

# Public Accounts Committee

## Oral evidence: Towns Fund, HC 651

Monday 21 September 2020

Ordered by the House of Commons to be published on 21 September 2020.

Watch the meeting

Members present: Meg Hillier (Chair); Kemi Badenoch; Olivia Blake; Sir Geoffrey Clifton-Brown; Peter Grant; Mr Richard Holden; Craig Mackinlay; Shabana Mahmood; Mr Gagan Mohindra; James Wild.

Gareth Davies, Comptroller and Auditor General, National Audit Office, Lee Summerfield, Director, NAO, and David Fairbrother, Treasury Officer of Accounts, HM Treasury, were in attendance.

Questions 1-111

### Witnesses

[I](#): Jeremy Pocklington, Permanent Secretary, Ministry of Housing, Communities and Local Government, Emran Mian, Director General, MHCLG, and Stephen Jones, Co-Director, Cities and Local Growth Unit, MHCLG.

Written evidence from witnesses:



## Report by the Comptroller and Auditor General

### Review of the Town Deals selection process (HC 576)

#### Examination of witnesses

Witnesses: Jeremy Pocklington, Emran Mian and Stephen Jones.

**Q1 Chair:** Welcome to the Public Accounts Committee on Monday 21 September 2020. We are here today to look at the towns fund. Our thanks go to the National Audit Office, which has done a factual report on money that was allocated to towns, as defined by the Ministry of Housing, Communities and Local Government. The money has not been allocated yet, but towns were identified to bid for a pot of funding to improve their area. I will introduce that more formally in a moment.

We have a special opportunity today to welcome a member of our Committee who rarely attends because she is the Exchequer Secretary. Kemi Badenoch is a member of the Committee and also a Treasury Minister. It is very unusual for a Select Committee to have a member who is a Minister. Kemi will say a few words from her Treasury perspective before we kick off our main session.

**Kemi Badenoch:** It is a pleasure to be with you today, Chair. The Public Accounts Committee has a long and proud tradition of challenging how Government Departments and public bodies spend taxpayers' money in an effort to make sure we are as efficient and effective as possible. As a Treasury Minister, I fully support you and the Committee in this critical scrutiny of public spending and performance. I also fully endorse the work of the Comptroller and Auditor General and the National Audit Office in assisting the Committee. Both the Treasury and the Committee share a common goal, which is to ensure that taxpayers' money is spent well and that good quality public service outcomes are achieved for the benefit of all of us. In an age when we look for greater transparency of those who spend taxpayers' money, I believe the Public Accounts Committee will continue to remain one of the most influential Committees in Parliament when it comes to holding the Government to account.

Looking at Treasury minutes, I am impressed that on average over 90% of your Committee's recommendations are accepted by Government. This shows the added value that you provide on behalf of taxpayers as you measure the effectiveness, efficiency and economy of Government Departments and organisations spending taxpayers' money and how well they deliver public services. More importantly, I can assure you that the Government will always endeavour to deliver fully on the Committee's accepted recommendations on time. I welcome your recent requirement that a Department should report as soon as possible on delays in implementing recommendations. In support of the Committee, I know that Treasury officials will also continually challenge Departments on that progress in implementation. That is why the twice-yearly Treasury minutes



## HOUSE OF COMMONS

and progress reports keep all the Departments on their toes.

I also recognise the important work of the Committee's Clerks and the staff who ensure Committee business is taken forward. I know the Treasury Officer of Accounts team, as the central point of contact with Government, will continue to maintain this important working relationship. Our team in the Treasury works closely with all accounting officers and senior officials across Government to ensure that they are well prepared to assist the Committee helpfully and meaningfully at its evidence sessions.

Finally, as a member of this Committee, I will continue to monitor its work and recommendations and will receive the reports and endeavour to maintain that long-standing relationship between the Treasury and the Committee. I will finish now by thanking you all for your hard work today and in the future.

- Q2 **Chair:** Thank you very much, Minister. I should make it clear that David Fairbrother, the Treasury Officer of Accounts, sits as a standing witness at our Committee to make sure that we meld that relationship with the Treasury. We are not in the pocket of the Treasury, but we do have a shared agenda, as you say, Minister, to monitor the value for money of taxpayer spending. On that point we can agree, before we have officials in front of us again to disagree on something. Thank you very much for your time and your support. It is important that this Committee's constitutional role is fully recognised at the heart of Government and in the Treasury, so thank you.

Without further ado, we will move on to our main agenda. We want to kick off with some questions. There are some declarations of interest, but we will take those as members speak. We will make it clear what they are and why they are relevant. First, Mr Pocklington, as accounting officer at the Ministry of Housing, Communities and Local Government, what is the latest on local authorities submitting or possibly considering section 114 notices because they are struggling financially? There are some reports today, for example, that Thanet District Council is seriously considering this option. Can you update us on Thanet and on any other local authorities?

**Jeremy Pocklington:** Thank you for the opportunity to appear before the Committee. The Department is not aware of any section 114 notices that have been issued as of today. We are continuing to monitor local government finances very closely—we touched on this, I know, at three previous hearings before the summer break. Further funding to support social care through the infection control fund was announced by the Secretary of State for Health and Social Care last Friday, which is in addition to the £3.7 billion of unring-fenced money and the earlier tranche of the infection control fund that has already been announced.

- Q3 **Chair:** You say you know of none at the moment, but can you give us a ballpark figure of local authorities that are in discussion with you saying that they are in difficult financial straits?



## HOUSE OF COMMONS

**Jeremy Pocklington:** You are right that we have consistently said to local authorities that are facing serious financial constraints that they should have discussions with the Department. CIPFA has also changed its guidance to be clear that before local authorities issue a section 114 notice they should approach the Department for discussions. We are having conversations, first, with a broad range of local authorities about a range of issues, but I can confirm that we are in discussion with a very small number of local authorities about whether and what financial support we could offer.

Q4 **Chair:** Is there any pattern in those local authorities? Are they of a particular size, or are they across the spread of size and geography of England?

**Jeremy Pocklington:** I would rather not go into individual details, although of course if we do offer support, that will be transparent and we will want to share that with this Committee, if that would help. There has been a range of local authorities and a range of sizes that I am aware of. There is not one particular pattern.

Q5 **Chair:** Is there any pattern in how they performed financially prior to covid that is leading to this, or is it something that is directly covid-driven?

**Jeremy Pocklington:** I do not think I could give the Committee a clear answer on that off the top of my head, I'm afraid.

Q6 **Chair:** It would be helpful if we could get some correspondence on that, and we would certainly want to know, if and when the Department provides money to those local authorities, in detail what that is for, because obviously all councils will be interested in that. Thank you for that.

May I just ask about the general money for covid? Different pots of money have been unveiled at different times by your Secretary of State, the Treasury and the Department of Health and Social Care. Has that money now, to the best of your knowledge, been sent out and is it in the coffers of those local authorities? Do they have everything that has been promised, including that money that was announced on Friday?

**Jeremy Pocklington:** Not Friday's money, no, but the previous round of infection control fund money has indeed been allocated and spent, to the best of my understanding, or at least it is close to being spent. The money announced on Friday has not yet been allocated to local authorities. That will happen in the coming days, as is now usual for these sorts of announcements.

Q7 **Chair:** When you say days, you mean days, not weeks? Because we are approaching a second spike, or possibly we are in the middle of it at this point—so it will be very quick?

**Jeremy Pocklington:** We are well aware of the need for pace on these decisions.



## HOUSE OF COMMONS

Q8 **Chair:** So that is a yes? It will be within the next week?

**Jeremy Pocklington:** I can't give you a precise date, but we are working very quickly to do it, so days is the right timeframe.

**Chair:** I am sure local authority treasurers will be tuning in and letting us know very quickly if that is not the case. Thank you for that. I will ask Geoffrey Clifton-Brown to come in now.

Q9 **Sir Geoffrey Clifton-Brown:** Good afternoon, Sir Jeremy. Thank you for appearing before the Committee. May I ask you a couple of questions on local government commercial property investment? In our report dated 1 July, we recommended that the Department should write to the Committee by September, setting out its approach and timescale for improving its data on council commercial activity and how this relates to its broader review of the prudential framework. Can we ask when we are likely to see that reply?

**Jeremy Pocklington:** We will send you that reply before the end of the month. The Treasury minute, if it is not already issued, will be issued very soon as well, setting out our overall response to that report.

Q10 **Sir Geoffrey Clifton-Brown:** But more important than getting a reply, really, is the fact that you cannot do anything in this field—I will ask you a little later about covid—without adequate data. How are you getting on with tightening up receiving the data from local authorities?

**Jeremy Pocklington:** The importance of data is well understood and we will set out more detail of that in our reply. What we are focusing on as well, though, is our monthly return—our monthly data return from local authorities. That is essential for overseeing their hugely important role in response to covid. We have received their fourth return. Actually, we have now also received their fifth return and will—

**Chair:** Mr Pocklington, we have lost your sound, and you, completely. I think we may have to pause for a moment.

**Jeremy Pocklington:** Sorry—I think I lost the connection there. I don't know what happened.

Q11 **Chair:** No problem. I think you had just begun an answer. Can you pick up where you left off?

**Jeremy Pocklington:** Let me give you the headlines on the fourth return from local authorities, which show on the expenditure side that they have pressures this year arising from covid, particularly in social care, of £2.5 billion to date, which points towards expenditure pressures of £5 billion over the year. We have now allocated approximately £5 billion as well of additional support.

On the income side, the income loss from March to July is £3.6 billion, which suggests a total income loss of a bit over £6 billion—£6.2 billion—for the year as a whole. Of that amount, £2 billion is sales, fees and charges, which is covered by our sales, fees and charges scheme and which we talked about at a previous hearing; £1.6 billion is business rates; and £1.7

billion is council tax. We will return to the apportionment of irrecoverable tax losses in the forthcoming spending round. We have said that they can be managed over three years rather than over one year.

So those are the headlines, if that helps.

- Q12 **Sir Geoffrey Clifton-Brown:** That is very helpful indeed. Basically, the message—just to be absolutely clear, so that local authorities are clear—is that you do not intend any further bail-outs until you have had the expenditure round, and that will be addressed in that round. Is that how the mechanism is going to work?

**Jeremy Pocklington:** I would not quite put it like that, if I may. We continue to monitor the situation very closely and will react as required. We are encouraging those local authorities in severe financial circumstances to come and speak to us, as I have already said.

I would note the broad outline, though, that the expenditure pressures, according to the monthly monitoring returns, are roughly in line with the additional expenditure that we have allocated. We have a proposal to cover most of the sales, fees and charges losses, and tax we will come to in the SR.

So there is still quite a long way to go in the year and a lot of uncertainty, but that is how I see the position at the moment.

- Q13 **Sir Geoffrey Clifton-Brown:** The Chair asked about section 114 notices, but are you able to tell us below that how many local authorities you consider are in considerable financial difficulties at the moment?

**Jeremy Pocklington:** I do not think I can put a simple number on it like that. As I said earlier, there is only a very small number. I do not want to name specific local authorities—

- Q14 **Sir Geoffrey Clifton-Brown:** No, I wasn't asking for names.

- Q15 **Chair:** Roughly a number? Sir Geoffrey was very clear, Jeremy Pocklington, if you can give us a number—or if you cannot, tell us why not.

**Jeremy Pocklington:** I cannot give a number on this on a broader group; I would need to think through what the definition is for this broader group, which means I cannot give a number just off the top of my head like that.

**Chair:** I think it is fair to say that all councils are facing pressures. But back to you, Sir Geoffrey.

- Q16 **Sir Geoffrey Clifton-Brown:** Finally, on data—perhaps it will be useful, Chair, if I ask all my questions now—the other really big pressure that it is rumoured local authorities will be under again is from the social care sector. Again, when we examined this matter in Committee before, the data from individual nursing homes was not terribly complete; indeed, my own council is fine with those homes that it directly contributes to, but for the others it also has details. Do you consider, as a Department, that you have enough data on the social care sector, and on elderly



people's homes in particular, to know from that data whether there are cost pressures if there is a spike?

**Jeremy Pocklington:** We have increasingly good data on local authority pressures, and we are also working very closely with the Department of Health and Social Care on the incidence of coronavirus in care homes. The data has much improved on that. This issue was the reason why the Department of Health and Social Care issued its adult social care winter plan last Friday, which set out this additional funding and the further steps it is taking with local government, with my Department supporting it, in order to minimise risks in this in this crucial sector in the coming winter. Additional funding, the provision of free PPE, further support through care home resilience plans—those were the set of issues announced on Friday.

Q17 **Sir Geoffrey Clifton-Brown:** Could I just press you on that question? If my local authority does not have full data on all elderly people's care homes in its area, how do you, as a Department, have sufficiently accurate data to know what total allocations you ought to be making to the infection fund or whatever other fund you might come up with?

**Jeremy Pocklington:** The previous round of the fund was allocated on a per bed basis. Obviously, it is also important to support private provision, rather than only provision from local authorities themselves. We are working with the Department of Health and Social Care to identify the appropriate formula to allocate this round of funding. We have not made a final decision on that yet, but that issue needs to be resolved very quickly.

Q18 **Sir Geoffrey Clifton-Brown:** Finally, Chair—we could go on about this all day—it seems to me that a per bed basis is a fairly simplistic formula and will possibly miss out one or two of the really bad cases. I know from my own constituency that some elderly people's care homes had significant numbers of deaths and others had none at all, so presumably there are great differences. To do this on a per bed basis seems to be a very broad-brush approach.

**Jeremy Pocklington:** As I say, we have not yet made the decision on this. I note your interest. Perhaps I should write on this issue again in the coming days, once it has been decided, to explain what the allocation formula is and why.

**Sir Geoffrey Clifton-Brown:** That is very kind. Thank you.

**Chair:** Thank you, Mr Pocklington. We may want to meet you privately—Sir Geoffrey and I, and maybe a delegation from the Committee—to discuss how you are allocating this, because we are quite interested in the data you are using and the decisions you are making. We recognise that this will happen fast, but there is a lot at stake.

Q19 **Olivia Blake:** Mr Pocklington, up and down the country, council-commissioned facilities are struggling because they are arm's length companies of the council and are not eligible for funding. Can you explain if there are any plans for this to be corrected?



## HOUSE OF COMMONS

**Jeremy Pocklington:** Thank you, Ms Blake. That is an important question, which I think is particularly pertinent to the issue of leisure centres, but I know that there may be other services as well. First of all, may I clarify the position regarding our sales, fees and charges programme? I think that is important for this. The broad position, in relation to leisure centres or other services, is that transactional income losses that are irrecoverable and were budgeted for in 2020-21 are covered by our fund on sales, fees and charges. That is the case whether the service is provided in-house or contracted, which has been an important issue with leisure centres, as I say.

I recognise that for a range of services, that is not the issue for many local authorities. Many are dealing with cost pressures, either because there is an additional cost of providing the service, as a result of covid, or because the contractual arrangements require the council to support any revenue loss by service providers, and they are not covered by the scheme. It is useful for the Committee to be aware of that.

The issue that we are looking at in more detail is that of leisure centre provision, on which we are working with DMCS to look at those unplanned expenditure pressures in more detail. I am not in a position today to update the Committee on where those discussions will take us, but we are looking at that with seriousness and urgency. Again, the position remains that councils facing serious financial pressures should come and speak to us, as I have said.

Q20 **Olivia Blake:** Are you keeping track of the amount of funds that are being put into some of those trusts up and down the country? From my local paper, I can see that it is not just bigger cities; it seems to affect all kinds of different councils.

**Jeremy Pocklington:** It does affect a range of councils. What has emerged is the range of different contractual arrangements that are in place between councils and service providers, taking many different forms. A range of different councils are affected.

Q21 **Olivia Blake:** Could you update the Committee on any conclusions to your discussions on this issue?

**Jeremy Pocklington:** Of course.

Q22 **Chair:** Do you know when that might be, Mr Pocklington—days, weeks, months?

**Jeremy Pocklington:** I understand your desire to know more quickly, but I cannot, sat here, give you a precise timeline.

Q23 **Chair:** So the message to local government is that you are seriously considering this—you have a working group and are trying to resolve it. Is that a fair summary?

**Jeremy Pocklington:** That is a fair summary, yes.

Q24 **Chair:** That is good news as far as it goes, but we will be keeping a close





## HOUSE OF COMMONS

eye with the MHCLG Committee—our sister Committee—which, as you know, is also very interested in this.

I have one quick question before I go to James Wild MP. You have been asking local authorities to provide a lot of data about how they are spending money, which is something that the Treasury, as well as you, will require. Have you looked at that and will you ask for more data than you are already getting, or are the returns that they are routinely providing you giving you the information you need to monitor and give us a full report, in time, of how the money is being spent?

**Jeremy Pocklington:** The data returns have been very useful, and I am very grateful to local authorities for the time and effort that they are putting in to provide us with that data. We have had a very high rate of returns. I have already given you the headlines, so I will not repeat them. We are planning to continue that data collection exercise. As I say, the fifth round has been collected and we will publish that in the usual way soon.

**Chair:** Thank you very much indeed. I will bring in James Wild, and Richard Holden will follow him. Given that they are going to be asking quite quick questions, I urge you, Mr Pocklington, to give them short, factual answers. That would help us keep to time.

Q25 **James Wild:** Mr Pocklington, before I ask this question, I declare an interest as a member of the King's Lynn towns fund board. As well as that towns fund bid, King's Lynn is also part of the future high streets fund and submitted proposals back in June for a very strong bid. When will the Department respond to those proposals and those made by other areas?

**Jeremy Pocklington:** May I bring in my colleague Emran, who leads on the future high streets fund?

**Emran Mian:** We are very conscious that towns have worked extremely hard to prepare bids for the future high streets fund. We are going through all of them at the moment and assessing them. Our process for that is to assess each one individually and then to moderate across the full set. We are hoping to be able to announce which bids we are supporting, and which portions of bids we are supporting, later this year. I think it is a matter of weeks before we are able to make those announcements.

Q26 **James Wild:** Could I pin you down a bit further? Sorry, it is a bit of a theme. Are you saying that the intention is to do this by the end of October?

**Emran Mian:** I do not think I am in a position to be absolutely definitive that that is something we will be able to do in October. We are still working our way through the assessment process; we have not yet put decisions to Ministers for them to make, so I expect it may go a little bit later into the year than October, but it will be a matter of weeks, rather than months.

Q27 **James Wild:** There are obviously some short-term effects from covid,



## HOUSE OF COMMONS

and other longer-term ways in which the high street will be affected. How is MHCLG assessing that as part of this process?

**Emran Mian:** We have been wanting to act on some of the short-term effects really quite quickly. We made money available at the beginning of the summer through something we called the reopening high streets safely fund, which was an allocation out to all councils. That allowed councils to, for example, pay for temporary signage, temporary pedestrianisation and other measures that would help to people feel safe and secure about coming back into high streets at the beginning of summer. That was a total pot of close to £50 million, and it was allocated out to councils.

We have also brought forward an element of the towns fund investment, and will very shortly—this will be a question of days, rather than weeks—be making an allocation to all of the towns that are eligible for the towns fund. Those are relatively small sums of money, ranging up to £1 million for a town, with many receiving £750,000. Towns have told us what kinds of immediate measures they may be able to take in this financial year, so that money will be supporting them in doing that.

As an example of the kinds of measures that towns are thinking about, there is an old Marks & Spencer store in Margate. I think the experience of covid has made the high street and the town realise that it is unlikely to be inhabited again as a retail space, so the council has a plan to empty and refit the space and use part of it as a library. Our expectation is that when we make that funding allocation, that is what Thanet District Council will do with the money. I think different towns funds will do different things, but that money should come forward very soon.

**Chair:** We are getting into the detail later.

Q28 **James Wild:** King's Lynn has put forward a proposal for a college of nursing that the Prime Minister spoke favourably about last week, so I am very much looking forward to that announcement.

My final point is to firstly encourage you to do that assessment process as fast as possible, because we will be submitting our towns fund bid at the end of October, so I assume it is the same team doing that. Secondly, given the scale of change, is MHCLG bidding for higher levels of funding to support the future high streets fund, which is obviously a competitive process? Are you looking to get more money, given the scale of the changes happening?

**Emran Mian:** We are not in a process of pursuing such a bid right now. I think we want to work through the rest of the assessment process on the current bids and see where that leaves us, and as you observe, many of the towns that are eligible for future high streets funding are also eligible for towns fund funding. We probably want to take a view on the towns fund as a whole and these two elements of it before deciding what the right level of future funding would be, but there is no live bid at the moment.



## HOUSE OF COMMONS

**Chair:** Thank you, Mr Wild; we will obviously come on to the towns fund in more detail in a moment. Over to Richard Holden MP.

Q29 **Mr Holden:** Mr Mian, going back to the future high streets fund and the towns fund, I have two areas in my constituency—Consett and the surrounding villages and Crook, Willington and Tow Law—that did not get any of the towns fund or high streets fund in the first tranches of this. When are you planning to look at perhaps reopening this funding arrangement, rather than developing the bids that are already in there?

**Emran Mian:** Thank you for asking about this; it is something many towns have been raising with us. Ministers said, at the point at which we announced the towns initially selected for the towns fund, that there would be a competitive round. Ministers have not yet made decisions about the timing or nature of that competition, so I think that is probably something that I would have to talk to you about at a future meeting. We are working on the basis that there will be such a competition, but we have not concluded the decision making about that.

Q30 **Mr Holden:** So the decision about the timing has not been taken yet, but do we have a timeframe for when we will be looking at that decision? Is it going to be this year, or next year? Have we got any idea on that, or are we very much in a waiting process at the moment?

**Emran Mian:** Ministers are yet to make decisions about the exact timing of the competition.

Q31 **Mr Holden:** I get that you cannot give the exact timing—the exact date—now, but is there a broad timeframe that they are looking at to make those decisions? Would it be something that perhaps comes forward later this year? Will it be 2024? Can you give us a bit more of a steer on that?

**Emran Mian:** Of course. We certainly don't expect it to be as late as the second date that you mentioned. What we are focused on at the moment is working through the bids that have come in for the future high streets fund, making sure that we now allocate money to those in a timely way. Bids for the towns funds have now started to come through; the first cohort's bids are with us, and we are expecting the second cohort at the end of October. We are working through all that, and I think that will give us very useful insight for how best to design the competition, for the competitive element, but I'm afraid I am still not able to pin down an exact date for when we will do that.

Q32 **Mr Holden:** But you think that the timing for these bids for both the towns and high streets will be the back end of this year, so we are probably looking into next year before we can look at this next—competition—round, essentially.

**Emran Mian:** As I say, Ministers have yet to make a decision on the timing.

**Mr Holden:** I look forward to hearing from you. Please do get in touch with us, because I have a lot of local communities who didn't get a chance with either the towns or the high streets in the first round. Thank you very



## HOUSE OF COMMONS

much.

**Chair:** Congratulations, Mr Holden, on shoehorning in your bid in Committee.

We are going to move on to the main part of our agenda, which we led into a little bit there. This is to look at the towns fund, and at how the towns were identified and this was allocated. In July of last year, the Government announced a £3.6 billion fund to support what they called struggling towns in England, and the Department drew up a list of 101 towns that were then invited to bid for that funding, out of a list of over 1,000 that could have been eligible.

The National Audit Office has pulled together the facts of this into a Report, so it is not a Report where the NAO has drawn conclusions, but it has drawn together the factual information, and we are appreciative of the fact that the Department was very open in providing that information very readily to the National Audit Office—that is as it ought to be, but it is worth mentioning that. We will be looking today at how that process is going, what the impact of covid is on that, and whether where we are so far suggests that there is value for money for the taxpayer. We of course have a number of questions on this.

I want to introduce our witnesses formally, although a couple of them have already spoken. We have Jeremy Pocklington, whom we have heard from already and who is the permanent secretary at the Ministry of Housing, Communities and Local Government and the accounting officer in that Department; Emran Mian, the director general responsible for the towns fund at the same Department; and Stephen Jones, director for cities and local growth unit at the Department—the Ministry of Housing, Communities and Local Government.

As I have said, a number of Members may have to make declarations of interest. They will do that just prior to when they speak. I am going to ask Olivia Blake to kick us off.

Q33 **Olivia Blake:** All my questions are for Mr Pocklington, so I won't introduce them all. The first one is about the current covid-19 situation and whether the funding that has been allocated to this programme is safe in this financial climate.

**Jeremy Pocklington:** Yes, it is: £3.6 billion has been allocated to the towns fund, and there are no plans other than to get on and deliver the fund in a way that maximises the long-term economic and productivity growth of these towns. I would argue that the funding is more important, not less important, as a result of covid, but I am sure we will come on to talk about that.

Q34 **Olivia Blake:** Can I just ask a very simple question? Why did you not offer all the towns in England the opportunity to bid for this fund?

**Jeremy Pocklington:** The key decision that we took was to select towns as part of a deals-based approach, rather than having a competitive



## HOUSE OF COMMONS

process that all towns could bid for. The reason for doing that was that we thought that the towns most in need of investment may be least ready to prepare a competitive bid, and we did not want a process that was unfair on those towns. We judged that many of these towns, some of which are relatively small, may lack the resources, the capacity and the experience of working with the Department—and in some cases perhaps even the leadership readiness—to enter a competitive bid process. A deals-based approach, based on a selection, enables us to provide advice and support to help towns develop their bid and build capacity.

**Q35 Olivia Blake:** Okay, so it might have been better named the towns deals. Is it usual for these sorts of schemes to have a process that picks bidders in advance?

**Jeremy Pocklington:** When adopting this approach, we needed a process to guide decisions. I think that was a fair and rational thing to do. Actually, I think we produced an evidence-based approach based on multiple criteria, but one that also recognised that there were qualitative judgments to be made by officials and also, rightly, by Ministers in order to ensure the best possible outcome. That is what we endeavoured to do.

**Q36 Olivia Blake:** On the qualitative criteria, how robust were those assessments by officials, and how effectively were they used in the scoring?

**Jeremy Pocklington:** Of the seven elements, there were three qualitative assessments—those looking at the history of economic shocks, the investment opportunities and the strategic alignment of investment alongside other programmes. We used our area-based teams, who have very good local knowledge, to apply their expert judgment in making their assessment. That was part of the assessment process, as set out very clearly in the NAO's Report. Our teams have a lot of contact, engagement and dialogue with local areas, which means that their views are informed; inevitably, they are qualitative. However, it was also right that Ministers could apply their qualitative judgment and decisions to the final selection.

**Q37 Olivia Blake:** Do you think having three out of four and the weighting behind the seven gave too much to qualitative or quantitative?

**Jeremy Pocklington:** It was three out of seven. Sorry, I may have misspoken earlier. The quantitative elements were in the majority. In terms of the weighting, we provided greater weighting where we had higher confidence that the data or information was genuinely applied and valid at the town level. The greatest weighting was applied to the quantitative metric on income deprivation, which was available at a very granular level. That was given three times the weighting in our weighting system. Most of the others were given just a single weighting, as it were. The exception was the alignment of strategic investment with other criteria, which was given twice the usual weighting, as set out in the Report.

I am seeing here a balanced approach that gives a little bit more weighting to quantitative evidence but allows a degree of qualitative

evidence. That is important—just a final comment on this, if I may—because the towns fund is open to a very broad range of towns facing a range of different and difficult challenges.

It is very hard to compare the needs of a post-industrial town in one part of the country with a coastal town with an ageing population and few people with new skills moving into the area in another, or a struggling market town in a different part of the country, or towns on the outskirts of major cities with severe problems of deprivation. We needed a process that enabled us to balance a very broad range of towns; it was a clear objective of the Government to have that breadth to this fund.

**Q38 Olivia Blake:** I will come back to the broadness of the scheme in the moment. May I just ask why the Department chose not to publish the details of the process for how the towns were selected?

**Jeremy Pocklington:** I think we have already touched on this, but the reason we took that decision was that we had always been clear that we want to have a competitive round at the end of this process, so those towns that have not been selected are eligible to bid for funding through the towns fund. We have not made decisions on how that will work yet, as my colleague Emran set out, and we did not want to raise expectations or perhaps even distort behaviour in advance of that competitive round. That is why we decided not to publish all the scoring for all the 541 towns at this stage. Obviously, the NAO prepared their review, and the Comptroller and Auditor General, who I discussed the matter with, took a different view on where the balance of public interest lay in transparency and publishing those scorings. That outweighed the concerns that the Department had, and I accepted his judgment.

**Q39 Olivia Blake:** Looking at the scoring matrix, they do not seem like the kind of areas that you could trick if you were aware of them, so I want to understand a bit more about that decision and the rationale behind it. I don't think the answer you have given is that clear on why you would need to keep it hidden.

**Jeremy Pocklington:** I agree with you that the scoring is hard for a town to trick, to use your word, because the quantitative elements are objective and the qualitative elements were determined by the area-based teams in the Department. I think the concern was one of raising expectations that a near-miss town that scored highly but did not quite make the higher-priority category would automatically receive funding through the competitive process. The concern was that we would raise expectations, and that was something we wanted to avoid, but I am comfortable accepting the view of the NAO that there is a public interest case in transparency of the scoring.

**Q40 Olivia Blake:** Moving on to the low and medium-priority groups, given what you have just said, how did the Ministers decide which towns were selected from the medium and low-priority groups, and why were such a high proportion of low-priority groups selected?



## HOUSE OF COMMONS

**Jeremy Pocklington:** We provided Ministers with the result of our analysis for all 541 towns. To be absolutely clear, though, by doing that we had recommended excluding half the towns at the outset, so we only had the set of 541 most deprived towns that we are talking about, or 50% of towns. Ministers also accepted our recommendation to agree all 40 higher-priority towns. On the medium and lower priority towns, they had the results of our scoring, but Ministers were able to apply their own qualitative assessments of those towns and their eligibility for funding, particularly on issues like the opportunities for further inward investment in those towns. The justifications that Ministers made are set out very clearly in the NAO Report.

I have two or three quick reflections on that. First, in assessing the medium-priority towns, it is clear that Ministers wanted a geographical spread within regions and between different types and sizes of towns with different backgrounds. That is clear from looking at the summaries. For the lower priority towns, often Ministers focused on towns with a specific investment opportunity—for example, Morley in Yorkshire and the Humber was looking to invest in transport hubs; in Southport there was a particular opportunity to invest in the digital infrastructure network, which was set out in the local industrial strategy—or where there is a particular concern about a company or a sector that is potentially in decline. Stocksbridge is an example of that; it was very reliant on the steel industry, so it is considered a vulnerable town.

May I finally pick up on one point? You said that Ministers selected a high proportion of lower priority towns. Actually, Ministers selected 49 of the 320 medium-priority towns. That is 15.3%. Of the lower priority towns, they selected 12 of the 181. That is about 6.6%. So they selected a significantly greater proportion of the medium-priority towns.

- Q41 **Olivia Blake:** Given that the process was not published, and given that some of the low-priority towns were selected over medium-priority towns, did you not have any concerns that not publishing the explanations would inevitably draw the accusations of political bias?

**Jeremy Pocklington:** I have already set out our reasoning and our rationale. What we did agree with Ministers was that there was a very clear decision and a very clear record of why they made the judgments that they made. Importantly, the Department also had a final check, through the standard accounting officer assessment process, to ensure that their selection was fair and reasonable, consistent with the objectives that we had agreed for the towns fund, and met those “Managing public money” tests.

- Q42 **Chair:** Mr Pocklington, would you be prepared to publish your accounting officer assessment in relation to the towns fund and the initial selection of towns?

**Jeremy Pocklington:** My understanding is that they are not normally published.

- Q43 **Chair:** Would you perhaps be willing for the Committee to have a private



## HOUSE OF COMMONS

look at the papers? We have done this a number of times with other documents from Departments. We look at them in private with the Clerk present.

**Jeremy Pocklington:** We have certainly showed it to the NAO. May I take advice from the Treasury Officer of Accounts? On receipt of their advice, I will look favourably towards that, but I do feel the need to get proper advice.

**Chair:** Of course, summaries are published. We are a Committee that specialises in this sort of scrutiny. It is incredibly helpful for us to see your reasoning as we look at how you are managing public money according to the rules. If you could investigate that and get back to us, that would be great. Back to you, Ms Blake.

Q44 **Olivia Blake:** I think that would be very helpful as we have not seen the individual rationales for some of the towns from the medium priority group. How do you conclude that it is acceptable that those records are not available, or have not been recorded adequately?

**Jeremy Pocklington:** I don't think I agree that we have not recorded adequately the decisions that Ministers took. They are set out clearly in figures 6 and 8 of the NAO Report.

**Olivia Blake:** I have them before me and I have read the Report.

**Jeremy Pocklington:** I don't think it is feasible for Ministers to give a specific reason why the roughly 440 towns that were not selected were not selected. I think it is a far more practical and appropriate approach to provide a justification and reasons for the towns that were selected.

Q45 **Olivia Blake:** Okay. Given that, how can you confirm that the selection process complied with the principles set out in "Managing public money"? Also, when the Ministers' rationales, which we were given, are so vague and broad-stroke, how do you feel about the process?

**Jeremy Pocklington:** I am comfortable that the process was based on evidence and on clear criteria that included a quantitative and a qualitative element. I also take comfort from the fact that Ministers agreed with our recommendation to exclude the less income-deprived; 50% of the towns were excluded at the outset and all the higher-priority towns were selected. Ministers agreed that our criteria were sensible.

Our judgment was that, although those criteria are important, this is not an issue that can be simply reduced to the matter of one number or seven numbers, because there is a breadth of issues and a degree of judgment that needs to be applied. What we had is a rational, reasonable and balanced approach that recognises the circumstances we are dealing with and protects the taxpayer.

Also, crucially the towns that have been selected do not automatically receive the money. They are invited to join the process, but the money depends on the town developing the town investment plan, and on having





## HOUSE OF COMMONS

a strong delivery plan and business basis, again in order to protect the taxpayer. I think there is a sound rationale for this approach.

- Q46 **Olivia Blake:** Having grown up in a town and knowing how proud towns are, I wonder if it would be wise to make this process as transparent as possible, in particular setting out why the rationale for non-selection was not recorded for those towns, because I am sure that those towns and indeed taxpayers up and down the country are wondering why they are not able to bid for this fund.

**Jeremy Pocklington:** To be clear, there will be a competitive round. That means that for the towns that were not selected, we will need to set out the criteria, and make choices and decisions about where we focus that round. However, there will be a competitive round, which, depending on what decisions the Government take, some or all of those towns will be able to bid for.

- Q47 **Olivia Blake:** So, with respect, we do not know if all towns will be able to bid for that round, and also we do not know the timetable for the delivery of that second round of funding. Okay.

Going back to the broad nature of this part of the fund, do you think that you can know about a town or a region based purely on which region it sits in and its history?

**Jeremy Pocklington:** While I have talked about the importance of the towns fund covering that broad range of towns, both geographically and by background, I do not think that is sufficient to make decisions on alone. That is why the criteria that we have already talked about covered a much broader range of evidence than just those factors. However, I do think that it was a perfectly legitimate objective of the Government to have a towns fund that covers a broad range of towns in the country with a broad range of histories. That is the nature of England and of the towns in England.

- Q48 **Olivia Blake:** Do you think it would have been clearer to, for example, coastal or rural towns if there was more information in the public domain about the rationale for selecting towns? Also, how do you feel that the process impacted on the decisions for those sorts of towns?

**Jeremy Pocklington:** Our area-based teams cover all towns, including coastal towns, and we recognise that many towns are facing particular challenges—for example, an ageing population, or some of these coastal towns, such as Barrow, have industrial centres that are no longer what they were—so I do not think that our approach was skewed against those. Indeed, there was a risk if we focused purely on deprivation measures. There are aspects of our approach that we may have ended up, actually, with more towns in areas of high deprivation surrounding some our big conurbations, if we had not allowed an approach with a greater amount of discretion to get that broader spread.

**Olivia Blake:** Thank you, Mr Pocklington.

- Q49 **Shabana Mahmood:** Mr Pocklington, I know that in the NAO Report



## HOUSE OF COMMONS

there is mention of consulting Mayors on town selection, and your official suggested that in metropolitan areas with directly elected Mayors, Ministers might want to consult them before settling on their final selection of towns. Did any consultation with Mayors take place?

**Jeremy Pocklington:** I am not aware of any.

Q50 **Shabana Mahmood:** Why is that?

**Jeremy Pocklington:** Ministers had a great deal of information on which to make a decision, including, as I say, the input from our area-based teams. That enabled them to reach their judgment. As I say, I am not aware of any contact with Mayors directly.

Q51 **Shabana Mahmood:** Would any contact with Mayors have taken place in the selection process without your knowing about it?

**Jeremy Pocklington:** As I say, I am not aware of any. We would probably have known, but I just cannot give you a complete answer.

Q52 **Shabana Mahmood:** Mr Pocklington, that rings an alarm bell for me, because it is a bit different from saying "none took place". I would understand if none took place, but your saying that you are "not aware" rather lends itself to a narrative about the lack of transparency around this whole process and political interference, because it suggests that perhaps a cosy chat might have happened, offline and unrecorded, about which towns might find themselves eligible to bid. Are you comfortable that that is a narrative that can arise from your lack of knowing whether in fact any discussions took place?

**Jeremy Pocklington:** My apologies; that was not the implication of what I was saying. I do not think any communication took place.

Q53 **Chair:** Does either of the other witnesses know whether any communication took place with elected Mayors, as Ms Mahmood has asked?

**Stephen Jones:** There were no formal meetings, but we prepared any advice and briefings for our Ministers to engage with Mayors on the selection of town deals. Nothing that came through our Department and the regular contact that our ministerial team have with elected Mayors did we put on the agenda, and nor did we brief Ministers to raise the issue of town deal selection.

Q54 **Shabana Mahmood:** So the suggestion that where there are directly elected Mayors, Ministers might want to consult them before settling on the final selection—was that a suggestion made in writing? What was the process by which you made that suggestion to Ministers, and how did they then respond to that suggestion?

**Stephen Jones:** In the advice about how to select towns, we advised them that they might want to do that. The steer back on that written advice was that they wanted to make the decision themselves, rather than take up that advice.



## HOUSE OF COMMONS

Q55 **Shabana Mahmood:** So the rejection of the suggestion to consult Mayors was done in writing.

**Stephen Jones:** It was a response from our submission to Ministers, yes.

**Chair:** Thank you for your honesty, Mr Jones.

Q56 **Shabana Mahmood:** That was very helpful. You may not be able to say, but which Minister put their name to refusing to consult Mayors?

**Stephen Jones:** I won't go into the details.

**Chair:** We can work that one out, Ms Mahmood. It will be easy to trace back. Is that everything for now, Ms Mahmood?

**Shabana Mahmood:** Yes, thank you, Chair.

**Chair:** We might want to pick up on other stakeholders in a moment, but that brings us neatly to Mr Gagan Mohindra MP. Please remind us about your declaration.

Q57 **Mr Mohindra:** Thank you, Chair. I declare that I am a sitting district and county councillor, and a former cabinet member at both levels.

Before I move on to my questions, can we go back to financing? We have referred to the competitive round, which has yet to be determined. Can you assure the Committee that the finances are ring-fenced and in place? I am conscious that money is very tight; because of covid, we have spent a lot in the last six months on things that we were not expecting. Can you give the Committee that assurance?

**Jeremy Pocklington:** There are no plans to do anything other than continue with the £3.6 billion towns fund—the sum that was set out in July 2019. No one is working on any alternative plan here. As the permanent secretary, I cannot bind the Government, as you know, but I can tell you very directly where the Department is at the moment: this is something we are committed to delivering.

Q58 **Mr Mohindra:** Thank you for that reassurance. As a follow-up, of the 101 towns that are already within this deal, are those that fall off able to bid into that competitive round, and is the competitive round open to the thousands of towns throughout the country?

**Jeremy Pocklington:** We have not yet made the decisions on who will be eligible for the competitive round—whether it is the 1,000, the 541 or something else—nor do we know what will happen in terms of the town deals and whether any will drop out. I hope not, but obviously we have to protect taxpayers' money; town investment plans have to be of high quality and projects have to be appropriate for us to fund them.

Q59 **Mr Mohindra:** When we will get further details? I think the feeling that we have had throughout the scheme, which I do back, is that there is a lack of transparency. In fact, the NAO seemed to bring the scheme into the public light.



**Jeremy Pocklington:** Thank you. Again, I cannot give you a precise timeframe—we covered all this earlier—but just so you understand what we are working towards internally, we want to complete the evaluation of the first cohort of town investment plans that we have received, and we are partway through that process now. We are working towards completing that process by the end of October, but that is work in progress and there is a lot happening, so we will have to see exactly when that concludes. Once we have that information, it will put us in a better place to assess where we are, the potential overall size of the funding that the bids will need, and what we have learned that we should apply to the competitive round. That is the point at which we will start thinking about it, but I cannot tell you when that competitive round will take place.

Q60 **Mr Mohindra:** Thank you, Mr Pocklington. My next questions are for Mr Mian on where we are now. What is your assessment of how well the towns deals are functioning at the moment?

**Emran Mian:** We have had the first cohort of bids in. We invited towns to identify which cohort they wanted to be part of, recognising that towns were probably at different stages in their thinking about what plans they wanted to bring forward. We have got the first cohort of plans in, and many of those towns have chosen to publish their plans online, so some of them are available online. We have been really pleased by how impressive and thoughtful some of those plans are. We are now going through a two-stage process of assessing them. If it is useful, I can run through it very quickly.

The first stage is to take the investment plan as a whole and assess it for the need in that area and how the plan goes about meeting it. We assess the extent to which the plan demonstrates a strategy for the town and how the different elements of the plan show that that strategy is coming together. We also assess the extent to which the town investment plan shows that the town has begun to put together the partnerships that it would need to deliver the plan successfully.

That assessment is done by members of our team, both members of the locally based team and members of the central team. They then compare their scores, and if we are satisfied that the investment plan is on the right track, we go into the second stage of the assessment, which is to assess it project by project. The plans are made up of a range of projects.

Then, in assessing the projects, we have set out an intervention framework: a set of the types of projects that we think there is a really good evidence base behind, learning from previous experience of delivering funds like this, but also from some of the evaluation that this Committee has encouraged us to put in place with previous reports. If projects fit that intervention framework, that gets them off to a really good start, but then we are also looking to probe each project on how convinced we are that the town has plans to deliver that part of the plan successfully.



## HOUSE OF COMMONS

Once we have completed that assessment of the individual projects and the plan, we will moderate across the full set of town investment plans. We have 13 plans that have come in in the first cohort, and then after that moderation process, we will advise Ministers on decisions about allocating funding. As you will know, we have said that towns will receive up to £25 million, and that judgment will depend on the quality of the individual project at the second stage of the assessment process.

**Q61 Mr Mohindra:** Thank you very much for that, Mr Mian. In terms of the board make-up itself, you obviously recommended or stipulated a range of partners. Out of the 13 you have currently seen, is that being reflected?

**Emran Mian:** Yes, we are seeing a good mix of board membership. We are seeing a mix across the private sector and the wider social sector. A number of the boards are chaired by chief executives or chairs of charities, or people who are involved in other social enterprises. Equally, some of the boards are chaired by private sector businesspeople. We also thought it was really important that the board has membership from each local authority level—the accountable body for that particular town deal, but also the other levels of local government—and, indeed, from the local Member of Parliament.

I think we are satisfied that the town deal boards are coming together well, and that is one of the things that is really important to making these town investment plans a success. The quality of the plan and the projects will be extremely important, but it is also about the coalition for change, so it is about not just having the right people around the board table, but demonstrating that the town is putting together the right coalition to change its prospects.

**Q62 Mr Mohindra:** To build on that, how are the board representatives involving the residents in deciding how taxpayers' money is being spent?

**Emran Mian:** We are finding that different town deal boards are going about this in different ways, reflecting what works best in their area. Blackpool, for example, which is one of the towns to have submitted as part of the first cohort, has had a very public approach to developing its plan. The plan has been available on its website at different stages of its development. Lots of local residents have commented on it, and the council has used those comments to help shape the development of the plan. The council has also commissioned some qualitative research with local residents to drive the development of the plan. Other towns have taken different approaches.

Wolverhampton is another example of where we were looking at how they have gone about this. It is another town in the first cohort. They focused on engaging young people, including young people in care in Wolverhampton, to ensure that their plans for the town meet the needs of those residents. Different towns have taken different approaches, and that is something we have very strongly encouraged.

**Q63 Mr Mohindra:** You are obviously providing consultancy support for the



## HOUSE OF COMMONS

boards. Are you able to tell us how much you are planning to spend on that, and how you are monitoring the effectiveness of that spend?

**Emran Mian:** Our judgment was that many of the towns eligible for the towns fund would require and benefit from some support in developing their plans, so we led off by providing the lead accountable bodies with capacity funding to resource their own work on the plans, allocating some £14 million of capacity funding to towns that are eligible for the towns fund. We also felt that it was important to provide them with some expert support on particular elements of their plans. For example, it is common across the plans that towns will need some help thinking about how to have the most effective project management.

We think, across the plans, that towns will benefit from some expertise on valuing real estate and thinking about how those land values might change, depending on what their plans are, so we bought a consortium of expertise, led by Arup. The contract value was some £8 million. Our expectation is that that consultancy will provide services to the towns, which might mean that towns do not have to look for that consultancy support separately themselves. We think there are some efficiency benefits in doing it like this. We get a weekly report from the consortium on what support they are providing to towns, and my team sits down with the head of the consortium every month to properly drill into the support that they are providing.

Q64 **Mr Mohindra:** Thank you for that. You correctly point out that certain authorities would not have the capacity or the expertise to do the work that consultants would do. Does that mean, perversely, that a well-run council would miss out on this consultancy?

**Emran Mian:** The capacity funding was provided to all the towns eligible for the towns fund that have been selected. Equally, the consultancy support is available to all the towns as well.

Q65 **Mr Mohindra:** Is there any stipulation for the consultants to be local?

**Emran Mian:** I do not believe that that is something that we have stipulated.

Q66 **Chair:** You mentioned that Arup is one of the leads. Could you just explain whether you have Arup providing this everywhere, or whether councils can bring in their own consultants if they have a local firm?

**Emran Mian:** Councils could use the capacity funding that we have allocated to them to bring in further expertise if they wanted to. As I said a few minutes ago, we thought that there would be some benefit in having a consortium of support that all towns could draw on. That may well be more efficient. If towns felt that they wanted to go beyond the offer that the Arup-led consortium is providing, there is nothing to stop them from using either the capacity funding we provided or committing additional funding and going ahead with seeking that further expertise.

Q67 **Mr Mohindra:** My next question was going to be about city councils, but you explained that the flexibility in the system allows individual



## HOUSE OF COMMONS

authorities to make decisions on where they spend that money, so I will move on. What do you know about how the selected towns have been affected by the covid-19 pandemic?

**Emran Mian:** We are learning about this through the town plans that have come forward. Almost every client that has come forward in the first cohort talked about the impact of covid. In our guidance, we steered towns towards thinking really quite carefully about investments in increasing retail space in towns, given that covid-19, in the view of many, may well have accelerated some of trends of challenges for the high street.

Coming through as a consistent theme in the early town investment plans is towns looking to bring different uses into the town centre. Just thinking about Darlington, for example, which is one of the towns in the first cohort, part of their plan is expanding the provision of T-levels and building a new centre to teach T-levels in town. That is about bringing a different use into the town centre. They have also focused really hard in their investment plan on improving the environment around the rail station, which brings lots of visitors into the valley already. Their plan is based on the fact that, if you improve the environment around it, there will be better retail opportunities immediately around the station that the visitors coming to the station can benefit from.

We are beginning to learn that towns are really reflecting on the challenges that covid-19 has perhaps accelerated in terms of their high streets and town centres and how they might need to think about a more diverse range of uses for the high street. We are also seeing that in the accelerated payments we are doing. I mentioned earlier that we have brought forward some of the money and we are allocating some money to each of the towns for this financial year. Again, with that money, we are seeing towns using it for things such as in the example I gave earlier of Margate, where they are taking a large retail unit that they do not now expect to be used for retail and repurposing it as a library. We are seeing that as a bit of a theme as well.

Q68 **Mr Mohindra:** Mr Mian, you have mentioned that some of the submissions referred to covid-19. Are they all doing so, and if they are not, are you putting some additional funding in place for those towns that are hit hardest?

**Emran Mian:** We said in our guidance to towns that we would expect them to have considered the impact of covid-19. Every plan that I have read so far has included that consideration. It is really at the forefront of the mind for towns thinking about this. In terms of whether towns would need additional funding as a consequence of covid-19, I would probably say that given where we are in the assessment process, it is too early for us to say. I said we were going through a two-stage assessment process where we are looking at the plan as a whole first, and then we will look at it project by project.



## HOUSE OF COMMONS

One change we did make in the context of covid-19 was that previously we had said that town deals would only be eligible for a maximum of £25 million, but in the context of covid-19 we have said that in exceptional circumstances, where a plan is exceptionally good and where the projects in it are exceptionally well evidenced, we would be willing to fund it with more than £25 million. It may be that, as we work our way through the assessment process, we see that a number of towns are looking to use that additional funding as well.

**Q69 Mr Mohindra:** Can you give any estimate of how much above £25 million you were thinking? Is it a few extra million, or is it significantly more than that?

**Emran Mian:** To ensure the best value for money, we think it is important to work through it project by project. The way we are going to do it is, when we look at the town investment plan as a whole, if it is a strong town investment plan, we will look at projects that take it above £25 million. Where the town investment plan as a whole is weak, our expectation is that we would not be looking at projects that took it above £25 million. Indeed, for town investment plans that are weak, to ensure best value for money, it might be that we are not funding even close to £25 million, but it will depend on the individual projects that they are bringing forward.

**Q70 Mr Mohindra:** To be clear, you are not expecting those that have really good investment plans to get a significant amount of money to the detriment of those that are still good plans—it is because the other plans are weak that they are not able to hit £25 million?

**Emran Mian:** Yes, that's right. We are assessing each plan on its own merits. It is perfectly possible that we get to a point where, if plans are uniformly strong, there are some difficult decisions for us to make and to advise Ministers on about allocation across the whole fund, but we have always been clear that towns can get up to £25 million. We have not guaranteed towns a minimum amount of funding. We think it is important to ensuring value for money that towns are held to account for the quality of their plans and the projects they bring forward.

**Q71 Mr Mohindra:** Obviously, you are not able to tell this Committee at the moment whether a lot of the applications merit more than £25 million, but could we get an early heads-up if you think some decent projects are not getting their allocation because the money has all been spent? As an aside to that, are you bidding for more in the spending review?

**Emran Mian:** We are still in discussions with Ministers about exactly what they want to bid for as part of the spending review, so I am not in a position at this point to share any further details about where we might end up there.

**Q72 Mr Mohindra:** Thank you for that, Mr Mian. May I now direct my questions to Mr Pocklington? How many towns have to date submitted a town investment plan? Was that the 13 that we heard about earlier?





**Jeremy Pocklington:** That is correct. That is the 13 that applied in cohort 1.

Q73 **Mr Mohindra:** What is your assessment of the quality of those?

**Jeremy Pocklington:** We haven't completed the analysis of those plans, but our early impressions are that there are some good plans, and we have been impressed by what we have seen. Obviously we need to complete our due diligence. One thing that has struck me is the range of interventions that towns are looking for support in delivering, such as across skills, which we have seen in places like Darlington, proposing a new T-level centre; and Barrow learning quarter, a new university campus and skills hub. Transport and connectivity are very important: Blackpool are proposing a new link road, Torquay want to improve their station, Crawley are looking at cycle connectivity. Housing: Middlesbrough want to improve the vibrancy of their town centre with an urban housing project. Public spaces: Preston have got plans for their cultural Harris quarter and making that more vibrant, and digital as well. So across the range of areas that we identified in our intervention framework as where we would particularly welcome bids, and where there is a track record that we know if the bids are good and the local circumstances support it and there is demand: they can have good value for money.

Q74 **Mr Mohindra:** Mr Mian alluded to the granularity of the investment plans—so they will be project by project. How are you assessing how much money you are giving to each town to ensure that the taxpayer gets value for money and there is not an external third party that would happily have financed it instead?

**Jeremy Pocklington:** That is something we are always alive to—that there is a genuine market failure and that we are not funding a project that could be delivered by the private sector. As Emran has pointed out, we will review both the town investment plan—the strategy itself, its impact, its strategic coherence and the evidence for partnership working; and then the projects, in real detail, to make sure they are aligned with the plan, they have got a real, strong rationale, they are deliverable, they are realistic and the costs are robust.

I think your question also alludes to private third-party contributions and support. Many of the bids are aligned with other funds, both from central Government and from local government itself. We want to see private sector co-investment. That is obviously very welcome and would suggest a strong bid. We haven't actually set a target for that, for projects for the towns fund, and one reason for that is covid and the current economic circumstances; so they are very welcome. We want to explore in more detail through the plan process to understand what is achievable, but of course we are looking to maximise that.

Q75 **Mr Mohindra:** To be clear, out of the 13 projects we have seen to date, no funding has been given or allocated yet: is that correct? Besides the capacity.



## HOUSE OF COMMONS

**Jeremy Pocklington:** For these 13 no funding has been allocated yet. We have already covered the funding that has been allocated, which is, first, the capacity funding, secondly our support for consultants, including Arup, and thirdly the £81.5 million accelerated funding which these 13 towns will have benefited from. The actual bulk of the funding—no.

Q76 **Mr Mohindra:** Do you have a timeframe for when that will be allocated for the 13 and, subsequently, for the whole 101 programme?

**Jeremy Pocklington:** For the 13 our working aim is to progress this quickly. We would like to be in a position to make decisions on that in October. I do not want to necessarily guarantee we will meet that deadline—that is our working aim. There is a lot happening at the moment in Government, but we are working at pace to make progress, to agree the heads of terms with those 13 towns that will agree what projects are being funded and provide that higher degree of certainty that the funding will be there, so that the detailed business cases can be delivered. As for the process following the heads of terms, that could take up to 12 months. We would like it to happen quickly, but our estimate, based on previous experience, is that it could be 12 months before the town deal summary document at the end is agreed, with the business cases, the processes and the planning approvals all agreed for that.

Then, after the 13, we are expecting 58 towns in the second cohort. They will submit plans, we think, by the end of next month. Obviously, again, that may change a little bit and it is for towns to determine which cohort they want to work towards. Then, by the end of January next year, we are expecting a further 30 towns to bid.

Q77 **Mr Mohindra:** There seems to have been a conscious decision to make this a waves-type programme. Did you have in mind the numbers within the first wave, second wave and third wave? I ask because the first wave seems a bit light, in terms of the numbers, relative to the size of the programme.

**Jeremy Pocklington:** I think in normal circumstances we might have wanted to shepherd towns into those waves more clearly than we have, but we took a very conscious decision, because of covid and the incredible demands that have been placed on not just local government but other members of the town deal boards, the private sector, over the past six months, that we would leave it for towns and the town deal boards to determine which wave they wanted to work towards.

**Mr Mohindra:** Thank you.

Q78 **Shabana Mahmood:** Mr Pocklington, on the finances of this programme, how quickly does the money need to be spent, as part of the town deals? Is it tied to particular financial years, or do you have a bit more leeway?

**Jeremy Pocklington:** On the profile, I will bring in a colleague if I may. I know it's 90% CDEL and 10% resource, but that is not your question. Emran, do you want to take that question?



## HOUSE OF COMMONS

**Emran Mian:** Yes, sure. The money is profiled across the next four financial years, I believe.

Q79 **Shabana Mahmood:** So it's profiled over the next four years. As a whole or as a target for each of those next four years?

**Emran Mian:** We do have numbers across each of the four years. I think we—what I'm trying to express is that we want to be quite careful not to hold each individual town to a very specific proportion of that profile across each of the four financial years, in the sense that our expectation is that towns' own investment plans will probably have different profiles from each other, and then it's a task for us as a Department: when you put all those individual profiles together, does that work in terms of the overall programme, or do we have to go back and have a conversation with our colleagues at the Treasury about whether the profile needs a little bit of shifting around? We really want this to be led by what works in terms of project delivery. But it's slightly too early to say whether the profile that we have got allocated will fit with the profile that the towns themselves are proposing for each of their individual investment plans.

Q80 **Shabana Mahmood:** It might be helpful for you to write to us with that profile. It seems sensible that there is some flexibility in the system, but it would be helpful for us to know what your projections are at this stage, even though it is early, Mr Mian.

**Emran Mian:** What I am trying to put across—sorry, I am stumbling with it slightly—is simply that I think being too scientific about the profile at this point is likely to put us in a position where we are asking towns to do things in a sequence that doesn't really work from the towns' perspective.

What we first want to do—this is also part of our assessment process—is to properly understand the profile of projects that the towns put forward. They will need to do business cases for each of the individual projects. In terms of testing the business cases, it is only at that point that they will have a really nailed-down profile for spend. We will then put it back together at the programme level and see if it works, in terms of the profile that we have got across the programme. At the moment, we do not foresee any difficulties.

Q81 **Shabana Mahmood:** Finally on this point, in terms of timetabling, when do you expect to know whether your initial assessment of financial spend is on point or whether you need to have a further conversation with the Treasury about it?

**Emran Mian:** I think it will take a little bit of time to work through, because the towns have gone into three cohorts and because, as the accounting officer was describing, we have had more towns opt to be in the later cohorts than we might have been expecting at the outset. After we have completed the assessment process, towns will then need to go off and write their individual business cases for each project, so I think it will probably be well into next year before we are in a position where we have really detailed financial profiles across the individual towns and then at programme level.



- Q82 **Shabana Mahmood:** Okay. Thank you, Mr Mian. I am sure we will come back to that at some later stage. Mr Pocklington, can I take you back to an earlier bit of evidence about consultations ahead of the list of 101 towns being put together and the selection process? It was helpful to understand that talking to the metro Mayors was specifically ruled out by Ministers, but I wonder whether other stakeholders were consulted. I am thinking in particular of LEPs, for example, or other business groups.

**Jeremy Pocklington:** The decision that our Ministers took was to rely on advice from our area-based teams, with their judgment and expertise, about what was happening locally, rather than the different sort of process that you allude towards, which would be very consultative. That would quickly become a competitive process, where the towns, and even the LEPs, that are more used to dealing with us and with these sorts of funds would be shouting loudest, whether or not they were the most deserving. We covered the issue of Mayors. We were not requiring or strongly recommending that to Ministers. It was something we suggested, but again, the approach that we took is one of relying on the advice set out in the NAO Report.

- Q83 **Shabana Mahmood:** Mr Pocklington, I am guessing that you suggested it because you thought it was a good thing to do; you would not have made an otiose suggestion, I am sure. I am just trying to understand whether, given that you suggested that a conversation with Mayors might be helpful in the selection process, you also suggested that a conversation with LEPs or other stakeholders might be helpful? If you did, which stakeholders were they?

**Jeremy Pocklington:** That is not the sort of process that we were suggesting. We were not suggesting that sort of widespread consultation at this point in the process, unless one of my colleagues wants to correct me on that.

- Q84 **Shabana Mahmood:** No, they are shaking their heads. Was any suggestion made, given that the boards will include some Members of Parliament, of Members of Parliament being consulted as part of the selection process?

**Jeremy Pocklington:** No. Again, this was not—

**Shabana Mahmood:** That is helpful. I understand; that makes sense. I just wanted to check whether MPs had featured in the initial discussions.

**Jeremy Pocklington:** That was not part of our advice, no.

**Shabana Mahmood:** Okay, great. It was not part of your advice. Do you know whether, in fact, any conversations did take place?

**Jeremy Pocklington:** I am not aware of any. I am sure we would have heard. I just want to be clear that this is the decision that Ministers took based on the evidence, and on their own knowledge and understanding of places. That is the process.

- Q85 **Shabana Mahmood:** Okay. Thank you. I just want to move on to your



processes for overseeing the implementation of these deals. You will know that when the Committee reported in the summer of last year, when we were considering a progress review on local enterprise partnerships, we had concerns about your Department and your understanding of the impact that the local growth fund had on local economic growth. The fact that you chose for that fund not to have quantifiable objectives for growth deals was something that caused us a great deal of concern. We made recommendations, which you accepted in Treasury minute, to try and remedy that going forward. What learning have you taken from our previous recommendations that you are going to implement, without our having to remind you, in the town deal process?

**Jeremy Pocklington:** In developing this fund we have taken a number of learnings, both from recommendations from this Committee, which have been valuable, and also from our own experience over not far off a decade of interventions in local growth. On that specific question, we are building in robust monitoring and evaluation procedures from the start, which refers to the key recommendation that you alluded to. They will look at three different levels: the overall programme level, the town level, and also the project level within each town deal. There might be several projects in a town deal. Can I give you a sentence on each just to explain in a little more detail?

**Shabana Mahmood:** Yes.

**Jeremy Pocklington:** Let us start at the bottom. At the project level, we will of course need to agree the key output KPIs on spend, timetable, matched funding, and what the key outputs are that are being delivered. We will track those formally every six months, but we will also continue to be an observer on the town deal board, so we will know what is happening in real time. Crucially, we will also agree the outcomes. We will agree those baselines and the targets for those outcomes now as part of a process that is under way, so it is agreed before the projects begin. The outcomes will depend on the project, but we have set out a possible list in our prospectus and guidance, so there will be jobs created, footfall, qualification levels, levels of private investment, and commuting times—quite concrete quantifiable outcomes at the project level. They will then be aggregated up to the town level, based on the clear logic of the different projects and the outcomes that we are trying to achieve at the town level.

At the overall programme level, first of all we have reserved funding—about £10 million set aside now for the evaluation of this programme. At the overall programme level, we will monitor the impacts of the programme on employment, income and wellbeing against the baseline of what is happening in those towns. In due course, once the project is up and running, we will monitor how they compare to other towns that didn't get funding in the programme. It is not a perfect experiment, as economists would put it, but we will be looking to understand how these towns progress.

Q86 **Shabana Mahmood:** Thank you. That is very helpful. I completely



## HOUSE OF COMMONS

appreciate the rationale behind measuring things like job creation or wellbeing, but they can be quite vague terms. It is not necessarily obvious that the way you measure job creation actually leads to somebody who has not had a job for 20 years getting into work. Can I drill you down a bit on job creation, in particular, and also on wellbeing? What are you really expecting to be delivered on the ground, and how will you properly measure it?

**Jeremy Pocklington:** May I bring in one of my colleagues to answer at that level of detail?

**Shabana Mahmood:** Of course.

**Emran Mian:** I think the criticism of using job creation is typically that you might see job creation in one town, but it is displacing jobs from somewhere else, so job creation is sometimes criticised as the measure to use. That is why we think it is also really important to do the matching that Jeremy just mentioned, so that we compare the towns that have benefited from the towns fund with other towns that are like those towns, so that we can compare their performance. That kind of thing would be quite a natural experiment, but if we can find the right reference group, I think that will give us a better fix for whether we have succeeded in creating genuine job creation, genuine improvements in wellbeing and the other benefits we are hoping to see.

I think we can feel more confident about the more granular benefits more quickly than that, in terms of individual projects. For example, for some of the transport schemes that we expect places to bring forward, we will be able to observe passenger numbers and travel times really quite quickly. For some of the projects that places might bring forward to increase the use of the town centre, we will be able to observe the level of vacancies or the footfall in the town centre much more readily than that, which is why—as Jeremy was describing—we want to be able to look at that basket of measures at each of the three levels: the project level, the town investment plan level, and the overall programme level as well.

Q87 **Shabana Mahmood:** I fully appreciate the rationale for that. On jobs, because of the circumstances around covid and what we expect might happen when the furlough ends, there is presumably going to be a lot of uncertainty about how you are going to measure what jobs are additional, in the context of what we are still experiencing with covid.

**Emran Mian:** I think that comes down to our baselines, and using the best baseline. When we begin the investments in a particular town, we would want to work with that town to establish what the right baselines are, which should allow us to account for the kinds of effects that you have just described.

Q88 **Shabana Mahmood:** This is one of my personal bugbears: how are you going to ensure that the jobs that are created are for local people in any given town, and that they are good jobs for the locals of that town? We are not talking about some one-month placement-type job—a bit of experience here, a bit of CV help there—but about something concrete



## HOUSE OF COMMONS

that can really help lift somebody's personal circumstances, so that people in the town know that their people are getting this work, and it is good work.

**Emran Mian:** When we are choosing the measures to use, we need to be really quite conscious that they are measures that mean something to people and, when you put them together, genuinely give you an insight into the health and vitality of the town. On one level, footfall seems like a very basic thing to measure, but it is actually quite a good measure of how vital and thriving a place feels. Vacancy rates, again, on one level feel like quite a mechanical thing to measure, but seeing a high street fill up is a very visible thing for people. I agree with your point on employment, and I think that is something we would want to reflect—that we are looking at sustainable employment here, rather than very short-term employment. That can sometimes be hard to measure, but it is the right ambition.

**Q89 Shabana Mahmood:** Mr Pocklington, how are you going to make sure that your Department has the capacity—both resources and skills—to oversee the implementation based on the objectives of this fund that you are going to be measuring?

**Jeremy Pocklington:** It is an important priority for the Department, as it is for the Government, so we will of course ensure that we have appropriate resources and appropriate capabilities in this area. As I said in response to a previous question, we have been working in local growth for the best part of a decade, and working closely with BEIS in particular, so we have a lot of expertise about what works and we are deploying that experience on this fund. There is a team of approximately 20 in the Department overseeing this stage of the fund.

**Q90 Shabana Mahmood:** How will you make sure that the towns—the boards—themselves have the capacity and capability to make best use of the funding? You said in your earlier evidence to my colleague Ms Blake that one of the reasons why you chose this process was that you were worried that some of these towns lacked the resources, capacity and leadership that they needed to even be able to do the bidding process. It makes sense to me why you chose to do it this way, but those deficiencies will still exist unless you do something proactive to get rid of them.

**Jeremy Pocklington:** That is absolutely right, and it is one area in which our consultancy consortia are working closely with local authorities as they build up their capability and their expertise. I have also spoken to local authorities that are using the capacity funding to make sure that they are recruiting the people they need—the economic development teams, often—to oversee this funding. But agreeing the town investment plan and heads of terms will not be the end of the process, and it will not be the end of our involvement; we will continue to stay close to the towns. When the business case and the summary document are concluded, there will be a further review to ensure that the towns are ready to begin the projects. Then there will be, as I say, a formal, six-monthly process, including six-



monthly formal data and an annual review of progress, as the projects are implemented and the outcomes are monitored.

- Q91 **Shabana Mahmood:** Thank you. That is helpful. It is obviously quite a detailed process for trying to make sure that the capacity is both built and then utilised effectively. That goes to my next question: why create a whole new governance structure? What is the rationale for doing something different? Why not stick to established infrastructure, where you know what you are getting, and make that better? Would that not have been a better use of your Department's time and money?

**Jeremy Pocklington:** That is a really good question. It comes back, though, to the original rationale for the towns fund and how it fits with our other policies. The reason why this Government has introduced and then expanded the towns fund is that there is a recognition that our place-based policies to support growth have perhaps been too focused on cities, and that towns have significant challenges of their own. At times, they have perhaps felt as though they were overlooked; hence the towns fund. The existing structures that we had—you have alluded to mayoral combined authorities and LEPs in previous questions—were not going to be the most appropriate to oversee the support and interventions for individual towns. Yes, they should be involved. They are on the town deal board, and it is very important to us that the town deal funds are aligned with other interventions as required, but the specific circumstances that we are dealing with justified a separate fund and governance that would best ensure it was likely to succeed.

- Q92 **Shabana Mahmood:** I guess time will tell. On that specific point, how quickly do you think you will be able to identify emerging weaknesses and any long-term risks to finances that could impact on town deals?

**Jeremy Pocklington:** It is going to be a case of close monitoring over many years to oversee the implementation of this fund. As I mentioned earlier, we think it could take up to 12 months following the signing of heads of terms to agree the business cases and final approvals before the projects can begin. The nature of these projects is that they are construction projects and minor infrastructure works. As you know, as much as we would like them to happen overnight, if they are to happen robustly and safely, often they take many months, if not years. It will be some time before we see many projects on the ground. That is why we have done the accelerated funding. We would like to see as many projects as possible happen as quickly as possible, but it is not always the case. I do not have a set timeframe in mind.

- Q93 **Shabana Mahmood:** You have got lots of different layers—lots of layers of objectives—and you have also got areas that are going to be applying for more than one stream of funding from this programme. How are you going to keep an eye on the fact that they are all being done in a complementary way? A lot of your prospectus and so on relies on those who are applying making information available to you, but you need the oversight to kick them into touch if they go off on a tangent or are not behaving in a complementary way. What arrangements do you have in





place to make sure you are robust on that?

**Jeremy Pocklington:** We do of course look at towns' progress not just for this fund but, where relevant, for other funds as well—we have already talked about the future high streets fund and the local growth fund. There are other Government Departments involved as well—the Department for Transport and DMCS are two examples—and the governance of this fund will include them to make sure that a holistic view is taken first of all about strategic fit, delivery and progress in local areas.

Q94 **Shabana Mahmood:** I want to move on to a separate question. Figure 8 is the record of Ministers' rationales for selecting towns from the low-priority group, and I was interested by a number of them. One of the reasons given was high exposure to EU exit value. I wonder if you could explain why Redditch—a town in my region of the west midlands that I very much like and have campaigned in on many occasions—was deemed to have a higher than average risk from EU exit compared with other parts of my region?

**Jeremy Pocklington:** I was speaking to the chief executive of Redditch recently, so I welcome the support for the Redditch. The high-level answer is that we used independent evaluation from the Bank of England rather than our own evaluation of that. My colleague, Mr Jones, will be able to give more detail if you would like.

**Stephen Jones:** For that indicator, we used the Bank of England's published assessment of what sectors would be most at risk from EU exit. From that, they were then able to apportion which parts of the country, which towns and which sub-regions were overly dependent on those types of sectors—the chemicals industry or some traded goods, say. That was then captured in the data that the NAO has published as to what our assessment was.

Q95 **Shabana Mahmood:** So the extrapolation of the Bank of England data is what led you to, say, Redditch, rather than any other town in the west midlands that might have had other factors that placed it in medium-priority group, for example?

**Stephen Jones:** For each of the towns the west midlands, that was one of the criteria, so each town was tested on a sliding scale of how exposed it was to those sectors identified by the Bank of England, and then—*[Inaudible]*.

Q96 **Shabana Mahmood:** Which town in the west midlands came top? Can you tell me which one missed out rather than Redditch?

**Stephen Jones:** I cannot go to that level of detail off the top of my head.

Q97 **Shabana Mahmood:** It would be helpful to understand that level of detail, though, so could you write to us? I think it is important; I would like to understand the extrapolation of the Bank of England data. In the same way that we know, for example, Telford's position in relation to other towns that have succeeded, it would be helpful to know, with EU



## HOUSE OF COMMONS

exit shock data, exactly what is going on. Would you write to us with that, Mr Pocklington?

**Jeremy Pocklington:** Yes.

Q98 **Chair:** On that point, in response to Ms Mahmood's earlier questions, you said that you had not been consulting with Mayors. There is a Mayor for the west midlands, so was there any discussion with him or his office about the impact of EU exit on towns in the west midlands?

**Stephen Jones:** There was certainly conversation between our Ministers and all Mayors at the same as the decisions on the towns fund were taking place. The issue of EU exit and its impact on each of the prospective areas around the country was a frequent element of those discussions.

Q99 **Chair:** Did they consult with Mayors or not?

**Stephen Jones:** Ministers and Mayors meet regularly and were meeting regularly leading into that time. In that period, this time last year, the discussion around EU exit was obviously high on the agenda and something that was discussed, whether it went to the granular level of detail about the impact on each individual town in the metropolitan area or was a more broad picture across, say, the west midlands.

Q100 **Shabana Mahmood:** Sorry, Mr Jones, I thought you were very clear earlier on that no conversation had taken place with Mayors in respect of the town deals programme. Are you extrapolating from general conversations that it would have come up, but it was not a part of the decision-making process here?

**Stephen Jones:** There were discussions between Mayors and Ministers, and that is a regular occurrence. Within those discussions, over the course of all last year, the issue of EU exit was a regular part of those discussions. It was not a discussion in the context of our assessment of the town deals in this particular context, but it was a general discussion, so Ministers would be aware of mayoral interest in EU exit from there.

Q101 **Shabana Mahmood:** Why did this modelling for the exposure to EU exit take place on an assessment of a no-deal, no-transition EU exit when the stated policy, certainly when you were putting this together, was to get not just a deal, but a good deal? Why have you modelled it on this scenario?

**Stephen Jones:** We wanted to ensure we understood where risk existed in that respect. At the time, we did not know what type of deal would come forward and what the nature of that was, and we wanted to ensure that we understood where some of that risk existed, even with a deal. All the commentary at the time was about the transitional challenges to that deal for certain places and certain sectors, so we thought using the Bank of England's assessment was the best way of capturing that within our assessment.

Q102 **Shabana Mahmood:** Finally from me—this question is for you, Mr Pocklington, as the permanent secretary—a lot of the reporting around



## HOUSE OF COMMONS

which areas have been invited to bid has been pretty lurid. I am just looking at *The Times*, for example, which says, “Ministers lavished millions on towns in marginal Tory seats before polls”. You must have winced when you saw that reporting about the process that you are in charge of and have been defending today. What are you personally going to do to demonstrate that you have a grip of this, that it is a fair process and that it is being driven by best value for taxpayers and not by electoral politics in party political terms?

**Jeremy Pocklington:** What I have set out this afternoon is that we took a robust, evidence-based approach, based on multiple criteria, to guide Ministers’ decisions. Yes, it was one that recognised the complexity and the qualitative judgments that were involved, including on issues such as investment opportunities and exposure to particular industries perhaps in decline. What we have set out this afternoon is that this is a robust process. We excluded half the towns at the outset that Ministers agreed with. All 40 high-priority towns were approved as recommended, and we have steps in place to ensure value for money as we move from agreeing town investment plans to agreeing the business cases and implementing the fund.

Q103 **Shabana Mahmood:** Do you personally regret the lack of transparency at the outset, which has rather lent itself to some of the reporting and the concerns we have seen? You will know that we all consider them to be at least legitimate concerns. Do you personally regret that?

**Jeremy Pocklington:** I have set out the rationale for why we took the actions that we took, so I will not repeat that now. I have also set out that we now have the data published and we have accepted the NAO’s judgment. I gave you the reasons why we had not published the data at that point earlier in the hearing.

**Shabana Mahmood:** That is all from me, Chair.

**Chair:** We will leave that there; we might come back to it in a moment, but we will have a few quickfire questions now, so quick answers please.

Q104 **Olivia Blake:** I want to ask about housing. There is a big issue with young people not being able to live in their local area; I will use Stocksbridge as an example, as it is one of the towns that has got the money. Currently, on a well known house comparison site, there are only three available to rent. They are all above £450 per calendar month—please close your ears, London colleagues, because I know these sound very cheap—but in Sheffield, if you wanted to rent a room, it is as little as £200 per calendar month and there are hundreds available. Do you think the fund might be undermined by the fact that young people are unable to live in their communities, and have you thought about that with regard to how you will measure the outcomes?

**Jeremy Pocklington:** It is a really important issue and I know how challenging it can be for young people in these towns and other areas to get on the housing ladder, or to find an appropriate and safe home to rent. I have already mentioned in this hearing that we have received bids for



## HOUSE OF COMMONS

housing proposals that will help to increase supply, although no one is under any illusions about the scale of that the challenge that the country is dealing with in relation to housing.

I think that the issue of the appropriate response to housing is probably a broader topic for another hearing, but it is a priority for the Government. We set out more details of the affordable homes programme recently, for example, but it is potentially a very big topic that perhaps I do not have time to go further on now.

**Chair:** Okay. I think we will leave it there, if that is okay, Ms Blake, just because of time, but it is something that this Committee has looked at in considerable depth and we will continue to do so.

There is time for a very quick question from Peter Grant, picking up on something that you said earlier, Mr Pocklington, in response to another Member.

Q105 **Peter Grant:** Mr Pocklington, on at least two separate occasions after the NAO Report was published, your Department put out press statements that suggested that the NAO had found that your processes had been robust. Isn't it a fact that the NAO did not say that in the Report?

**Jeremy Pocklington:** I am not aware of the press releases that you are referring to, to be honest. The NAO Report is a review. It is not a value-for-money report or an investigation; it is a factual review of the selection process.

Q106 **Peter Grant:** I am grateful for that answer. So how did two statements manage to come out from your Department that suggested that the NAO had expressed that view, when quite clearly it didn't? Do you have oversight of what your Department is saying to the press?

**Jeremy Pocklington:** I am sorry—I cannot say anything other than that I have already answered that, because I am not aware of those statements off the top of my head, I am afraid.

Q107 **Peter Grant:** Okay. Can I give you the chance then to set record completely straight and to confirm that nothing in the National Audit Office report expresses any view—either favourable or unfavourable—about the process that was carried out?

**Jeremy Pocklington:** It is a factual review of the selection process; that is what it is.

Q108 **Peter Grant:** So it did not express a view that the process was robust?

**Jeremy Pocklington:** I have said what the NAO Report is and is not. I don't know the context of that question, I'm afraid. I don't know the details of that.

Q109 **Chair:** We will leave that there for now, but we can always come back to it when you are in front of us again, Mr Pocklington, if we feel that we need to.



## HOUSE OF COMMONS

There is just one brief question from me. Of course, today is the day that the eviction ban ends, so that anyone under eviction proceedings now can go through the courts. Do you have any oversight of the numbers of people who face losing their homes as a result of eviction proceedings?

**Jeremy Pocklington:** It is a very important issue that we are continuing to look at closely. I have not got further information to give you today on this; I am sure we will come back to it on a future.

Q110 **Chair:** Do you have a mechanism in the Department for monitoring those sorts of numbers?, It is important?

**Jeremy Pocklington:** We are continuing to monitor that issue very carefully indeed.

Q111 **Chair:** And does that include reasons why people are being evicted, whether it is down to a landlord's decision, or a benefits issue, or tenant behaviour?

**Jeremy Pocklington:** Of course we are looking at the best available evidence on this. And as you are aware, because I know you have a very close interest in this, the court service and the judges have put in place a process. I will not repeat all the details now, but we will be monitoring that very, very closely.

**Chair:** We do challenge your colleagues at the Ministry of Justice about how the court procedures work. And I should also log my interest in that I am a private landlord myself, although I am not evicting anyone, so I have had no direct interest in this matter to date.

I think that we will leave it there for now, because it is already after half past four. May I thank our witnesses very much indeed for their time? Our report on this will be out in due course, but clearly you can gather from the interest of Members that we will be following the towns fund closely, along with colleagues from across Parliament. And while we see and hear from the factual report that there is a lot of good intent, we will be very keen to see that towns have been awarded things for the right reasons—that they are able to deliver—and, as I say, we will be watching this matter closely.