other things and, it is important to say, generic aspects about this. First, the 300,000 target by the mid-2020s is the point at which we think that the affordability of homes will come down for the nurse, the teacher, and those on low and middle incomes, and particularly for those trying to get on the housing ladder for the first time. That is the significance of it.

The other thing is that there is no silver bullet or magic wand. Planning reforms are part of it, as is the release of public sector land and the Oliver Letwin review on build-out rates. Things like homes infrastructure funding are an aspect of that, and that is quite important. Although there is a lot of reporting about the pressure on councils, it is a two-way street. We want to ensure that local authorities that have the ambition to build in areas that are expensive have support, whether that is to build a byroad, or to provide utilities, a local clinic or school places. There is not one thing that will get us to our target; it is more about putting all the pieces of the strategic jigsaw together.

Q4 **Chair:** Okay. You mention that by the mid-20s you would expect homes to be more affordable. How will you ensure that in the interim period, more affordable homes are built? People who are on lower incomes may require social rent simply because they cannot afford to buy their own homes but they need a home of their own. How will you get those homes built?

Dominic Raab: I think the good news so far is that the overall number of new homes being delivered is at 217,000, and that is the highest level in 30 years for all but one year. We have seen good news about first-time buyers and the highest number of homes registered to be built—I think in 2017 we had the largest number built since the financial crash. Although



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there are all sorts of issues about Help to Buy—I am sure your Committee will want to scrutinise us about that—that has made homes more affordable for first-time buyers, along with the stamp duty cut. Again, there is a long-term target there, but we are taking action now and we are starting to see some progress. We are restless to go even further, and whether for the short or long term, there is not just one thing that will do it.

- Q5 **Chair:** Clearly the Local Government Association will be saying, “Why not allow local councils to borrow more money and take advantage of historically low interest rates to build more socially rented homes?” Why are the Government not allowing that to happen?

Dominic Raab: We are, Mr Chairman, and we have raised the borrowing cap by £1 billion. We have said that we will keep it under review, but at the same time we want to take a balanced approach.

- Q6 **Chair:** So the Treasury is controlling the amount that will be allowed to be borrowed. What representations are you making to the Treasury to increase that amount so that local authorities can increase their council house building?

Dominic Raab: We engage, as you probably imagine, constantly with the Treasury and Chancellor on all these issues, not just the local authority cap on borrowing. I will not disclose the discussions we have, but we look at it from all angles. The key thing for us is to get the balanced approach right. Obviously, we need to be responsible with the public finances, but equally you make a perfectly reasonable point about leveraging a local authority’s ability to get homes built.

- Q7 **Chair:** The other issue of concern in a number of areas is the position on empty homes—properties that are empty and kept empty quite deliberately. What are the Government’s plans to take action in that area to enable local authorities to tax those homes so that they then build more homes that will be occupied?

Dominic Raab: As I think you are probably aware, we already have legislation that will allow us to double council tax on some of the properties you have described. We would need to bring that into force, which would require a legislative vehicle, but that is something we are very much looking at doing. That is one aspect of that.

- Q8 **Chair:** So when do you plan to introduce it?

Dominic Raab: Well, I cannot give you a firm date now—you will know all the pressures we have on parliamentary time—but it is something we are actively looking at and keeping under consideration.

- Q9 **Chair:** We are having a two-day general debate this week and, arguably, some of that time could be given over to this much-needed legislation. Arguing that parliamentary time is not available is slightly not in keeping with where we are at the moment. We do have a pause for some of the legislation as the exiting the European Union Bill goes through the Lords. Why don’t we use some of the parliamentary time to do this now?



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Dominic Raab: I would need to get a firmer, clearer steer from the Bill managers—if only, Mr Blackman, they were as agile as you are. But we are committed to that; it is an important reform, and one of the things that I did when I came in as Housing Minister was look at some of the other ideas that are floating around in relation to this. We need to be careful: we want the investment coming in and we want to get homes built, but where there are vacant properties, we need to get the balance of carrots and sticks right.

Chair: Okay, fine. A number of colleagues want to ask questions. I'll come to you, Jo, at the end, so you can flow into your question.

- Q10 **Mr Prisk:** Minister, we talk about empty homes, but what about unused public land? What progress are you making to turn unused public land into homes and, in particular, are you including large local authorities and hospital trusts in that process?

Dominic Raab: Thank you; it's an excellent question. That is certainly one of the principal levers that we want to be yanking to get more homes built. Our aim is to release enough Government land by 2020 for 160,000 extra homes. The Government are providing local authorities with access to something like £6 billion to bring forward land for new housing. In terms of action right now, this is something that the Prime Minister is very focused on, and I will be working with Oliver Dowden in the Cabinet Office, Department by Department as well as at the local authority level that you are talking about, to make sure that we are focused both on the release of land where it is available and, then, on the measures that need to be taken to bring rough land, for example, into a state where it is fit for residential housing. That is an endeavour on which I will be teaming up with the Cabinet Office but also with Homes England, which provides some of the infrastructure and technical expertise, in order to get those homes delivered.

- Q11 **Kevin Hollinrake:** Minister, you said you anticipated that as we started to build 300,000 homes a year, homes would become more affordable—I think that's what you said. Does that mean that you expect, or that the forecasts are, that prices will start to drop at that point?

Dominic Raab: I am going to be very careful about what I say about that. Of course, it is quite a complex equation, because you have to take into account supply and demand. We have had some interesting debates about demand, and I know a lot of people ask about the pressures that immigration puts on housing. That will obviously feed in. But one thing I think we are keen to do is make sure that we see some stabilisation, which will mean that in terms of affordability and, in particular, the ratio of the cost of homes to real wages in high-demand areas, there is less of a gap between them. Some of that will be about precipitating supply, some of it demand and some of it the other measures that we are taking to support homeowners to get on—

- Q12 **Kevin Hollinrake:** On the empty homes premium, do you know how many councils have used the existing latitude they have to apply the



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50% increase to empty homes?

Dominic Raab: Well, the number of long-term empty homes is down by nearly a third since 2010. We have said, as you know, that we will bring forward measures to double the 50% cap on the council tax empty homes premium. I don't have a breakdown in front of me, although I am told by my colleague here that her local authority has used this, so there is at least one saint amidst the sinners.

Q13 **Kevin Hollinrake:** Would you be able to let us know? It would be interesting to see how many people are using the existing provisions available to them.

Dominic Raab: I will be very happy to check with officials the extent to which I can give you that information; I am always keen to give you more rather than less.

Q14 **Liz Twist:** I want to return, Minister, to the question of lifting the debt cap. The decision was made, I think, to look at that only in high-value areas. What consideration was given to raising the debt cap more generally, so that all councils could increase their rate of building?

Dominic Raab: As I said in my original answer, it is a balance between making sure you can make the best leverage of the local authority's position to get homes built, and being responsible with the public finances. Both those aspects are important. We have focused—you are quite right—on those areas where there is highest demand and it is expensive, because that is the targeted approach that we are taking, but we will keep it under review. If you or anyone else on the Committee want to make a reasoned case for why there should be modifications to the approach we are taking, I am happy to look at that. But what we are going to try to do is to make sure we take a balanced approach—being responsible with the public finances and targeting the extra spending power, if you like, of local authorities where it is needed most.

Q15 **Liz Twist:** Many local authorities would say that if they were allowed to borrow, it would pay for itself—the income from rents would provide the homes and cover that cost—so it is an artificial barrier to development.

Dominic Raab: Well, some will make that argument. We would need to look at this case by case, but, as I said, if you want to make a reasoned submission to us or the Select Committee thinks we ought to tweak this policy, it is something that I do not have a closed view on. There are obviously different equities at stake, as the Chair rightly said. We want to do this in a responsible way, but ultimately my overriding goal is to get the homes built.

Q16 **Jo Platt:** Going back to Liz's point on the affordability gap, are you worried that that might cause a north-south divide? I want to put another question to you as well, Minister. Local authorities in the north-west are still awaiting guidelines for the allocation of the grant to build homes for social rent. When should they expect an answer?



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Dominic Raab: I will have to come back to you on your second point. Your first point is a very good one. Our approach has tended to be focused on easing the pressures of demand in the most expensive areas, and yet the Government have a national policy of making sure we have a balanced approach to growth so we build up the economic poles outside London and the south-east. Those two things are not mutually exclusive. You make a very important and salient point, and it is something that the Department is constantly looking at. Although our programmes for home building are designed to ease the pressures on affordability, in the way that was rightly described, there is a whole other tranche of economic strategy aimed at making sure we have a balanced approach to growth, and we have to make sure the two are synchronised along the way.

- Q17 **Jo Platt:** Going on to the recently launched consultation on a revised NPPF, the permanent secretary recently wrote to the Committee noting that the NPPF revision would implement over 80 current and recent planning-related consultations. Following so many proposed changes to the planning system in recent years, can we now expect some stability and certainty to support all those involved in trying to meet the Government's ambitious home building targets?

Dominic Raab: Yes. We last reviewed it and changed it back in 2012, and obviously we do not want to stand still, because, as I have already mentioned, we are restless to keep improving our game in terms of getting the homes built. There is a national challenge and the means to achieve it are often local. That is why the national planning policy framework is so important. I hope that we now have the right balance of local democracy and of carrots and sticks for local authorities and developers.

At the same time, you will have noticed that, in both the developer contributions consultation and the NPPF consultation, there were some further measures for reform that we will be looking at. Feel free to look at those and scrutinise them very carefully, but I suggest that most of them are about reinforcing some of the existing measures in the NPPF. The NPPF does not have legislative force in the same way that either secondary or primary legislation would. For example, there is some discussion of further measures that we might wish to take on density. They would be subject to consultation. On developer contributions and how we move to not just having greater transparency and clarity from developers but making sure that there is proper accountability, that may well require further measures. They are all detailed in the consultation documents. Subject to that, yes, I would foresee a measure of stability so that councils can get on with the job that they have at hand.

Jo Platt: But will increasing house building targets for local authorities without giving them more powers really deliver more homes?

Dominic Raab: You are right to say that we are trying to increase the focus on delivery—as I think the Secretary of State put it, you cannot live in a planning permission—so things like the housing delivery test and the requirement to bring forward a five-year supply plan are very important.



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Equally, through things like the £5 billion housing infrastructure fund and the wider affordable housing budget, we are encouraging local authorities that are ambitious to meet their local community's housing need—it is not the Government's need but the local community's housing need—to come forward and say, "Do you know what? We need some support with an extra clinic to take some of the pressure off health services," or with extra school places where they need an extra primary school, or whatever it may be. We have had the first tranche of the HIF funding, which is on viability, and the forward funding announcements will be coming in due course. That is the bigger chunk of the £5 billion that will be going from central Government to local authorities precisely to give them the support they need. The way I always look at it is that we want to build more homes, but we have to build up stronger communities, too.

Q18 Mary Robinson: At the launch of the NPPF consultation, the Secretary of State again stated the Government's frustration with local authorities that haven't yet adopted their local plans and the importance of such plans to building the right homes in the right places. In November, 15 local authorities were threatened with direct intervention if they didn't produce a plan. What steps will the Government now take to ensure that local authorities produce local plans that integrate the proposals in the revised NPPF?

Dominic Raab: It is a very good question. In relation to the 15, the Secretary of State wrote to them in November to give them an additional word of encouragement to get those plans in place. I have been taking questions in oral questions today, and actually, if you look at the figures—you can see them in *Hansard*; I probably have them here somewhere—on getting local plans in place, local authorities have done a very good job overall. A very high proportion of local plans are in place, certainly compared with 2010. Again, I can provide those figures, or you can check *Hansard*.

The NPPF takes this a step further in all sorts of ways. Hopefully, we are giving local authorities more tools to do the job, particularly around density—being able to build up a storey or two in areas, in accordance with the prevailing height of the street or the square. We want to give them greater latitude and greater flexibility in those sorts of areas.

Ultimately, things like the housing delivery test—when it comes to actually building the homes—will increase some of the pressure and hopefully some of the accountability. That is the way that we will proceed. In relation to both the delivery of homes, under the housing delivery test, and also under the measures we have put in place for getting local authority plans in place, there is a mixture of carrot and stick.

Ultimately, we want a collaborative effort with local councils. As I said before—I paid tribute to them in the Chamber earlier during oral questions—the vast majority have actually published and/or adopted their plans. We have to get the others across the line, because it is a team effort.

Q19 Mary Robinson: How confident are you that they will incorporate these



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plans? There is a carrot and a stick. Do you think that they will?

Dominic Raab: I am an eternal optimist; a stubborn optimist.

- Q20 **Mary Robinson:** Talking a little bit more about the stick, it was reported prior to the publication of the consultation that the Government may consider taking away planning powers from councils that fail to build enough homes. What are the Government's plans in that regard?

Dominic Raab: There are two aspects of this. Of course, in the media reporting, some of the accuracy is lost. First, on the housing delivery test, it depends a little bit on the under-delivery of homes and what the consequences will be. For example, if less than 95% of a local authority's local housing need is delivered, it will be asked to produce an action plan. If it is less than 85%, it would be required to provide a 20% buffer on the five-year plan.

There are also further ratchets that kick in if, for example, less than 28% is delivered in 2018, or less than 45% by 2019. That is the point—the threshold, if you like—where the presumption in favour of sustainable development kicks in, with the consequences that the restrictions in the local plan would not apply in the same way as before.

We have tried to make sure that it is staged and phased, and that there is no cliff edge for local authorities, but equally that there is no ducking of responsibility—at the local level and certainly not at the national level—for getting the homes built.

- Q21 **Mary Robinson:** So at a local level, it could well be that the narrative is that the Government are forcing through buildings and developments. Will there be that hard-edged approach?

Dominic Raab: We have talked about the housing delivery test, and there is also the approach to the five-year land supply. On the housing delivery test, if a local plan has been provided with a local housing need in place, all we are saying is that authorities cannot say that and then not do it. It is as simple as that.

If we are going to get serious about building the homes that this country needs, let's remember who we are building for. They are for the next generation, those on low and middle incomes, the nurses, teachers and public sector key workers—frankly, anyone, whether they are in the public or private sector, on low or middle incomes.

We can't just allow local authorities to abdicate their responsibility. However, as I said before, there is actually a pretty good collaborative effort, the vast majority of local authorities have their plans either published or in place, and there is also the support that we are providing through the HIF and other means.

- Q22 **Matt Western:** When you talk about not building enough homes, that is just a general, total number. Are you also talking specifically about not delivering enough affordable, social and council homes?



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Dominic Raab: Ultimately, what I care about is building the homes we need, carrying communities with us, and making them more affordable for those people who believe in and share the dream of home ownership but so far just find it beyond their reach. If there are three things that are driving my thinking, it is those three things. That is important. Of course, it does not really matter which formal technical categorisation you put on it; if you want to increase affordability, whether that is affordable homes, homes for rent or homes for buy, you have to build more homes. That is the law of economics and the implication of supply and demand.

The No. 1 thing worth keeping an eye on is the overall delivery of new homes, but you are right; through the NPPF—you will see the strengthened and reinforced framework—we also want to make sure, particularly in high-demand, low-affordability areas, that we have the right balance between affordability and the volume coming on tap. Fundamentally, for me, the local authority should take a strategic approach, but we want communities to craft their plans to reflect their communities' will, wishes and aspirations for the future. I do not want to be too prescriptive, but I think both are important.

Q23 **Matt Western:** I agree with you entirely when you use the word "sustainable". Sustainable communities are critical. We have some very expensive areas across the UK, not necessarily just in the south-east, and therefore it is about the delivery of the social and council housing where 80% of whatever the market rate is can still be prohibitively expensive. I agree with you totally about sustainable communities, but the frustration is that, in these plans, the authorities are not delivering the numbers required for it to be sustainable.

Dominic Raab: Let me part agree with you if I can, Mr Western. First, if you look at the last seven years we have built or delivered more affordable homes than in the previous seven years. If you look at, for example, local authority-built homes, something like over 10,000 local authority homes have been built since 2010, which is triple the number between 1997 and 2010. I share your restlessness to do more. For example, lifting the cap on local authorities is part of that and we keep it under review, as we have discussed before. The social housing Green Paper will also be important for that group of people who are struggling in rented accommodation, whatever the extent to which it is subsidised by the taxpayer, ensuring that we have enough homes at an affordable rate with the option for using that stock for social mobility purposes. The social housing Green Paper will give an important piece of the jigsaw as well.

Q24 **Kevin Hollinrake:** Can I just push you a little further on the actions you will take if people do not put local plans in place? To give you an actual example in my constituency, if I may, the Prime Minister quite rightly identified last week in questions that York has not had a local plan since 1954, which puts pressure on the neighbouring authorities, including the ones that I represent. The local plan at the moment is drafted as around 300 homes per year fewer than the standard assessment identifies as required. If local authorities continue to play games like that, what are you going to do?



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Dominic Raab: First of all, your point is right; we have a national challenge and we need all local authorities to step up to the plate. If not, and if some are—let's face it—wilfully or negligently not doing their bit, you get a free-rider problem, which puts all the pressure on those areas where local authorities are stepping up to the plate. Ultimately, whether it is on delivering the homes according to local housing need, or the failure to bring forward required land supply, if the local authorities do not meet their obligations, the presumption in favour of sustainable development kicks in, and they start to lose control over it. It is in everyone's interest to get this done in a structured way as soon as possible. Again, the vast majority of local authorities are doing their bit and taking the right approach, and we need to chase up the smaller minority that are not doing the right thing. For those, there will be a sharper level of accountability, both in the NPPF and in the approach that Ministers take.

- Q25 **Kevin Hollinrake:** At one point we were talking about actually taking away the responsibility for writing that plan and giving it to somebody else—the county council or whatever. Is it going to be a step-in power? Is it simply going in and saying, "Right, you move out of the way; we're going to do it for you."?

Dominic Raab: We would not take any option off the table. Probably the sharpest bite is the presumption in favour of sustainable development kicking in—it depends council by council whether they would think that was a harsher approach or less—but there will be no option taken off the table. I can't put it more squarely than that.

- Q26 **Mr Prisk:** Minister, can we turn to the proposals on viability tests last week? We heard quite a lot of evidence that some—not all, but some—developers misuse those assessments to weasel out of commitments they have already made on affordable homes being built. How will your proposals for reforming those viability assessments stop that?

Dominic Raab: There is probably a two-step approach. The NPPF will require and encourage local authorities to be clear about the requirements that they have for developers on affordable homes, the financial contributions they make to infrastructure and things such as the rate of delivery, which is another thing that frustrates local authorities. That is now in the NPPF, and it is subject to consultation.

I am also personally very keen to look at proposals so that when planning applications go in, local authorities can hold developers to those commitments on whatever it may be—affordable homes, rate of construction or financial contributions to infrastructure. For that you would need secondary, or possibly even primary, legislation. We would need to consult on that. This is the first step, but we will look very carefully at that.

I am not a planner by trade; I am a lawyer by trade. So in layman's terms, the way I view it is that we want the relationship between councils and developers to be more like—I am not saying we would set up a



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contract—contract for delivery, with clear expectations and some accountability at the end of it, including, potentially, financial penalties.

- Q27 **Mr Prisk:** It is interesting because the Secretary of State's letter on the planning guidance very much flags up transparency as a way of exposing poor, bad or inappropriate practice. What penalty? You're a lawyer. You know that is all fine and dandy if there is not a penalty at the end of that process. In particular, when a lot of money is involved, the chances of a rogue developer not worrying about whether the local council have set out their clear rules—what penalty is there actually going to be? It sounds to me as though unless you legislate, there is not going to be one.

Dominic Raab: I think the transparency requirements are very important, and local authorities setting out clear expectations are very important. If a council has really got a rogue developer, it would probably have grounds for questioning their suitability for a planning application. I am not going to start to be judge and jury in individual planning applications, given the role that Ministers have in this regard. You are absolutely right, and I hope I haven't pre-empted it, but in my opening remark, I was quite clear: at the end of this you have to have a form of accountability, which probably means some sort of financial penalty. We would have to consult on that. All sorts of ideas are floated around. If you look at the viability consultation paper that we put out, you will see that it says that there will be proactive consideration of further proposals to address that, potentially including legislative proposals. We cannot do that within the NPPF, even if we wanted to. That would, by definition, have to be secondary, so we are looking at it.

- Q28 **Mr Prisk:** It sounds to me as though you recognise that actually that second stage will be essential.

Dominic Raab: Put it this way, on planning permissions and applications, I want the relationship between a developer and a local authority to be more like a contract for delivery, rather than the start of an endless haggle that exhausts the local council and frustrates the communities they represent.

- Q29 **Mr Prisk:** On that point, let me look at developer contributions—the whole issue of planning gain. Obviously, we have section 106 and we have CIL. Last February, in 2017, the Government published an independent review that it had commissioned, which talked about removing—or, perhaps I should say, replacing—CIL altogether. Why has the Government rejected that approach?

Dominic Raab: We have not rejected all the recommendations of the CIL review. For example, one of the key points it referred to was that restrictions on pooling section 106 contributions should be lifted. There were some other points in it that we are taking forward: making it easier for local authorities to set CIL charging schedules and improving transparency over how much has been raised from developer contributions. Equally, we are trying to ensure that we keep up with the evidence we are getting on what will have the most impact. We are



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looking at every aspect of this. There are important recommendations from the CIL review that we are taking forward.

- Q30 **Mr Prisk:** In some ways, the critical part of that report, having looked at it, is replacing CIL altogether, albeit with a different system. That is the fundamental issue. I accept that minor points from the report have been accepted, but what is the Government's thinking about the way in which that system works? Many might argue that it would be great just to have either section 106 or CIL, and not the two together. Perhaps I should say that, when I was doing your job, I came in a bit too late to be able to stop having the two things overlapping. Do you not think there is an opportunity here to have a clean sweep and have a single, simple system where we capture developer contributions?

Dominic Raab: There may be times and places where we would want to have a new model and a new tool, and I do not rule that out. We are looking at that in relation to some of the further measures that will be subject to consultation. I take your point, but I have to say that I am less worried about the label and more worried about working with the grain of what we have got, improving it and taking the best from the recommendations we get, rather than starting from scratch for the sake of it, unless I have got a clear idea of something that will deliver a step-change improvement. We are taking forward some of the CIL review recommendations. We are introducing a strategic infrastructure tariff that will allow combined authorities and other strategic bodies to contribute to the funding of strategic infrastructure priorities. We will keep it under review.

- Q31 **Mr Prisk:** Okay. Land banking—I think the Secretary of State may have pre-empted my question in one sense. I think I heard him say in oral questions that Sir Oliver will report later this week. If that is the case, when will it be this week and what can we expect?

Dominic Raab: Mr Chairman, some people on Select Committees are never satisfied. I think saying it will be this week is as good as it gets. I am not going to push the Secretary of State. It will be an interim report. We are expecting the full report by November to coincide with the Budget. I have met Sir Oliver, and he is looking at this very carefully in the way that only Sir Oliver Letwin can. He is looking at all the challenges for councils and developers. That is an important part of it. Equally, some of the proposals about transparency and clearer guidance for local authorities and developers in the NPPF are important. They are all pieces of the jigsaw, coming back to the original point I made. You may have to wait just a little while longer for the meat on the bones of that.

- Q32 **Mr Prisk:** We are familiar as a Committee with the fact that spring can mean any time between here and Christmas. I am assuming that this week is any time between here and Easter.

Dominic Raab: You are too cynical. It is coming shortly.

- Q33 **Kevin Hollinrake:** Minister, I asked you a question about viability assessments in the House earlier. This feeds into Mr Prisk's points about



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penalties, but a developer could come back and say, "I was going to deliver 40% affordable on that site, but now I cannot afford to. It will be 10% affordable." Where does the local authority go from there at the moment? They cannot go anywhere. They have got the right to use a viability assessment. You suggest some kind of financial requirement or contractual obligation, but should we not also look at simply deallocating that site? That is the policy and that does not happen currently. Simply deallocating the site would force the developer to think, "Well, I have got to develop this."

Dominic Raab: Just to be clear, when you say deallocating a site—

- Q34 **Kevin Hollinrake:** In terms of planning. I mean taking away the planning consent for that site.

Dominic Raab: We would certainly not rule that out at this stage. I want to work with developers. In the same way that local authorities are a vehicle for delivering homes, the developers and the builders get these things on site. In terms of accountability, you and Mr Prisk have both made the point that we will need some sharper teeth—some sharper penalties. In relation to the potential for deallocating, I have certainly not ruled it out in my mind. I am being nudged by my officials, who are being far too diplomatic. There is scope within the NPPF for deallocation of sites, so that is a possibility that we are already paving the way for.

- Q35 **Chair:** So that we are clear for the record, and so we are not talking at cross purposes, when we are talking about deallocation, we are talking about the cancellation of existing planning permission.

Dominic Raab: Yes. If it is helpful, Mr Chairman, I am very happy to get officials to detail where precisely in the NPPF those provisions are, because I think that on developer contributions there is a mixture of stuff in the NPPF and in the developer contributions consultation. I will ask my officials to send you a blow-by-blow account.

Chair: That's very helpful.

- Q36 **Matt Western:** Just to follow the lines of Mr Prisk and Mr Hollinrake, the whole question of the transparency of the viability test is critical—clearly you agree with that. Is there something in the revised NPPF that will say, "The land was acquired at this price"? As simple as that: the land was acquired per acre at this price, and therefore they will deliver this amount of housing, because there is real smoke and mirrors around the whole viability test as it stands today, which people hide behind and say, "We can't deliver that", or in building, "We can't deliver that for whatever reason". It is as simple as the land price, isn't it? I am coming from a manufacturing background—it is the cost of acquisition.

Dominic Raab: I think that's right. I think that there are changes to the market that take place so that you need to have some exceptions and some room for manoeuvre. In my view, as with any commercial undertaking, that ought to be able to be written into the assumptions that are made when the planning application is delivered. What I think is frustrating is when you see a wholesale failure to deliver on the



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commitments that have been made. In many cases, the evidence that has come back to me—I have not been doing this job for that long—is that those are not justified by objective changes in the market conditions.

- Q37 **Matt Western:** But it would be a very simple thing to include; to say, "The land was acquired at that price, therefore we can deliver this percentage of housing".

Dominic Raab: I am sorry, I am not sure I understand. Can you spell out what you are suggesting?

- Q38 **Matt Western:** Developers currently hide behind the viability test on the assumption, or make the claim, that they cannot deliver a certain percentage of affordable or a certain percentage of social, on the basis that it is not viable. But the primary element in the whole equation of viability is the acquisition cost of the land. I am suggesting, would it be possible in the revised NPPF for the local authorities when actually approving a site—an area of land for housing—to say, "Yes, but we want to know what price you will acquire the land at, because you have to deliver that percentage"?

Dominic Raab: I am not quite sure what the vehicle would be for that, but if you would like to write and contribute to the consultation, I would be happy to look more closely at that. It is interesting idea and I agree with some of the assumptions, but I am just not quite sure how you would envisage that we would do it in practice through the NPPF as opposed to through legislative vehicles. If you want to write in detail, I will look forward to digesting it along with all the other submissions we get on the consultation.

- Q39 **Mary Robinson:** Going back to CIL, I appreciate that we have been talking about its future, but how is it working at present, Minister? If we were to have a look at councils up and down the country, we might see that very many of them have quite large sums of money sitting on their balance sheets that are CIL-related and have not been spent. Would the Government consider any measures or action to encourage them to spend that CIL money on infrastructure projects?

Dominic Raab: It is difficult because we want to be guided locally by the local authority working in tandem with the developers. Again, I will not rule anything out, because we need to make sure we have the balance right. I mentioned some of the things we are doing: the lifting of the pooling restrictions, section 106 and the introduction of a strategic infrastructure tariff. There are other options to look at making developer contributions nationally set and non-negotiable. That is an option and, again, we have got the developer contributions consultation. If the Committee has specific views on that, or on any of the other things that hon. Members have mentioned today, feed them in. Someone asked me about stability, and I think we have got the right balance with the NPPF. I do not think we are there yet with developer contributions.

Chair: It might also be worth your while looking at the aspects of the developers that claim a lack of viability on sites, as to who applied for



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planning permission and obtained it in the first place, because one of the biggest problems is the transfer, once a planning application is approved; a new developer takes over and says, "Ah, I can't develop on this basis; it is unviable." Without going into the detail today, it would be very helpful, I suspect, if you could review what that position is nationally and let us know how many instances there are of that particular type of question.

Jo Platt: My question was similar to Matt's on the recent land values and with developers, but part answered on the basis that if we question you a little more, on future assessments on what landowners propose—I think I will get with Matt and we will do that.

- Q40 Helen Hayes:** Can we turn to the announcement in the autumn Budget of an additional £10 billion for the Help to Buy scheme, which brings the proportion of Government expenditure on housing that is spent on Help to Buy to around 50%? On what basis was the decision to allocate that additional funding made, and can you explain why you decided to allocate further funding to Help to Buy, rather than investing that money in, for example, social housing? There is growing evidence, particularly in areas of the country where housing pressure is most intense, that Help to Buy is driving up house prices where supply side measures are not vigorously in place.

Dominic Raab: We want to be investing money in all of the different elements of housing that have been mentioned. Since 2010, the Government-backed schemes have helped almost half a million households into home ownership, and Help to Buy has been an important aspect of that. You are right to note that we have reinforced the funding for it, and I think we have seen, through the equity loan scheme alone, 145,000 households purchase their own homes.

The evaluation we did of Help to Buy and the equity loan found that 43% of new homes sold through Help to Buy and equity loan would not have been built without the scheme. That has contributed something like 14% of the total new build in terms of new build housing output since June 2015. So I do think it has made an important contribution, but we will keep it under constant review. That is something that we talk about continually with the Treasury.

- Q41 Helen Hayes:** Just to push you a little further, I suppose it is a question of how the decision was made to increase the amount of money going into Help to Buy at the expense of other forms of subsidy at this particular time.

Dominic Raab: I was not there at the time but we have also increased overall the spending on affordable housing to £9 billion. What I would say to you is that we have got Help to Buy and the wider measures on affordable housing, and we also have the social housing Green Paper, which is coming up this year. We are looking at yanking every lever we can to make sure the right homes are built for those people, whatever the contours of their financial circumstances.

- Q42 Helen Hayes:** But are you comfortable with a situation in which the total



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amount of Government spending on affordable housing is less than the recent increase in the amount of funding for Help to Buy?

Dominic Raab: I do not think it is a simple equation of either/or. We have also announced £2 billion for affordable homes for social rent. We will be spending £9 billion over the spending review period on affordable homes and we have lifted the cap for local authorities to build. Some of these decisions about what they build and for what purposes will be taken at the local level, but we want to make sure that for low-level incomes we are building the homes we need, and that the products and the vehicles to get on the housing ladder are there. You are right to touch on the importance of making rent more affordable as well, but I don't see this as a zero-sum game.

Q43 **Helen Hayes:** The permanent secretary told the Committee in January that we could expect ministerial announcements later this year about the Government's plans for the future of Help to Buy after 2020. Is it a sustainable policy? Is there a risk of housing developers becoming more dependent on money from Help to Buy the longer the scheme continues?

Dominic Raab: It is absolutely right to make sure that we get a healthy balance here. I have given you the statistics on Help to Buy and the contribution both to supply and to the number of first-time buyers getting on the housing ladder. The Government are absolutely keen on building more homes and using the home building programmes to improve social mobility. It is achieving those aims. You are right to say that there is also a question of balance in terms of the funding that goes in, but we keep that under constant review.

Q44 **Helen Hayes:** Can you provide any further clarity on the timing of your statement on the future of Help to Buy post 2020? When can we expect that?

Dominic Raab: I am pretty sure that it will be by the end of the year, but I will come back to you if I am wrong about that.

Q45 **Helen Hayes:** One house builder, Persimmon, which uses Help to Buy for around half of its sales, was due to pay its CEO a bonus of over £100 million. This was recently reduced to £75 million, following public criticism. Are you comfortable with the positive effect that Help to Buy has had on some house builders' profits? In the light of that information, are you comfortable with the balance between expenditure on Help to Buy and expenditure on grant funding for genuinely affordable homes to rent?

Dominic Raab: That level of pay is almost unfathomable—and no, I am not comfortable with it. That is why last year the Government introduced measures on corporate governance, including greater transparency over executive pay and encouraging shareholders to take more of a grip on it. I think that is absolutely right. Ultimately, we want to see more shareholders taking a stronger approach, and we are starting to see more shareholder activism. I suspect that I have already strayed into areas that are not my ministerial responsibility.



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At the same time, Help to Buy is a key lever in getting the supply of new homes built. I have given some statistics on that—14% of the total new build housing output to June 2015 has come from Help to Buy and the equity loan. We want to be encouraging first-time buyers on to the housing ladder. These are all positive things. Your point about executive pay is well made; that is right across the board, and we have introduced measures on that too.

- Q46 **Helen Hayes:** Are you monitoring the relationship between Help to Buy funding from the Government and profitability of the major house builders? There is particular concern about the very large house builders.

Dominic Raab: What do you have in mind?

Helen Hayes: Are you monitoring the extent to which Help to Buy funding from the Government is having an impact on the level of profit and therefore on the level of bonuses that some of the larger house builders are able to pay out?

Dominic Raab: I am not sure how we would measure a hydraulic relationship between those three points, but again, if you would like to write to me about that or if you have any suggestions, I will happily take a look. Other parts of Government are looking at the corporate governance piece, but what I have to make sure we are doing is using every vehicle of demand and supply to get the homes built and make sure that people who cannot get on the housing ladder right now have that opportunity. That is what I am 100% focused on.

- Q47 **Helen Hayes:** You slightly dismissed the point, Minister, but isn't there a best-value consideration about Government funding being used to deliver very large profits and bonuses to large house builders in the development industry, particularly when the Government have a stated ambition to increase the number of smaller operators in order to diversify the sector, and when we have such problems with affordability?

Dominic Raab: I certainly do not mean to dismiss the point. What I wanted to give you a sense of is that on executive pay, the corporate governance reforms have come in. These are actions that this Government have taken to try to make sure that is properly assessed. What I have to focus on is what delivers most bang for the buck in terms of getting new homes built and also eases the affordability. I am focused on those dual aims. We keep under constant review the question and the balance between building new homes for purchase outright and the products that we provide—shared ownership, Help to Buy and right to buy—to allow people to get on the housing ladder, and then also the equally vexed question of rent and generation rent. Ultimately, you come back to the same key issue: if you want to bring down rents, you have to build more homes.

- Q48 **Helen Hayes:** This April the first Help to Buy borrowers will have to start repaying their loans to Homes England. Are you monitoring the risk that homeowners' payments become unaffordable once the five-year interest-free period ends?



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Dominic Raab: When the policy was devised it was always envisaged that this moment would kick in, but we have an administrative process to make sure that those for whom the payments will kick in are informed well in advance so that they can make the adjustments, brace themselves and prepare for it. But of course that was always envisaged as part of the plan for the scheme.

- Q49 **Helen Hayes:** What approach will the Government take if it is found, for example, that the interest starts to increase the precariousness of some of those homeowners, because the interest payments in relation to the loan start to become unaffordable?

Dominic Raab: We will keep the situation under constant review, but we think the scheme is viable. It was carefully constructed and, as I have said, we have got an administrative process for warning in advance the people for whom the payments will kick in.

- Q50 **Matt Western:** To pick up on Helen's point about Persimmon and the profits that they have made and the bonuses they have been taking, it was reported that the directors were going to get some £350 million between them. There seems to be a direct correlation between how much the taxpayer puts in and how much they seem to take out at the other end. Is this something that the Public Accounts Committee has looked at, or should look at?

Dominic Raab: I would get in trouble for breaching other ministerial portfolios. I will not tell the PAC what they should or shouldn't look at, although it is a perfectly respectable question. As I said before, the Government have tried to make sure that the corporate governance reforms are in place so that shareholders take a stronger grip on executive pay packages, both as a matter of policy but also individually. As the Housing Minister, the thing that I am focused on day in, day out is boosting supply and social mobility and making sure we get the most out of the money that we have put in for homes for all of those people I mentioned at the beginning of this evidence session.

- Q51 **Matt Western:** On leasehold selling versus freehold, do you think there has been a degree of mis-selling with this as well?

Dominic Raab: Wherever we have got evidence of mis-selling, we look at it very carefully. If your Committee wants to provide evidence, certainly as the new Minister I would want to look at that very carefully.

Chair: Liz, I missed you out in the first line of questioning, but this is an appropriate time to bring you in.

Liz Twist: Thanks very much, Chair. I want to return to the NPPF and the thorny question of the green belt. The NPPF consultation allows more flexibility to develop brownfield land within the green belt for affordable housing. Clearly, the emphasis on more affordable housing is welcome, but does that compromise the Government's policies on the protection of the green belt?



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Dominic Raab: No, I don't think it does. We have been very clear about this. You get criticised for whatever you choose. The new innovations are that you can build on brownfield land within a green belt area. The clue is in the name: the green belt goes around areas that you want to build on. The key thing that has changed—I am looking to see which paragraph it is, but I can let you know—is the due diligence that a local authority must do before it can get near the exceptional circumstances test. There is an emphasis on brownfield first, which was discussed at the beginning of this evidence session, and also a new emphasis on density. Thirdly, there is a prior requirement of collaboration with other local authorities. That is in paragraph 136, chapter 13 of the NPPF.

We want to make sure that local authorities do not just say, "We haven't got any other sites—straight to green belt." I know from my own experience that that can happen, because I have seen it happen before. We want to make sure that proper due diligence is undertaken. If you look at that, I actually think that, by giving more tools and wider options, and also focusing the process so it is very clear what local authorities have to do, there will be greater clarity for them on the protections for the green belt, and also for developers who might otherwise be tempted to engage in speculative bids or planning applications for where the rules should actually be tolerably clear by now.

Q52 **Liz Twist:** Is this not the first breach of the green belt? Development is being allowed in areas where it previously might not have been.

Dominic Raab: You are absolutely right, Ms Twist: we certainly want new homes built in areas where they were not being built before—but not on the green belt. The two measures that I just explained make it very clear that the line delineating that is reinforced, and also that the process for getting to the exceptional circumstances test is more rigorous than it has been before.

Q53 **Liz Twist:** Looking at the use of brownfield sites, do the Government have any plans to look at how developers can be encouraged to develop those brownfield sites—not necessarily in the green belt, but in other areas as well—to ensure that the green belt is not eaten into?

Dominic Raab: There are all sorts of things that we can do in relation to brownfield sites. We certainly want to make sure that the planning reforms have a renewed focus on it. I guess there is also local authority release of land and the measures that we are taking to make sure that local authorities provide a five-year land supply. The release of public sector land also provides us with opportunities to rattle the cage, within both Whitehall and local authorities.

At the same time, where you have land, whether brownfield or otherwise, that is not yet fit for purpose for building new residential homes, there are things such as the homes infrastructure fund or the work that Homes England is doing—in terms of both the financial contributions that we can put in and the technical expertise and wherewithal to bring together all those different areas of expertise and join up the different bits of central



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and local government. That is a key part. I meet the chief executive of Homes England on a regular basis now, to make sure that, area by area and project by project, we are keeping the pressure on.

- Q54 **Liz Twist:** It was those difficult-to-develop brownfield sites that I was particularly concerned about.

Dominic Raab: That is exactly where Homes England has bespoke expertise. It will be a mixture of getting local authorities to do their due diligence, making sure they have the expertise and, in some cases, compulsory purchase order powers that Homes England has and that they may wish to use, and making sure that they get the financial support from central Government on either making sure the land is fit for residential homes or, if infrastructure is needed around it, that that package is in place.

- Q55 **Mary Robinson:** For clarification, developers often use the existence of major existing developed sites—areas of existing development—in the green belt in order to put forward a development or a plan. How does this differ from that?

Dominic Raab: If you are worried about that being abused, the right thing to do, as we have done very clearly in the NPPF, is to set out what the parameters are, and in particular making sure that, where brownfield is used within the green belt, it doesn't have any overall impact on, for want of a better term, the open space and the enjoyment of the green belt that was otherwise there before. If you look at the NPPF, we have tried to get that balance right. We want to make sure that there is clarity about where you can build, because we want to encourage that, but we also want to make sure that the demarcation with what is not allowed is clearer for local authorities and also developers, so that they do not waste their time with spurious applications.

- Q56 **Mary Robinson:** So it will be more contained?

Dominic Raab: Clearer is the way I see it; clearer and better defined. As I said before, if there is drafting language that could make it sharper, that is why we are having the consultation.

- Q57 **Chair:** We will move on now to the Grenfell Tower issues—both what happened and the aftermath of the various recovery processes that are in place. We are nine months on from the terrible tragedy. Some 208 households were made homeless as a result of the fire. Can you give us an update on the number of families who have actually moved into permanent accommodation?

Dominic Raab: Let me give you the best figures I have. May I also say that when you come into a job like this, one of the things that strikes you in almost every way humanly possible is the appalling tragedy? We are dealing with the here and now for survivors, the bereaved, the victims and quite a few of those who lived in the vicinity, whether in the tower or in the Lancaster West estate. We had a social housing Green Paper workshop with some of those tenants, and a lot of them have talked about the legacy issues from Grenfell, which touch on the social housing Green



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Paper. I could not take this aspect of the job more seriously with my heart and soul.

In terms of the immediate challenge of rehousing those who have been affected by this appalling tragedy, let me give you the best data I have. Of course we have category A and category B residents. In category A, the total number of households that require rehousing is 208. The number of households in emergency accommodation who have now accepted offers, whether temporary or permanent, is 59. That is up by 16 since 25 January.

Q58 **Chair:** Let me just go back over those figures for the record so that we are clear. There are 208 households that are owed a duty because they have been made homeless. Did you say 58—

Dominic Raab: Fifty-nine.

Q59 **Chair:** Fifty-nine have moved into either temporary or permanent accommodation.

Dominic Raab: Who have accepted.

Q60 **Chair:** So how many have actually moved in? Do we have that figure?

Dominic Raab: The number of category A households now in temporary accommodation is 64, and the number in permanent accommodation is 60. You have the cat A data and the cat B data, and you have the comparison. The latest data I have is from 9 March, and I am comparing it with the end of January, when we last had the—

Chair: Sure, I understand that.

Dominic Raab: It might be easiest if I just send you a letter with the table that I have in front of me so that you can review it properly.

Q61 **Chair:** I am very happy to receive the table in written form. The concern that I and, I am sure, other members of the Committee have is that we are nine months on and these families, who suffered terrible circumstances, appear very largely not to be even in temporary accommodation: they are being left in bed and breakfast accommodation and are still not in homes that they can actually try to rebuild their lives in. That is the impression I get from the figures, but I do not want to escalate it if that is not the case.

Dominic Raab: We have 60 households—not individuals, but households—in permanent accommodation and 64 in temporary accommodation. Of those that remain in emergency accommodation, 59 have accepted temporary or permanent accommodation. Just to give you a sense, over 70% of households from Grenfell Tower or the Walk have now accepted offers of temporary or permanent accommodation.

You are right to say that we want to be moving them as swiftly as possible, but I just sound a note of caution: we are dealing with a very traumatised community and very traumatised individuals, and we also feel—I think this is right, having looked at it afresh—that we must be



guided by them. The natural instinct of any new Minister or anyone looking at this from one step removed is to want to get cracking as soon as possible. I do think it is right that the people at the end of this, who have been through this tragedy, are given the ability to guide us as well.

The Royal Borough of Kensington and Chelsea has bought a substantial number of new homes. There are all the issues of getting the properties up to the right specification, and there are also the choices that those in emergency accommodation need to make. We need to be guided by them, but we are making steady progress and I get regular updates on this. Like you, I want to push so that they can move on, but one of the things that I have understood in the limited time I have been in this job is the importance of letting them guide us and doing it at a pace that is right for them.

- Q62 **Chair:** Moving from that, obviously the interim report of the recovery taskforce suggests that there is still a lack of confidence in the council. What steps are you taking to ensure that that trust and confidence is rebuilt? Obviously, Kensington and Chelsea Council has to help and assist the individuals who are victims. Clearly there has been a breakdown of trust and that needs to be rebuilt. How confident are you that that is happening?

Dominic Raab: I want to be careful here. My first priority is the survivors, the bereaved and the wider victims. At the same time, it is only right to recognise the immense pressure that the local authority are under and the scope of the challenges they are dealing with. You will know, Mr Chairman, that the Secretary of State appointed the Independent Grenfell Recovery Taskforce in July 2017. We had the first report from them in November last year. There were issues around the pace of delivery—you have asked the same question—and a more human set of concerns and considerations that were reported on the empathy of the engagement with residents. I can well understand that. The council accepted all the recommendations by the taskforce.

We are expecting the next report a bit later this month, so we will be looking very carefully, and obviously we are feeding in and reinforcing the role of the independent taskforce to make sure that we get as much progress as possible on the logistical feat they face, which is considerable, but also that the residents feel that they are being treated and dealt with in the right way, with the right level of respect and emotional intelligence. Trying to be fair and balanced about this, you can also probably see that there is a tension between those two things—getting cracking and doing it in a way that is sensitive—but we think the independent taskforce's recommendations, which have now been accepted by the council, have to be followed through on. We will be looking carefully at that.

- Q63 **Chair:** Is there a plan to make a further statement once that report is in the public domain?

Dominic Raab: I would need to check with you on the logistics for that, but I envisage that they would be the same as for the previous report.



Q64 Andrew Lewer: Moving on to remedial work more broadly, following the fire at Grenfell the Secretary of State told the House that if local authorities could not afford to carry out remedial work on social housing in their area, they should approach us—that is, the Government. When the Committee took evidence from CLG officials in January 2018, we were told that those conversations were continuing with four local authorities, but that at that point no local authority had yet been granted additional borrowing flexibilities for any remedial work. Is that still the situation now?

Dominic Raab: We are still engaged with those four. I want to be a bit careful about what I say, because some of this will be made public shortly and I do not want to pre-empt that, but as we have said, and as the Secretary of State said to you before, we have not declined requests for financial flexibility from any local authority. We are obviously trying to ensure that we scrutinise the requests carefully, so that they are requests that will actually make residential homes safer, or that this is actually work that needs to be done, but at the same time we want to support those local authorities.

Q65 Andrew Lewer: But at this precise moment, no funding support from Government has changed hands to those local authorities?

Dominic Raab: In relation to the financial flexibility, I don't think we are yet in a position to make the statement he wants on any individual one, but we are in intense dialogue with all of those that have come back with the further information required to make the decision.

Andrew Lewer: Right. I think I understand that.

Dominic Raab: I want to respond to your questions, but would it help if I gave an overview of where we are and the progress we have made overall in relation to this? We believe we have identified all the social housing blocks and public buildings, and interim measures are in place where necessary. That is important, because the interim measures—whether that is ensuring that car parks are isolated or that there are warden systems in place—are the No. 1 thing that give residents reassurance that they are safe in their homes. That is in place. Coming in, looking at that and scrutinising it was my first priority.

In relation to private sector buildings, the Government have made the testing facility at the Building Research Establishment available free of charge. We want to ensure that for those in the private sector there is the mechanism for swift testing, and we continue to urge all building owners to submit samples for testing if they are at all concerned that they may be unsafe. We have also ensured, and this was announced last week, that there is £1 million to assist the most affected local authorities in identifying the private high-rise buildings with potentially unsafe cladding. So there has been support going in there.

Remediation is what most of the press focus has been on. Obviously there is a pressure to do that swiftly, but it has to be done properly. There is a gap in understanding about the scale and complexity of that work. It is



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very complex. For example, we are told that the planning alone to repair, replace and remediate buildings with ACM cladding can take up to a year. It is not something that was ever going to be done in the blink of an eye. What I can tell the Committee is that the remediation is under way in 58% of affected social housing buildings, and seven of them have finished their remediation work already. That is quite important progress under way.

In relation to those building owners in the private sector, there is additional funding to the Leasehold Advisory Service, which is a free and tailored service for affected leaseholders. We are very clear that the obligation should be on the freeholders to bear the costs. Certainly, no unreasonable costs should be passed over to leaseholders.

At the same time, in relation to Croydon, the Committee probably already knows that there is litigation under way through the first tribunal—I think. That has been hearing in March. I do not know, because you can never judge how long the lawyers will take, but I expect that will come to a decision reasonably swiftly. You will understand, Mr Chairman, that we do not want to pre-empt or prejudice a legal decision. When that comes out, we will look very carefully at what it says about the balance of allocation of responsibility. We think that the private sector should follow the social sector's lead and ensure that the costs are not passed on to their tenants.

Q66 Andrew Lewer: Without pre-empting individual cases, you are saying that, as a general point of Government principle, freeholders charging leaseholders large amounts of money for these sorts of remedial works would be unacceptable?

Dominic Raab: We certainly do not want unreasonable costs passed on to the residents in those circumstances. You have to look case by case, and property by property, at the balance between the terms of the leasehold and how that is qualified in general law. That is quite a complex determination, and that is why I am being careful, because it is subject to judicial decision. Putting the legal considerations aside, as a question of a wider principle—a moral obligation, if you like—I think that it would be wrong for that burden to be passed on to the leaseholders.

Q67 Andrew Lewer: Would you also say that the potentially year-long planning delays that you referred to would be an unacceptable hindrance to an important safety measure being carried out?

Dominic Raab: Sorry, can you say that again?

Andrew Lewer: In your earlier comments you were saying that some of these remedial measures were taking a lot of time to enact because of planning delays, which could take up to a year.

Dominic Raab: Oh no, sorry, it is my mistake and I am grateful for the opportunity to clarify. What I was saying was that the planning of those works—that is, the planning by the developers, not the planning considerations by local authorities—is a sophisticated business. Planning for the remediation of a large building with ACM cladding—to make sure that you get it right, to make sure that it is safe and to make sure that it



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is properly done and is not a botched job—takes a lot of time. Anyone who thought that the remediation process would be done in six weeks was deluding themselves. All I am saying is that the progress that we have made—I gave some statistics on it—is significant. We want to go further, obviously, as quickly as possible; but the fact that we have identified a high proportion—in the social sector, all of them—and that the remediation work has started in such a high proportion of those properties is important. Anyone who thought that it would be completed by now was working on wrong assumptions. That is based on the advice that I have received on the technical job that it takes to conduct those remediation operations.

- Q68 **Liz Twist:** I want to ask more specifically about sprinklers, which is something that the Committee has looked at before. Our understanding is that a number of councils made submissions requesting funding or the relaxation of financial rules to allow sprinklers to be fitted in buildings, and yet a number of them have been turned down for that work. What is the current position, Minister?

Dominic Raab: Sprinklers can be an important fire protection measure. They have been required in new high-rise blocks since 2007, but you can achieve the right level of fire safety without them. Rather than saying we are going to take the precious resources that we want to make sure residents are safe, what needs to happen is that we look, case by case, at what is required for the building and the particular circumstances of the residents. That is a dialogue between local authorities and the experts at my Department.

We will always be guided by what is necessary in relation to delivering essential works, but it will not always be the case that sprinklers need to be fitted. Although it sounds intuitively sensible or desirable, we want to make sure that we are guided by the experts on this and everything else that we do in the fire safety context.

- Q69 **Liz Twist:** When we talked about this earlier this year, we talked about councils like Croydon, Bosworth and Westminster, many of whom said they had been advised by their fire authorities that sprinklers would be a necessary measure. There was some discussion about whether it was for the landlord, the council itself or the Department to determine what was essential. Has there been any more consideration of that? Who should decide what is essential, and will the Department then allow that flexibility to fund what the landlord or council deems to be essential, on the advice of the fire brigade?

Dominic Raab: The fire service has an important role to play. Local authorities will take advice from wider experts within the construction sector—particularly building safety experts. At the same time, as you would expect, we have considerable expertise in the Department. That is why we have a dialogue process. We will certainly not resist bids that are genuinely based on essential works that need to be done, and we will make sure that the financial flexibility is provided.



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We are talking about this in rather abstract terms. Of course local authorities take expert advice, and we have a clear set of experts that we rely on to make sure that we can scrutinise this very carefully. Ultimately, most of the time, the local authorities and the Department work with exactly the same aim: making sure we have the right safety provisions in place for the right buildings and the right communities. However, it is not a tick-box exercise, and there will sometimes be some to and fro.

I do not want to blame local authorities, because there is pressure on them too, but we will scrutinise requests for financial flexibility based on the information they provide. I don't think it is a delay on our side, in terms of making sure that we give some advice and some feedback and come to a decision. In a lot of these cases, it has been local authorities properly checking what the essential works actually are, based on the expert advice, and then putting in a detailed bid to us. If there are ever examples of our not acting quickly enough—I liaise with the local authorities myself—we will up our game. However, that is not my experience, coming into this role.

- Q70 Liz Twist:** In front of the Committee in January this year, Melanie Dawes actually indicated that the Department wouldn't second-guess local authorities that made the judgment that sprinklers needed to be retrofitted. Is that your view, Minister?

Dominic Raab: In terms of second-guessing, we will scrutinise all the bids that come in. However, where a local authority has made a good case for it and backed it up with evidence, I would look at it with a heavy weight on the view of a properly submitted local authority bid. We all want to trust our councillors when they are doing the right thing on this very sensitive issue.

- Q71 Liz Twist:** Finally, are bids—including requests for sprinkler system retrofitting—still under consideration?

Dominic Raab: Do you mean if any are outstanding?

Liz Twist: Yes.

Dominic Raab: I will need to check. I can come back to the Committee, and I am sure that my officials will be taking a note of any loose ends.

Chair: It will be a very long letter, I suspect.

- Q72 Matt Western:** Minister, you have a very good comprehension of the Grenfell situation. Out of interest, have you managed, in this short time, to meet any of the Grenfell residents groups?

Dominic Raab: Yes. I am careful in the way I talk about this because of the sensitivity. I have met Grenfell United, and more broadly I have been down to the Lancaster West estate. We conducted one of our social housing workshops, which will inform the Green Paper, down with that north Kensington community, a lot of whom live in the immediate vicinity. That is not necessarily in the tower or on the walk, but in the immediate vicinity. I look forward to continuing to engage with them as closely as



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possible in the weeks ahead. As a new Minister, you come into this, and of course you want to rush to do things to support the community. I am also very mindful of being guided by them, and that is the approach I will take.

- Q73 **Matt Western:** As far as I am aware, it appears that we have had three Ministers in the time since Grenfell. I am not sure whether that is correct. Do you think it would be very helpful if you stayed in post for a considerable time?

Dominic Raab: Mr Chairman, what is your Committee trying to do to me?

Matt Western: It could be a vote of confidence.

Dominic Raab: Thank you.

Matt Western: But seriously, some continuity might be helpful.

Dominic Raab: I understand the point. I think that Alok Sharma was in place at the moment when the fire broke out, so it has not been three Ministers. I am not going anywhere for the foreseeable future, but these decisions are above my pay grade.

- Q74 **Jo Platt:** Minister, can I have some clarification on the raised fees imposed on residents for remedial works? You are saying that housing providers should pay.

Dominic Raab: In the private sector, we think that the owners of the building should follow the lead of the social sector and avoid any unreasonable cost being passed on to leaseholders. I think that is our view as a matter of policy. Equally, I am very mindful that we are talking about a relationship that has a leasehold—a contractual relationship—that is underwritten by general law and is pending a judgment in the courts shortly. We will obviously be guided by, and will look very carefully at, what the courts say. As a matter of principle, that is the approach that I take, the Secretary of State takes and the whole Government take.

- Q75 **Kevin Hollinrake:** Minister, you rightly said that we need to put the right safety measures in place going forward to stop this happening ever again. It is important to ascertain exactly what went wrong in the first place. You have commissioned Dame Judith Hackitt to look at this through a review of building regulations, but this Committee has some real concerns about whether we are starting in the right place. I point you to the first paragraph of Dame Judith Hackitt's interim report. We had Dame Judith to our Committee in January. In the first paragraph of the report, she stated: "This revealed widespread use of aluminium composite materials which did not meet the limited combustibility requirements of building regulations guidance". Sections 12.6 to 12.9 of the guidance—it is quite a simple document to read—seem to indicate that you can use ACM and meet building regulations on buildings above 18 metres. What are your comments on that?

Dominic Raab: I am not quite sure; there are a number of issues around this that have been raised recently. Are you raising the same issue that Steve Reed has raised?



- Q76 Kevin Hollinrake:** I think that was a slightly different issue actually, but I did not listen to the whole debate; I only read a news report. Essentially, if you read the documentation, it refers to either a full system test or a specific requirement to follow the guidance. Paragraph 12.9 refers to a diagram, and the diagram says that you can use class 0 materials as cladding. Class 0 is not limited combustibility; it is a combustible material.

Dominic Raab: I am very happy again to add to my letter to you, but let me tell you my understanding.

Chair: It is becoming a booklet, as opposed to a letter.

Dominic Raab: Or a pamphlet. Let me give you my understanding of the position. It arose in relation to a certificate issued under the certification scheme run by Warrington Certification Ltd, and it related to an ACM material called Larson, which is manufactured by a company called Alucoil. It had been subjected to two British standard fire tests and could be classified as class 0. It is an illustration of the point you are raising. Under class 0 certification, products can be used for wall and ceiling linings and above fire-resistant ceilings. There is also reference to the fact that it can be used on external surfaces of multi-storey buildings. However, while class 0 classification would satisfy that threshold, you need to go further if you want to satisfy the requirements for exterior surfaces, and it does not address the standard of combustibility for the core, which is the filler—I am sure you know this better than I do, but I am genning up—so the core material of the ACM panel. To satisfy that, in addition you would need a certificate for classification of material of limited combustibility.

So certainly in relation to the issue that Steve Reed has been raising publicly, I think there is just a misunderstanding of how far class 0 or zero gets you and what requires a further certificate for classification of material of limited combustibility. That is my understanding. I think it is an honest mistake, but none the less a mistake. On that issue it would be helpful if I write further. Equally, if I have not addressed the point that you made, Mr Hollinrake, you might want to drop me an email and I will make sure I respond.

- Q77 Kevin Hollinrake:** It is very important to clear it up. If you look at this section that somebody designing or building a system would use, it is quite clear from this—we have had evidence from specialists in this sector—that it could reasonably follow that you can put ACM on the exterior of a building. It is incredibly important. If the review is to get to the right place and if we are going to review this guidance, we must make the guidance very clear, because at the moment it does not seem to exclude that possibility.

Dominic Raab: Sorry, I will repeat the point. There is a difference between what class 0 can be used for, and it is a less onerous classification than is required for limited combustibility, which is required for the core material of the ACM panel filler. That is the distinction. I can already see myself being dragged into a technical level of detail, where I



am ill-equipped to hold forth with the authority of an expert in the sector, but I think I understand that fundamental distinction. Again, as I say, I am happy to write to you. I will make sure that my office is in contact with the Committee or with you independently to make sure I have understood whether we are talking about the same thing here.

- Q78 **Kevin Hollinrake:** Thank you. In the evidence that Dame Judith presented to us, and in the interim review, she talked about using a risk-based approach—a judgmental approach, if you like. We had real concerns about whether we should use a judgment-based approach, which seems to have been the approach we used before that led to this catastrophic failure and the horrific situation at Grenfell. I will read from the letter we had back from Dame Judith on this point.

On the use of cladding material, she says: “There is a current choice between using products of limited combustibility or undergoing a full system test.” Those are the two options within the guidance. She goes on to say: “It is clear that the former”—using products of limited combustibility—“is undoubtedly the lower risk option, yet still leaves open the opportunity in potential guidance to use the higher risk option of a full system test.” After what we have all been through—which is nothing compared to what the residents of Grenfell have been through—do you think we would even countenance a higher-risk option? Shouldn’t we simply prescribe that you can only use products of limited combustibility on high-rise buildings?

Dominic Raab: My general approach to issues as sensitive as this is to look at them carefully in the round. We have accepted the recommendations on the interim report and will wait for the fuller report, but if you are concerned about this and the Committee is concerned about this, obviously I will look at any discrete specific issues. Public safety is going to be our No. 1 consideration as we look at this; obviously it is. Equally, I think Dame Judith did a huge amount of work, and I don’t think she has erred against the side of caution. That would be my instinctive view, having met with her and read the interim report, but let’s wait and see what the full report says, and we will make sure that we do our responsibility as parliamentarians in just the same way as we expect Dame Judith to do hers in conducting this review.

- Q79 **Kevin Hollinrake:** I cannot speak for all the Members of the Committee, and certainly the Chair is not present today, but I can certainly say there is real concern and we do not accept the full findings of this interim report. We have real concerns about it. Looking at full system testing, there are concerns that full system tests are not done in the real world, so it is completely different when a contractor is applying this in the real world. Full system tests are in, not laboratory conditions, but a system that is easier to control. Also, Dame Judith goes on to say in her letter that, using full system tests, there will be this chain of custody, if you like, which may well be an improvement in the oversight, so “the potential risks are mitigated by ensuring the system is properly installed and maintained through its life cycle”. If you carry that through to its logical conclusion, that requires somebody—some unknown regulator—to



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constantly make sure that is happening, because we know the contractor might get it wrong, or might go out of business or not be there, and where will we be if this happened again? Full system testing: clearly it is a high-risk option. Would you be comfortable, at this point in time, taking a high-risk option?

Dominic Raab: I am not going to take an individual bit out of the Hackitt review and dissect it here. What I will do, if your Committee issues a report on this, including recommendations, is look very carefully at that in the round.

Q80 **Kevin Hollinrake:** Approved Document B, which this is part of, is reissued for consultation, I think, in June. Is the intention that at that point all these issues would be clarified and resolved?

Dominic Raab: You are quite right on Approved Document B. We will be consulting on that measure and the issue of restricting the use of desktop studies around June—spring or summer. We will also look more broadly at restructuring the whole suite of approved documents to make sure that they are more user-friendly. That will be, I think, an important moment to look at those issues in the round.

Q81 **Kevin Hollinrake:** Moving on to desktop studies, the Permanent Secretary wrote to us, talking about clarifying the guidance around the use of these desktop studies. We are concerned that this might lead to a less stringent approach—that greater use of desktop studies might weaken the oversight and increase the number of occasions when the wrong system is applied to a building. There will be a consultation around this by March. Can you set out the timescales again for that, Minister?

Dominic Raab: On the desktop studies issue and Approved Document B, we will be consulting on both those measures in spring and summer, so I think that is the best information I have got right now. But obviously we would use that process to look at any thoughts the Committee has got.

Q82 **Kevin Hollinrake:** So that would be prior to recess—summer recess, we would presume.

Dominic Raab: I thought you were going to say Easter recess.

Kevin Hollinrake: Summer recess we will go for.

Dominic Raab: I would certainly anticipate us doing our level best to get that done before the July recess, yes.

Liz Twist: Turning to the social housing Green Paper that you have mentioned a few times, when do you expect to publish the social housing Green Paper?

Dominic Raab: I would like to get cracking on this as soon as possible. We said we would do it this year. I don't think we have been any more specific than that to date.

We have had a roadshow of workshops, which has allowed us to engage with around 1,000 social housing tenants, and over 7,000 have responded



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online via the questionnaire. As well as the West Lancaster estate workshop, I have been down to Basingstoke. There is one more workshop that we are looking at doing, and then we want to do the fairly serious job of collating all the views that we have got from the tenants. Some of them have expressed views that, from my own experience, I would not necessarily have expected, so that has been incredibly useful. We want to make sure we take our time to collate and sift through those views and turn them into actionable points, to make sure that we have a really well-informed Green Paper that can narrow down the options and start getting us closer towards action.

The issues range from the question of the relationship with landlords, to technical issues like how you resolve disputes and how you get repairs done swiftly, all the way through to softer issues—if I can put it that way—like social stigma. We heard a lot about that—the emotional sense of frustration amongst people who were working hard and doing the right things, but who live in very expensive areas and feel stigmatised and cloistered away in social housing developments. What we will try to do is deal with the problem-solving aspects—fixing the problems and what has gone wrong in the relationship between social tenants and landlords—and also deal with that wider issue of stigma. I think it is also important to say that where there are examples of positive best practice, we want to make sure that we can tap that and spread it more widely.

Q83 Liz Twist: Are there any headline lessons that you have learned from engagement with the tenants?

Dominic Raab: Don't take anything for granted, in terms of either the kinds of issues or the kinds of people you are dealing with. Lots of the people I have met—I guess a social housing workshop is a self-selecting group, in one sense, but they are smart people, hard-working people and proud people who want to be taken seriously and want to be treated with some respect. I am determined that that is what we will deliver in the Green Paper.

Q84 Liz Twist: When the Green Paper is produced, will there be plans to include ways of boosting low-cost rented housing?

Dominic Raab: I would rule nothing out. You are tempting me in a very guileful way to disclose what will be in the Green Paper, Ms Twist, and I do not want to do that yet, but I am certainly keen to look at supply-side issues and the vehicle for that in the round.

Q85 Liz Twist: The description of the exercise seems very broad, so I would have thought that perhaps you might have identified that the provision of low-cost rented accommodation would be an integral part of it.

Dominic Raab: I am minded to make sure that nothing is left out that has been raised by any tenant in a workshop. I think it is inconceivable that we will not touch on that in the social housing Green Paper in practice.

Liz Twist: Okay. Thank you.



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Q86 **Mr Prisk:** May I turn to the proposed new social housing regulator? Mrs Wheeler, I see you are poised for action. Do I take it that this is your brief?

Dominic Raab: She's always poised for action—don't worry about that.

Mrs Wheeler: I'll give it a go, Chair.

Q87 **Mr Prisk:** I have three brief questions on this, so you may regret that. Will the new social housing regulator be more consumer-friendly than the current arrangements? Will it have more powers to enforce service standards? When does it start work?

Mrs Wheeler: Funnily enough, Mr Raab is actually going to answer that.

Dominic Raab: We are so joined up that if I miss anything, I am sure Heather can fill it in. The fundamental reason for doing this is to make sure that the potential conflict of interest in the dual functions going to the HCA is separated out. As you know, the HCA—now Homes England—has expanded into commercial investments, as opposed to just grant giving, which means that there is a potential or actual conflict of interest in those cases. In terms of the timeframe for that—I am searching through my notes—I will have to get back to you. We need a legislative reform order in order to deliver that, and I need to check what the timing is for that.

Q88 **Mr Prisk:** And will it be more consumer-friendly? The criticism of the current arrangements is not just that, as you say, there is a conflict of interest, but that the current regulator is not that consumer-focused. The teeth that it has to enforce service standards are poor. Those are my other two points.

Dominic Raab: I am not sure that the separation, for the purposes that we are envisaging it, will deliver the step change that you are suggesting, but I can tell you that that issue is one of the issues that will go into the social housing Green Paper, because it touches on that.

Q89 **Mr Prisk:** Presumably it might sit opposite or alongside the all-encompassing housing ombudsman that Minister Wheeler talked to us about previously.

Dominic Raab: Nothing is ruled out. We are going to have a consultation on it first and look at all the options properly.

Q90 **Chair:** Now I think you are going to swap roles. My Homelessness Reduction Act becomes the full force of the law on 3 April. Clearly, there is still concern around from a number of local authorities that the Government funding will not be sufficient to fund all the duties that they have to comply with under the Act. What consideration have you given to examining how the funding has been distributed and whether it is sufficient to cope with the demand?

Mrs Wheeler: I am very happy to give you an answer on that, Chairman. We started off with the new burdens funding, estimated at around £61 million. We have listened to local authorities coming back to us on that.



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We have now increased that by £11.7 million, so it will be £72.7 million, which is a big increase that I know you will appreciate, Chairman.

- Q91 **Chair:** If I may, that was a consideration of the extra requirement to inspect properties and make sure they are fit for purpose, not necessarily an increase for dealing with basic demand.

Mrs Wheeler: It is for the administrative costs of the new duties in line with the new burdens.

- Q92 **Chair:** One of the new burdens, which the Government introduced on Report, was for the inspection of properties where people who are classified as vulnerable were going to be housed by a local authority, which was absolutely a new burden. That is the reason for that increase. There has not been an increase from the original estimate of how the Government was going to fund the duties.

Mrs Wheeler: Well, the good news is that we will review the assumptions within the new burdens assessment after allowing a period of time for the new legislation and a wider package of interventions to have an effect and for the data to show the changes. We are very open to this.

- Q93 **Chair:** When will you start to carry out that review? Obviously, the new burden comes in on 3 April. A large number of local authorities are saying that they are worried that they will not have sufficient funds to carry out the duties. Clearly, there could be quite widespread usage by people who are rough sleeping, in temporary accommodation or hidden homeless.

Mrs Wheeler: This will be done within two years.

- Q94 **Chair:** Within two years.

Mrs Wheeler: Within two years.

- Q95 **Chair:** The problem is that the funding is only for two years as things stand, and thereafter there is no commitment for any additional funding at all.

Mrs Wheeler: I would hope that the new burdens fund will carry on.

- Q96 **Chair:** Well, no; as it stands, the commitment is to fund it for two years. There is no commitment beyond those two years.

Mrs Wheeler: Absolutely, and if they spend less, that will be good news, won't it?

- Q97 **Chair:** If they spend less, that will be very good news. My concern is if they need more to—

Mrs Wheeler: I hear what you say, Chairman, but we are not there yet, are we?

- Q98 **Chair:** No, what I am looking at, as I said, is what estimate you have made and possibly what representations you have had from local authorities about the level of funding that is being provided at the moment.



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Mrs Wheeler: That is why we will have a review within two years.

Q99 **Chair:** To be clear, are you saying that no local authorities in the country have made representations to you about the level of funding that is initially allocated to them?

Fiona Darby: Not to the Minister, but representations were made to the previous Minister by London authorities who were concerned about the level of new burdens funding. The aspiration is that the Homelessness Reduction Act will, over the longer term, reduce the level of families and households in temporary accommodation. We have committed to supporting them with some funding that we kept aside from the flexible homelessness support grant. That has been top-sliced to work with London because of their specific concerns and to look to see what they can do collaboratively on joint procurement exercises, so that that will help them in a different way.

Q100 **Chair:** Just to be clear: this is additional funding, over and above the new burdens funding generally?

Fiona Darby: Yes.

Mrs Wheeler: Top-sliced for London.

Q101 **Chair:** Thank you. The other important issue is the amount of money currently being spent on supporting people in temporary accommodation. In the 2016-17 financial year, the estimate was £1.1 billion of public money being paid out to support families in temporary accommodation. Ms Darby, I think you referred to how, in London, the actual figure was more like £600 million, so it was just over half the temporary accommodation budget. If we can marginally reduce that amount, it will clearly help to fund the homelessness prevention requirements. Minister, what measures are you taking to reduce the money we are paying out to house people in temporary accommodation who have been housed in temporary accommodation for literally years?

Mrs Wheeler: The difference with the grant will make a major impact. The homelessness grant will be able to change the way that councils think about how they take on temporary accommodation. We are already hearing of councils making arrangements to change office blocks into flats and things like that. Without a doubt, huge numbers of new units are becoming available. It is a step change. Something like 17,000 units have been made available through that process alone.

Q102 **Chair:** Sorry—through the conversion of office accommodation?

Mrs Wheeler: That's right.

Q103 **Chair:** However, one problem in London now—especially in my borough—is that office accommodation is basically unaffordable, because there is now no space for anyone to rent offices because they are being converted into housing. That is all very well, but it has a knock-on effect: the local authority, talking of the business rates retention, is actually losing out overall as a direct result of that policy. While I understand the need,



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there are consequences from those actions. What is needed is the provision of more affordable rented accommodation for people to live in.

Mrs Wheeler: Yes, without a doubt. As Minister Raab has been saying for 50 minutes, or whatever it was, it is about supply. We absolutely get that. When it comes to local plans and things like that, affordability is a huge criterion. There are also other things when you get out and about, whether it is older peoples' housing, bungalows or whatever. The need is there, and the local authorities should pick up on that and design it in.

Q104 **Helen Hayes:** Minister, I want to return to the two-year funding for the implementation of the Homelessness Reduction Act. I sat on the Public Bill Committee for that Act and listened to some frankly absurdly unrealistic statements from your predecessor about the powers that the Bill would have to eliminate homelessness within two years, on which basis the Government justified only making a new burdens funding commitment for two years.

I am very concerned indeed to hear you now say that the review of that funding will only take place within the next two years. That really gives no certainty to local authorities that they can gear up to implement the Act and know that the Government will take a realistic approach to the funding of that new burden.

One of my local authorities, Southwark, has already implemented the Act as a trailblazer authority. It will be in a position very soon of having to issue redundancy notices to the staff that it has employed to do that work—I have to say the work has been exemplary—if the Government cannot provide any commitment to funding the new burdens beyond two years. I just wanted to express that alarm, and to ask that you bring forward that review so that local authorities can move forward with the implementation of this excellent piece of legislation on a realistic basis.

Mrs Wheeler: To use the classic line, I hear what you say. May I reiterate that it is £402 million in the flexible homelessness support grant? Local authorities can use that strategically to prevent and tackle homelessness in their area. If that includes employing staff, that includes employing staff.

Q105 **Helen Hayes:** But the point is that it is currently only for two years. Minister, you just told the Committee that you are only planning to undertake a review of that funding over the next two years, by which time the funding will have run out, which leaves local authorities in a very uncertain position. That is the problem.

Mrs Wheeler: Again, I am sorry. Let's be really precise. There is £402 million for that. Alongside that, on wider funding for homelessness prevention there is the £250 million of homelessness prevention funding, which includes £20 million to establish a network of 28 homelessness prevention trailblazer areas. We are establishing this new group of 28 trailblazers.

So we do understand what you are saying. Southwark has been exemplary—I am going to visit Southwark in about 10 days' time and will



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enjoy that enormously. In particular, on top of that, there is now £10 million from the eight social impact bonds. There is going to be money, going forward.

Q106 Chair: Could I come back to the issue I raised on the Floor of the House: the £817 million returned by the Department to the Treasury? There is concern that money is being returned to the Treasury at the same time as there is a demand for additional funding to be used. Could you explain a little further why that money has been returned and how it will be reclaimed in the future?

Mrs Wheeler: I would love to. Mr Raab would also like to.

Q107 Chair: Oh, fine. I am very happy for—

Dominic Raab: Thank you, Mr Chairman. I heard your points in the Chamber. We need to be clear on the facts. The Department handed back a little over £800 million of its total budget last year; this is 2.6% of the total budget. Obviously, we have got a duty to ensure that taxpayers' money is rigorously spent so that, in relation to this precious resource, we get the very best out of it. I am thinking particularly in terms of delivering more homes.

We have announced an extra £15 billion of investment over the next five years. That includes an extra £2 billion for affordable housing, taking the programme to £9 billion. That is, I think, the biggest since the 1970s in terms of affordable homes budgeted fund. I talked a little bit through our record on affordable homes. There was an underspend of £72 million on the affordable homes programme—I appreciate that was picked up—which is less than 1% of the total budget.

This is the crucial thing: it is demand-led. In lots of cases it will be dependent on local authorities bidding for the money. We then scrutinise it carefully. Bids also come from housing associations. Some of the bidding has been lower than expected this year. Obviously, in a demand-led process we encourage but cannot force bids to come forward, and we need to scrutinise it.

The money that has not been spent will be recycled, so it is not like that money is lost. But I do think we have not just to be ambitious about more money going in, in the way I described, but to make sure we get the very best out of it. We take that very seriously. That money is not lost, but we have got a duty to ensure that it is wisely spent.

In terms of some of the underspend, there are different reasons for different projects. Some of it will be like the London settlement, where the GLA was unable to spend the funding for the programme. Again, that was in its hands; that is the reason. There are other areas such as Build to Rent where actually—believe it or not—the underspend is good news, because the programme is getting its income back earlier than we had planned. So we need to be quite assiduous in the way we look at this. If there are any further particular areas of underspend that the Committee would like more detail on, again, I will add it to my letter.



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Chair: I would particularly like to hear about the London capital spend, for obvious reasons. Because the housing pressures in London are very well known.

Mrs Wheeler: £65 million.

Dominic Raab: We will add it to the letter.

Q108 **Matt Western:** Related to this is the Housing First scheme, which seems to have gone extremely well where it has been trialled. If it has been so successful and we are ambitious—you seem very ambitious—why don't we roll it out straightaway?

Mrs Wheeler: Because it is going to take time to employ people. It is not just about the front door; it is about the wraparound services that go with it—so we need the mental health stuff, we need the drugs stuff, we need the booze stuff. I do not want to say that is what I want, but it all has to be there as part of one package. It is very interesting to look at what Liverpool is putting in and at what Manchester is putting in—they just passed my desk last week.

Q109 **Matt Western:** But we could say that we will roll that out in one year's time and they can start gearing up and recruiting and training those sorts of people. That would be—

Mrs Wheeler: As far as I am concerned, they can start on 3 April. Absolutely. The money is there for it.

Q110 **Matt Western:** In all local authorities?

Mrs Wheeler: No, because we have three pilots. On top of those three pilots, we also have something like 40 other projects and the eight social impact bonds. Basically, we are dotting these different things because it is not one size fits all. What might work in Cornwall, might not work in Cleethorpes.

Q111 **Matt Western:** No, and I understand that, but it is successful and there is clearly a lot of learning. Based on that, it is about saying, "Where do you want to be in 12 months' time or 24 months' time?" Then it is about saying to the local authorities, "We have had this success. Think about rolling out this scheme. What resources will you require? What training and recruiting will you require?" and delivering it—then it is down to the local authority.

Mrs Wheeler: That would be delightful in the utopian world that you and I live in. I am keen on that happening, but it has to be a local decision. That is because I am genuinely saying to you that what is going on in some of our coastal areas is different to what is going on in some of our inner-city areas and it is different to what is going on in our rural areas. I want them to come to me, but we have got the money to one side. This is the whole point of the advisory panel. We will be coming up with our strategy at the end of June or the beginning of July, and that will be the announcement in July, so there will be plenty of time to kick in on the work before the next winter.



Q112 Matt Western: I am not sure it is a utopian vision. To my mind, it is what the public are crying out for. I think that there is a real urgency out there that we as elected people, whether in local authorities or here in Westminster, should work incredibly hard to start delivering this. They do not accept a long-term plan to deliver by 2027. If Housing First, all the wrap-around services and the learnings from the trial can deliver this, it is about setting the groundwork in place for the authorities to deliver it with the funding that is necessary.

Mrs Wheeler: I do not disagree with you. I am just saying that councils are councils. We will do our best to come out with our strategy by July, which will give plenty of time for business to kick in.

Q113 Mary Robinson: Minister, I understand that the way Housing First will be approached will be different in different areas. Knowing the areas that have been chosen, I understand that they may have different needs and I imagine it will be quite bespoke in the way that it is put together. Therefore, how will you look to measure the success of the various pilots? What sort of criteria will you use to measure their success?

Mrs Wheeler: One of the pilots looked at looking after 1,900 young people over a three-year period, and it was astonishingly good. It had minimum fall-out—they could not cope with a property, with universal credit, their side of it or whatever it was at the time—and equally it was getting them into jobs and getting them into training. That is quite a young group. The work that has gone on in Birmingham with stopping young potential rough sleepers is hugely brilliant. It is astonishingly good. It is world breaking. There are different cohorts and we need bespoke answers for them, you are quite right.

Q114 Helen Hayes: In February, you wrote to the Chairs of the Housing, Communities and Local Government and Work and Pensions Committees saying that you would consider our concerns regarding the funding model for short-term supported housing. The supported housing sector has already had two years of uncertainty as a consequence of the Government's decision-making process on the funding model. The new funding model is due to come into force in just over two years' time, and providers urgently need clarity and clarity about it as soon as possible. When will the Government announce their final funding model for supported housing?

Mrs Wheeler: We are still in discussions with the individual groups that we are involved with. I have personally had discussions with YMCA and women's refuge groups. I have done roundtables with other groups, and I will continue to do that. There is no consensus within the field on this, which is one of the issues for us. Some of the women's refuges that I have been talking to have come up with a different idea. I am very open to listening to that, but it is now another idea in the mix. We have said that the money is guaranteed, that there is certainty about that money, and that we will do what we can to have clarity, but the sector is not agreed on the deal.

Q115 Helen Hayes: The money that is guaranteed, as I understand it, is the



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expenditure on supported housing through housing benefit, which does not necessarily take into account all of the costs of providing supported housing. What are your thoughts on the funding of supported housing going forward, to ensure that the money that the Government are making available covers the full costs of it, and the costs of increasing demand?

Mrs Wheeler: Two answers to that, if I may. First, we have absolutely guaranteed that funding. No reduction in the funding is envisaged at all in two years' time. Secondly, one of the areas I am particularly concerned about and have a huge background in is women's aid. We are doing a national review, because we want to see what the national picture looks like. As it happens, 19,000 people have been helped by the programme that we have, and which I have in effect inherited. I wish it did not have to happen, but I am incredibly proud that we have done that. We need to look at the national model on that, and we are doing a review that will take us through to Christmas.

Q116 **Helen Hayes:** Are you looking at a national model for providing women's refuges on a sufficient basis across the country for everyone who needs a refuge space? There is, as you will be aware, concern that while refuges have been closing across the country, spaces for women fleeing domestic abuse have been made available in temporary accommodation without the wrap-around support that comes with a fully fledged refuge service. I am interested in your thinking about how that service will be provided in the future, and whether you are as concerned as I am about the provision of fully fledged refuges on an equitable basis across the country for every woman who needs one.

Mrs Wheeler: Certainly nothing will be ruled out in the review. Having said that, I am a great believer in localism. I had my tail pulled about that the other week—thank you, Chairman. In some areas, sanctuary homes are a better way of doing it, so actually I do not know that one size fits all. I want to see the national review, and I will be guided by the evidence when I see it.

Q117 **Helen Hayes:** How long will the sector be waiting for this review to be undertaken, and for a decision from the Government about how it will be funded?

Mrs Wheeler: First, at the minute there is the outline on the funding, but it is under review. Secondly, I think the review will be done by Christmas, won't it?

Fiona Darby: I don't think so.

Mrs Wheeler: Okay, I beg your pardon. I think it is a six-month review.

Dominic Raab: Mr Chairman, can I nip out to the gentlemen's room if we are going to be too much longer?

Chair: Certainly.



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Dominic Raab: I came straight from oral questions. My apologies—I will be two seconds.

Chair: You have done well to survive this long. I suspect, however, that this might be your question.

Q118 **Kevin Hollinrake:** I wanted to talk about leasehold reform. Shall we wait for the Minister to return? Or is it one for you?

Mrs Wheeler: It's a bit of me. I'll give it a go.

Q119 **Kevin Hollinrake:** Great. In terms of the plans to prohibit the future sale of leasehold homes, we are concerned that people in existing leases are not covered by the intention to ban leasehold homes. What are the Government likely to do about people who have already bought a home with an unfair lease?

Mrs Wheeler: Mr Hollinrake, what a very good question. The good news is that we are working with the Law Commission to support existing leaseholders, including making buying a freehold or extending a lease easier, faster, fairer and cheaper, reinvigorating commonholds and providing greater choice for consumers, and to take forward the work we are doing elsewhere as well. For existing leaseholders, particularly flats and what have you, that is what we are going to do.

Q120 **Kevin Hollinrake:** That is a very good explanation. Thank you very much. I was not aware of this particular point, but apparently the Court of Appeal recently upheld a ruling in favour of a major London freeholder—I don't know if you are aware of this, Minister—in an appeal that, if successful, would have reduced the cost of extending a lease or buying a freehold, which is clearly of concern to leaseholders. Should or could the Government now act to reduce the cost to leaseholders of extending their lease or buying the freehold?

Mrs Wheeler: The Mundy case is a very difficult case.

Kevin Hollinrake: I thought you would be well briefed.

Mrs Wheeler: It is an incredibly detailed financial statistic that then gives you a line and works out how much the lease to buy will become. The difficulty is that, understandably, history is on the side of the freeholder, which is why I am really disappointed that commonhold has not gone as well as it should have—in fact, only something like 200 new commonholds have come through—because I think that is a way forward. The Government are looking at the case, but it is a judicial case at the minute.

Kevin Hollinrake: I am interested to ask the Housing Minister when he returns about points he made earlier on the duty of freeholders to pay for the cost of remedial works, but perhaps I can leave that until he comes back.

Chair: I think we will leave that until he returns. The next question may come under Heather Wheeler's brief. Oh, he's back. I will give him time to breathe.



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Q121 Andrew Lewer: This question is about the process of house buying and the fact that your consultation on reforming the house buying process has just closed. Can Government intervention reduce the number of transactions falling through each year, and if so, when can we expect some concrete proposals for reform?

Mrs Wheeler: First of all, exactly as you say, the consultation has only just closed. We have to look at the responses. We have had a tremendous response—a really good, wide-ranging response. I will not pre-empt the final response, but we are open to ideas such as the buyer and the seller both putting down a holding deposit of £1,000 or something like that, and that if one of them walks away and causes the deal to crash, they forfeit it. It is an interesting thought, but it is literally one thought. Of course, for some people that might not be enough to stop gazumping or something like that, but equally, it would cover costs of getting a survey done and doing the searches and what have you. I will not pre-empt what is in the response, but I am absolutely grateful for everybody who has joined in. It is really interesting; the letters I get about it as a Minister are totally fascinating.

Q122 Andrew Lewer: Well, that's good. As part of what you and your team have received, I wonder whether you have received much evidence on whether the Government should or should not regulate estate agents.

Mrs Wheeler: The answer is yes. Not only that, but we have 10,000 fully qualified estate agents now, and they want us to up the ante on this because they want to be seen to be running a professional business and to be offering a professional service, and they want people who are less than optimum to be out of the business. We are very keen to do that. It will take some time, but it helps to know that the market is with us as well.

Q123 Andrew Lewer: Could you see why there may be some circumstances where existing and established businesses have an interest in preventing new entrants from coming into the market with a less restricted regulatory framework?

Mrs Wheeler: I suppose on paper the answer is clearly yes. In practice, I think there are new ways of buying and selling properties. We are all used to them: I will not say there are other products available, but there are four that I can think of just off the top of my head for internet sales. The sort of restrictions and regulations that we are looking for will be on those websites as well as in the high street shop, and that is very important.

Q124 Andrew Lewer: Looking at another part of the puzzle, are there any steps you believe the Government could take to improve the conveyancing process for homebuyers, in addition to what you have said?

Mrs Wheeler: Yes. We certainly do want to streamline it. We are doing some work with the Law Commission on that as well and I think that is the right way to go, to take professional advice.

Q125 Kevin Hollinrake: Minister, while you were out, your colleague did a tremendous job of answering some questions on leasehold reform. Earlier you made an interesting point. We were talking about social landlords



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carrying out remedial works, where there is a cladding problem for example, about how that is the responsibility of a social landlord, in that sense. You were talking about a freeholder of a block of flats who is the freeholder of the ground rather than of the apartments, and that could be a huge financial burden on freeholders who have very little return from such apartments, nowhere comparable with a landlord who is renting an apartment out. Is it realistic to expect the freeholder of a ground rent to pay for a building to be re-clad?

Dominic Raab: It is difficult to answer that in the abstract. I have had this conversation with owners of private sector buildings and one of the arguments we have heard—it depends on whether they have leaseholders, long lease holders—is: “Social landlords have tenants rather than leaseholders”. That is not always the case, so I am a bit reluctant to answer in the abstract. What I am clear about is that it is not right for unreasonable levels of cost to be passed on to the residents in those situations because they are not able to bear the burden. Building owners have responsibility for the safety of their buildings and the repair works that are undertaken. More than that, I would probably be reluctant to go further because I want to wait and see what the courts are saying about it.

Q126 **Kevin Hollinrake:** There is another issue with a freeholder who effectively owns the ground—the recipient of the ground rent. I know that part of the consultation is that you are looking to go to a peppercorn rent on a long leasehold of an apartment. In that situation, where you have 150 flats in a block and there is an issue, whatever issue that might be, in terms of remedial work, who is going to be the stakeholder who draws all those people together? That role has been undertaken by a freeholder in the past—the freeholder of the ground rent. Who would do it if there wasn't any freeholder or if that freeholder had a peppercorn rent and there was no incentive to take a freehold position on the block?

Dominic Raab: You are talking in relation to the reforms moving forward.

Q127 **Kevin Hollinrake:** Yes, I am, very much so.

Dominic Raab: I cannot pre-empt the outcome of that. It is for my colleague to deal with. I am dealing with the here and now and the legal arrangements under existing leaseholds as caveated and qualified by general law. In a sense, the bit of this I hold responsibility for and am engaging with local authorities and freeholders on is in relation to the status quo. How it might change in the future, I shall leave to Heather and the consultation.

Q128 **Kevin Hollinrake:** Perhaps the other Minister will respond. You are looking to move to a peppercorn rent. Do you accept that it might cause difficulties that there has been no central person to gather together all the combined interests of the long leaseholders in that apartment block if you don't end up with a freeholder?

Mrs Wheeler: You genuinely pose a good question, and the truth is that we will have to see what comes out after the review. This sounds like a bit of a cracked record, which I don't mean it to, but we are very interested in



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the work that the Law Commission is going to do for us on this, because I think that that will be looking at a new law of unintended consequences.

Q129 **Kevin Hollinrake:** I should have understood the division of responsibilities better—my apologies. One final point to the Housing Minister, on the question I was asking earlier about Grenfell and the building regulations, I know you said that you would write back to us on that, but will you definitively write back to us about paragraph 1 of the Hackitt review to say if you feel that Dame Judith Hackitt's comments there are correct or incorrect, in that ACM is prohibited or not?

Dominic Raab: I think, probably, given how many issues we have got for this wonderful letter that I shall write to you, Chair—I don't want it to become of biblical proportions—it might be useful if I asked my office to liaise with your Clerks to make sure that I answer all the questions. In my notes, Mr Hollinrake, I will add that one to it.

Chair: On behalf of the Committee, Ministers and your officials, I thank you for attending for quite a long sitting and for answering as many of our questions as you could today. We look forward to receiving the full and further particulars by post. Thank you very much on behalf of the Committee.