House of Commons

Housing, Communities and Local Government Committee

Oral evidence: Work of the Secretary of State 2019, HC 24

Monday 28 October 2019

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Watch the meeting

Members present: Mr Clive Betts (Chair); Mr Tanmanjeet Singh Dhesi; Helen Hayes; Kevin Hollinrake; Andrew Lewer; Teresa Pearce; Mr Mark Prisk; Mary Robinson; Matt Western.

Questions 1 - 86

Witnesses

I: Rt Hon Robert Jenrick MP, Secretary of State, Ministry of Housing, Communities and Local Government.

Examination of witness

Witness: Rt Hon Robert Jenrick MP.

Chair: Secretary of State, thank you very much for coming. You are most welcome to our Committee session this afternoon, your first as Secretary of State. We seem to have said that on a fairly regular basis to your predecessors as well. Just before we come over to you, could I ask Members of the Committee to put on record any particular interests they may have that are relevant to our session this afternoon? I am a vice-president of the Local Government Association.

Helen Hayes: I am also a vice-president of the Local Government Association and I employ a councillor in my staff team as well.

Mary Robinson: I employ a councillor in my staff team.

Andrew Lewer: I am a vice-president of the LGA and I make reference to my register of interests as well.

Kevin Hollinrake: I have a business and background in housing and I employ a councillor in my office.

Mr Prisk: I am a fellow of the Royal Institution of Chartered Surveyors and one of many former Housing Ministers.

Q1 **Chair:** Secretary of State, I think you want to say a few words of introduction to us.

Robert Jenrick: Thank you, Mr Betts. It is a pleasure to be here for my first appearance. I am sorry that I am one of a long line of Secretaries of State you have seen, although you joined this Committee around about my 18th birthday, so I bow to your experience and knowledge on this subject.

Chair: Or age.

Robert Jenrick: I am very mindful of the Committee's very valuable contribution to my Department's work, and I look forward to working with you on the issues that matter most to our communities. No doubt our discussions today will be very wide-ranging and you will want to cover a number of topics, but I thought I would use this opportunity at the start of today's hearing to say a few brief words about my priorities for the Department.

Given that this is the week of the Grenfell public inquiry phase 1 report, I wanted to focus first, if I may, on the importance of ensuring that we have a building safety system that people can truly trust. I intend to legislate, as was said in the Queen's Speech, at the earliest opportunity on future reforms to our building safety system. I want to see a new building safety regulator, which will oversee the regime and ensure the new enhanced assurance regime for higher-risk residential buildings is implemented and enforced as effectively as possible.

Since becoming Secretary of State three months ago, it has also become increasing apparent to me that we must act now, which is why I have outlined plans to set up the regulator in shadow form. I will be making decisions on the form and the function of the regulator this autumn, but, to support my decision and the work of my Department, I have asked Dame Judith Hackitt, who you will be familiar with, to provide advice to me by the end of November on the building safety regulator and how it should be established.

While the consensus amongst experts is that the stay-put system remains a valid one for most high-rise blocks of flats, it is right that we subject that strategy to the fullest and most detailed examination. That is why we are working on a wider technical review of the fire safety aspects of building regulations, including the evacuation strategy for high-rise blocks of flats. We will work with the Home Office and the fire and rescue services to ensure this work is taken forward as a priority and at pace.

Meanwhile, it is essential that people are safe and feel safe in every home. Residents' voices must be heard to ensure proper standards are maintained and that, where things are going wrong, they are picked up and addressed as quickly as possible. Our social housing Green Paper was informed by the views of 8,000 people. I want to publish a response to the Green Paper as soon as possible, but I also want to ensure that, before we take any final decisions, we have properly tested them with the individuals and groups who are most deeply affected by them, including those who are most deeply affected by the Grenfell tragedy.

My officials are currently holding very regular meetings with Grenfell United and others to test our proposals. Grenfell United have written to me, describing these meetings as necessary and productive, and they have asked me to allow these discussions to run their course before Government take final decisions, to ensure that we do not rush this process and do not miss an opportunity to get this right for future generations. I want to respect Grenfell United's desire to engage with this process while hoping that we can nevertheless reach a conclusion before Christmas at the latest.

On Wednesday, the Grenfell Tower inquiry is set to publish its initial report. From my meetings with some of the bereaved and those who survived, I am very conscious of the responsibility we have to them to review the inquiry's report in full, to consider carefully each of the report's recommendations and, above all, to act. We will consider which steps to take in due course, and of course I will be responding in the debate on Wednesday along with the Prime Minister.

I know in this session we will cover my wider priorities as Housing Secretary, but, of course, at the heart of my mission is getting the country building, speeding up and simplifying our planning system, building better-quality homes, rooted in real communities, and helping people realise their ambitions to be homeowners. We are moving in the right direction. First-time buyer numbers are at a 12-year high and the number of new homes is at an 11-year high, but there is a great deal more to be done. This will be my focus as Housing Secretary in the months to come.

Lastly, as we leave the European Union, I want to see us unleash the economic growth potential of the whole country. We will shortly be publishing a devolution White Paper. I will be listening to the views of local authorities across the country to ensure that local communities have access to the highest levels of services delivered in an efficient way. Key to this, I know, is ensuring that councils are financially sustainable. Our proposals for next year's settlement respond to the pressures that I recognise councils are facing by providing access to the largest increase in core spending power since 2015. I very much look forward to a constructive discussion today with you, Mr Betts, and other members of the Committee.

Q2 **Chair:** Thank you, Secretary of State. I am sure we are going to follow up in detail, questioning most of the points you have just raised as your priorities. To begin with, could I raise two issues? Obviously, the subjects you cover in your brief are really important ones for our constituents. Although we are going to have a draft building regulations Bill, on which this Committee may well be doing pre-legislative scrutiny, there was no housing Bill in the Queen's Speech. That was a bit of a disappointment to those of us who are interested in that subject. Was it a disappointment to you as well?

Robert Jenrick: The Queen's Speech included, as you say, the building safety Bill. I would not underestimate that. That will be possibly the most important piece of legislation on housing, construction and safety in the industry for 40 years. That will be a very significant piece of legislation, which, as you say, will need to be subject to serious scrutiny. That will also include some other areas of interest to the Committee, such as the legislative footing, if required, for the New Homes Ombudsman.

Although the Queen's Speech did not explicitly mention leasehold reform, the Queen's Speech is not an exhaustive list of the legislation that the Government intend to take forward. I would like to see at the earliest opportunity a Bill on leasehold reform, which I know members of the Committee have been very interested in in the past. Of course, a lot of our wider housing priorities will be encompassed by other steps we intend to take, for example the accelerated planning Green Paper, which we intend to publish in due course. We have recently said that is going to be upgraded to a White Paper and so has a great deal of scope for taking forward planning reforms as well.

Q3 **Chair:** I am sure we will come back to both of those issues, planning and leasehold, in more detailed questions.

If I may, I would like to touch on the issue of Grenfell and the report expected on Wednesday. Without going into the issues of what that report may find, there is an issue we did raise with you in our report on building regulations, when we drew attention to the fact that the Grenfell families and survivors had raised concerns about the standard of accommodation that was being offered on a permanent basis. You do not seem to have responded to that in your reply to our report. I just wondered why. Is it an issue you are aware of, are concerned about, and are going to do something about?

Robert Jenrick: Are you referring to the permanent accommodation being offered to survivors?

Chair: Yes.

Robert Jenrick: I am sorry if that was not covered in our response, but I am obviously very aware of that issue. As soon as I became Secretary of State, I asked to understand the specific circumstances of each individual or household who had not yet been moved to their satisfaction to permanent accommodation. There are now eight families or individuals, as you know, who are in temporary accommodation, one of which is in a hotel. The circumstances behind each vary. Some are, as you would expect, very challenging, but it would be inappropriate for me to go into their individual circumstances before the Committee. I can say that I do understand the individual circumstances and I am working very closely with my officials to ensure we can bring each of those to a conclusion that is satisfactory to the individuals.

Chair: On the specific point about the quality of the permanent accommodation that was raised in our report, perhaps you could come back to us with a further reply on that. That would be helpful.

Robert Jenrick: I would be happy to.

Chair: We have managed 10 minutes without getting onto Brexit, but that is all.

Q4 **Matt Western:** Secretary of State, welcome in your new role. During the summer, the LGA said about Brexit, "There remains information and advice gaps that councils are facing while helping their communities prepare, which need to be met by the Government". As Government, do you have any outstanding concerns in terms of their preparedness for Brexit?

Robert Jenrick: We have made a lot of progress. Councils did a great deal of work in advance of 29 March, and when I became Secretary of State at the beginning of the summer we took a series of additional steps to help councils to increase their levels of preparedness. The first step was we gave them additional resources. We provided £77 million to councils and to local resilience forums, so that they would have the resources they need not for capital investment, which I appreciate would be more expensive, but for staffing, overtime and communications, the things that local councils were telling us that they now needed to do to prepare for 31 October.

Q5 **Matt Western:** Can I give you an example? Take Coventry Airport, which is actually outside my constituency. In terms of preparedness for the movement of livestock and so on, the local council has just spent £100,000 on upgrading the facility for that. That is a significant sum of money they have to find.

Robert Jenrick: I do not know the exact example about Coventry Airport, but we have given additional resources to those local authorities in areas with secondary ports, for example. The councils around East Midlands Airport, for example, have received additional resources. I can revert to you on the exact circumstances of Coventry Airport, but we have given extra funding to each of those councils, because we appreciated that, although all councils will have some Brexit preparedness to do, some will be particularly challenged by it, and those will tend to be those with significant transport infrastructure in them or ports. That is not just sea ports, but also air and land ports as well.

We also asked each local authority to appoint for the first time a lead officer on Brexit, and every local council in the country did that. That has helped us to communicate directly with councils. There is now an individual task with this work. We can provide clearer communication to them and, in return, they can ask us questions and we can try to get answers for them.

If I may just finish the point, I, in turn, have been around the country meeting a number of local councils and local resilience forums. We hold regular calls now with local councils, which are very well attended. The vast majority of those councils come on those calls and ask me questions. I also view my role not as Whitehall telling councils what they should be doing but rather as the conduit for local councils, so that I can raise their concerns and try to get answers for them, either at XO, the Cabinet sub-committee that meets daily to discuss Brexit preparedness, or with my Cabinet colleagues. That has been successful. The general view is that communication has improved and the level of preparedness has increased.

Q6 **Matt Western:** That sounds good, but in those forums, then, in terms of any unexpected shocks that arise, what sort of policy levels might local authorities be able to draw on from Government?

Robert Jenrick: In addition to the extra funding they have received, we have also worked with the Department for Transport to ensure they have a good relationship with them, particularly where, as I say, there is significant transport infrastructure or ports. One of the questions they raised consistently was around having access to traffic modelling. If you are a port such as Portsmouth or the Humber ports, you want to ensure you really understand the likely impact of a no-deal scenario on traffic in and around the port. We have ensured that is being provided.

We are working with the Treasury through their process to ensure there is a response both in terms of geography and sector for those parts of the country and the economy that would be greatest impacted by a no-deal Brexit, and we have obviously fed the information we are receiving from local councils into that process. The Treasury has chosen, for perfectly understandable reasons, not to set out exactly what they would do, but we are very heavily involved in drawing up those plans. They are in place; they do take into account the concerns raised by local councils. I am working with the Chancellor to ensure the views of local councils in different parts of the country are represented in the macroeconomic response he would make if there were a no-deal Brexit, in terms of the Budget measures that he would bring forward.

Q7 **Matt Western:** Can I just pull you onto the Shared Prosperity Fund, where there seems to be a lack of clarity? That is, of course, looking to replace the EU structural funding after Brexit. In the Government's response to our report on Brexit and local government, it was said that the Government would consult after the spending review, which was in September. When do the Government plan to publish their proposals?

Robert Jenrick: We do not have a date yet to publish them. Obviously, the spending review was only a one-year settlement as opposed to the three-year one that was perhaps envisaged when the statement you have just read out was made. We are working across Government to draw up the principles behind the Shared Prosperity Fund, and we will be bringing those forward as soon as we are able to.

Q8 **Matt Western:** To be fair, principles should not take too long to draw up.

Robert Jenrick: No, but we also want to ensure that we get this right. It is a complex change. An understandable response would be to design a new system that is around maximum continuity with the present one. We would like to ensure that whatever replaces the EU structural funds is better than what came before, more tailored to the needs of communities within the United Kingdom, more efficient and has the greatest impact. That does mean it is wise to spend time listening to local communities, to the devolved Administrations and to local councils in order to get right what the successor is going to be.

The Treasury have guaranteed the existing funds to 2021, so there is a period of time in which existing funds will be in place. Of course, many of those programmes run on for a period of years beyond that.

Q9 **Matt Western:** You mean December 2021.

Robert Jenrick: Yes, to the end of 2021. There is a period of time in which to consider this carefully and to get it right. We will bring forward proposals as soon as we can.

Q10 **Matt Western:** There are lots of other pots of money, are there not, for local authorities in terms of growth funds and so on? Do you anticipate incorporating any of those into this?

Robert Jenrick: That will be encompassed in the proposals we will set out and then consult upon. There is obviously an argument that this would be an opportunity to consolidate a range of different funds. Personally, I am attracted to the idea of creating a Shared Prosperity Fund that is as simple to understand as possible, is efficient and obviously maximises the impact on communities. That might be an opportunity for some of the smaller funds, which councils and organisations currently have to be bid into, to be brought together into one that is as impactful as possible. That will be a decision that will be discussed and consulted upon.

Q11 **Andrew Lewer:** Having spent three years on the Committee on Regional Development in the European Parliament, one of the criticisms of that whole network of ERDF and ESF and so on from those who sought to leave the EU was that it was not a very efficient use of money, particularly for a net contributing nation to the EU. I am slightly surprised that you would seek a degree of continuity rather than seeing this as an opportunity to do something quite dramatically different. I would be interested in a little expansion of your thinking about that.

Additionally, seeing as it is over three years since we voted to leave the EU, I am also slightly surprised that plans to have a Shared Prosperity

Fund are not slightly more advanced than they appear to be at the moment.

Robert Jenrick: In answer to your second question, I come back to the point that the Treasury has guaranteed the existing funding until the end of 2021, so there is not a need for the successor scheme to be in place at the current time. Our approach has been to consider this carefully and ensure that what we do end up with is better than what came before.

I agree with your analysis that some projects that have been supported have been excellent; others have been less so. We have to believe that we could do this in a way that is better value for money for the taxpayer and more impactful for the communities. When I have spoken to people, even in those areas of the country that have been the greatest recipients of EU structural funds, whether that is, for example, Cornwall or Wales, it is the prevailing view that this could be done better. That is what we are going to set out to achieve.

Nonetheless, there are some parts of the country that are very significant recipients of EU structural funds, so if we embark on a significant departure, we will want to ensure that there are proper transitional arrangements in place and that we think carefully about those organisations and councils, for example, that are currently heavily reliant on them, so that we do not place them in a difficult position, which is not our intention.

Q12 **Mr Prisk:** On that tone, Secretary of State, one of the great criticisms of the way in which those European funds have worked is that they are silo-orientated. I wonder whether the opportunity here is to change the whole focus on to outcomes. One of my bugbears has always been the way in which things tend to be measured by how much money is spent and not by what it is achieved. What are your thoughts on that?

Robert Jenrick: That is very fair. Ultimately, I would like this fund to be focused on raising productivity, sustainably increasing people's living standards, particularly in those parts of the country where there is the greatest disparity in both living standards and productivity and improving our competitiveness as a country and the competitiveness of certain regions of the country that have lagged behind. We have to be focused on outcomes, not simply on spending money.

I would also like to think that this could be a United Kingdom-wide endeavour, which tries to bring together all of the nations of the UK behind one fund, obviously respecting the devolution settlement, but addressing productivity and competitiveness as a single country.

Q13 **Mr Dhesi:** Welcome, Secretary of State. I would like to discuss adult social care. The Operation Yellowhammer documents, published by the Government after much dilly-dallying and protracted delays, finally published in September, revealed that a no-deal Brexit could lead to "provider failure" in the adult social care sector, particularly if inflation leads to higher staff and supply costs. Are the Government's concerns regarding social care satisfied by the Government's new withdrawal agreement with the European Union?

Robert Jenrick: We are very conscious of the impact of Brexit on adult social care. This has been one of the focuses of our work. As Local Government Secretary, I have been in close communication with local councils. Through all of the things I have just described, such as the creation of Brexit lead officers, we have been gathering the thoughts of local councils on the current and likely impact of Brexit on social care.

To date, we have not seen any sign of a Brexit impact on adult social care. We have been working carefully with them to prepare plans alongside the Department of Health and Social Care through a couple of lenses. First, in terms of the workforce, we have been ensuring that social care can continue to have the individuals they need and rely upon. At the moment, I am told that there are no signs of a Brexit impact there.

We have worked carefully on access to medicines with the Department of Health and Social Care, and they have drawn up very comprehensive plans covering every single medicine in the country. A number of councils were understandably concerned that care homes and so on would have access to medicines and that they would be treated on a par with hospitals, GP surgeries and so on. That is the case, and we have been providing as much reassurance as we can there. In the meetings I have with local councils, the Department of Health is represented and Health Ministers listen to the concerns of local councillors and hopefully act upon them.

In terms of provider failure, the Department of Health and Social Care does have a well-tested system for this, which has been used in the past in a non-Brexit situation. They would work with local CQCs and councils in that eventuality, and they have tested that for a Brexit situation. They are currently, I am told, confident of their plans.

Mr Dhesi: They are confident even in a no-deal scenario.

Robert Jenrick: Yes.

Mr Dhesi: They are happy. They do not fear provider failure.

Robert Jenrick: Provider failure has been identified as a concern in a no-deal Brexit situation, but the DHSC has tested its planning and is confident that the current system it has of bringing together the CQC and the council to overcome any concerns is sufficient.

Q14 **Mr Dhesi:** On taking office, the Prime Minister made various grand statements. One of those was, "We will fix the crisis in social care once and for all with a clear plan we have prepared". Where is this clear plan?

Robert Jenrick: The Prime Minister and the whole Government are committed to bringing forward proposals. We recognise, as you do as well, this is one of the biggest issues of our time and we need to address it. There is no consensus on the way forward, but we believe it is absolutely essential that the Government provide leadership and bring forward proposals. I cannot give you a timetable as to when we are going to do that, other than to say that we are working across Government. I am in discussions with the Secretary of State for Health and Social Care, and we will, as a Government, be bringing forward proposals when we can.

My first priority as Secretary of State was to ensure that we secured a settlement for the next financial year that put the sector on a sustainable footing and on a platform on which it could build. I appreciate that was only a one-year settlement, which was a product of the situation we found ourselves approaching 31 October, but the settlement we achieved has been widely recognised as a good one that does provide that platform. Obviously, as Secretary of State, when we come next year to the multi-year settlement, the task for me will be to ensure that it is truly one that provides longer-term sustainable footing for the sector.

Q15 **Mr Dhesi:** Secretary of State, with all due respect, we are not talking about the settlements. What we are talking about is the fact the Prime Minister said, "We have a clear plan". You just mentioned that there was no consensus, but if he has said there is a clear plan, then surely the clear plan should be laid before all of us. That has not happened. In fact, even the Green Paper on social care has not been laid out. When will that finally be published?

Robert Jenrick: I cannot give you a timetable for that, other than to say that from my perspective it is right that we take time and get this right. That is what we intend to do. In the meantime, my focus will be on ensuring that the current system is sustainable. As I say, the first challenge for me as Secretary of State was to ensure that, in our negotiations with the Treasury, local government had a settlement that enabled the system to continue and to be a platform that we could build from. From the representations I have heard before and since from the Local Government Association and others, that has been well received by stakeholders.

Q16 **Mr Dhesi:** Yes, I know you keep on referring to the settlements, but, as I said, what I am referring to is a clear plan. Even in the 2017 Spring Budget, we were promised a Green Paper on social care. From your responses, what I take is that there is no clear plan and there are no proposals in terms of putting the Green Paper on social care before all of us. That is where we are with regard to that.

In terms of a plan, there was a plan put forward in June 2018 when this Committee published a joint report, along with the Health Committee, whereby we called for a social care premium. In essence, this would be like national insurance; it would be paid by people over the age of 45. However, the Committee has not received a response to this report. It is now 18 months later. Do you not find it awfully discourteous that we have not received a response for 18 months?

Robert Jenrick: With respect, you received a holding letter from the Secretary of State. He then said that he would respond to you as soon as the Government were able to bring forward our proposals, which, as I have said, we will do as soon as we can. There is nothing more I can productively add, other than that.

Q17 **Mr Dhesi:** In terms of a response, you do not know when we could get a response after 18 months. You cannot tell us whether the Government are considering our plan.

Robert Jenrick: The Government are considering your plan as one of a wide range of representations we have received. We will be bringing forward our own proposals in due course. I cannot give you a timetable today. I hope you will understand that.

Q18 **Helen Hayes:** I just wanted to pick up on your phrase, Secretary of State. You said you were concentrating on making sure the current system for social care is sustainable. The Local Government Association estimates that we are on track for a funding gap for social care of £3.6 billion across the country and that there are currently around a million people who have recognised social care needs who are not receiving any care at all. Arguably, there is nothing sustainable about the current system. What our report very clearly said was that we need a new long-term settlement for social care in order to reach anything like a sustainable system.

I just want to be clear about your views about the acceptability of the current situation in any way, shape or form, really. We have a system that is creaking at the seams and is failing to deliver for people with a quantifiable gap. The Government have been systematically now, over at least 18 months, if not longer, failing to get to grips with this crisis. What are you, as the new Secretary of State, going to do about that?

Robert Jenrick: I appreciate your comments. Obviously, I listen to local council leaders across the country and in my own constituency. I know the current system is very challenging. That is why we want to see significant reform. The settlement we have just achieved from the Treasury is a good one. It is almost certainly the most generous one we have seen for 10 years. We focused additional funding on higher tier authorities, particularly to tackle the challenges of adult and children's services.

Although I hear the comments you quote from the LGA that were published before the spending review, actually the LGA and most of the stakeholders we deal with welcomed this settlement. I do not want to over-estimate that, because they were welcoming it as a one-year settlement and a precursor both to reforms coming forward and to a multi-year settlement next year, which most felt would be absolutely critical to the long-term sustainability of social care. In itself, however, it was a very good settlement and it has enabled councils to be on a sustainable footing until such time as we can bring forward wider proposals and a longer-term settlement. The next spending review will be a very important one of the sector. Yes, absolutely.

Q19 **Helen Hayes:** Just very quickly, how are local authorities and social care providers to get sustainability into the recruitment and retention of staff on the basis of a one-year settlement? When do you expect to be in a position to confirm a longer-term funding plan for social care that puts the money into the system that is needed?

Robert Jenrick: As I said earlier, I cannot give you a timetable for bringing forward proposals for reform, but it is the Government's intention to do a multi-year settlement for local government next year. So my Department will be thinking very carefully about how we can support local councils and the sector, what reforms might be necessary and what capital investments are required so we can bring forward our own proposals as part of the spending review process next year.

Q20 **Mr Dhesi:** I hear what you have just said, Secretary of State, but the only reason why local authorities were accepting of your settlement is because, in real terms, local authority expenditure on adult social care in England has fallen by 5.8%. The settlement they received in September still only accounts for less than half of the funding gap identified by the LGA. Surely the solution that has been outlined is just not sufficient.

Robert Jenrick: That is not a fair analysis.

Mr Dhesi: Those are House of Commons budgetary figures.

Robert Jenrick: You asked me for my opinion. Core spending power will increase. It is estimated to be a 4.3% real-term increase for local councils. We are obviously focusing that, as I said, on the higher tier to ensure that the money goes to children's services and adult social care. There is a £1 billion increase in the grant for social care. If councils make use of the precept powers, which I suspect many will, that is an additional £500 million. That is a significant increase.

The chair of the Local Government Association and the local council leaders I have met felt that was a satisfactory way forward—for one year; I appreciate that. There will need to be a very important decision made at the next spending review as to how we can put this on a longer term settlement. I appreciate that councils and the sector, if they want to invest in social care, need a longer term view. That will be available at the next spending review.

Q21 **Chair:** Secretary of State, the Prime Minister did say, to read his words, "We will fix the crisis in social care once and for all with a clear plan we have prepared". I presume, Secretary of State, you have seen a copy of that plan.

Robert Jenrick: I have seen cross-Government proposals, but, as I said, we are still giving them careful thought. I am in discussion with my counterpart, Matt Hancock, the Secretary of State for Health, and with the Prime Minister's Office. We will bring forward proposals when we are ready to do so.

Q22 **Chair:** When the Prime Minister said "with a clear plan we have prepared", it was not quite true, then, was it? There is no clear plan that exists that you have seen.

Robert Jenrick: I have seen proposals, but, as I have already said, we want to ensure this is carefully thought through and we bring forward those proposals when we are ready to do so.

Q23 **Chair:** There is no agreed plan. There are ideas floating around in Government. Is that a fairer assessment of it?

Robert Jenrick: No. There are proposals that are within Government. Obviously, different Government Departments have views on those and are in a cross-Government discussion on those. We will bring forward our preferred options when we can do.

Q24 **Teresa Pearce:** Good afternoon. Turning to housing, the most recent statistics for building starts for the first quarter of this year are a 9% decrease compared to the previous quarter and a 9% decrease compared to the same quarter in 2018. Why is that? What will you do about it?

Robert Jenrick: Completions are at a 30-odd-year high, bar one year. The number of homes that were completed last year was around 222,000. That was the highest, as I say, bar one year in my adult lifetime. I suspect the statistics that are likely to come forward later this year will be even better. We have, through the EPC certificates, some advanced notice of where they are likely to be.

However, you are absolutely right that starts appear to be down. There is a softening in some parts of the market. It varies geographically. It is London and the south-east more so than some other parts of the country.

Q25 **Teresa Pearce:** London and the south-east are more depressed for starts.

Robert Jenrick: There is some evidence that the number of starts is lower in London and the south-east than it is in other housing markets across the country. There will be a range of factors behind that. There is obviously a degree of uncertainty in the economy at the moment. That is one of the many reasons why we want to get Brexit done and move on. That is seen in the housing market as it is seen in business investment more generally.

Q26 **Teresa Pearce:** What about skills? Are skills an issue?

Robert Jenrick: Skills is not a new issue for the housing market. It has been prevalent for some time. We need to train more young people in construction skills and we need to inspire more young people, particularly young women, to think that construction is a career for them. We are trying to take action there, but obviously the levers at our disposal are longer term, through T Levels, for example, and other reforms of FE.

In the longer term, modern methods of construction will help, because that will provide new routes into this as a career, and it will feel like a different career, which may be more attractive to more young people than it is today. Obviously, we are active with the Department for Business, the Construction Industry Council and the sector in trying to encourage more people to go into this career.

Q27 **Teresa Pearce:** I asked you about housing starts and you said completions were up. Going forward, if the starts are not there, the completions will not be there, will they? This is a real worry, is it not?

Robert Jenrick: It is a concern. It is obviously one we are very alive to. Our continued ambition is to meet the 300,000 new homes per year target by the middle of the next decade. Our response to this is to continue with our Affordable Housing Programme and continue with our reforms to the planning system.

As I said earlier, I intend to bring forward the planning White Paper later. That will try to bring forward a range of different ways of accelerating and simplifying the planning system to make it more conducive for developers of all levels. I see that through the lens of both the consumer SME builders and the larger developers. There will be a range of measures in each case.

Obviously, our response is also through the homeownership policies that we have pursued in recent years, whether that is Help to Buy, the recent measures we have announced on shared ownership and reforming that model to make that more attractive and consumer friendly for first-time buyers to see it as a route on to the housing ladder.

Q28 **Teresa Pearce:** So there is a concern that we are not starting enough; there is a concern over uncertainty; there is a concern over skills. In the housebuilding industry, Knight Frank's annual survey of 100 major UK housebuilders, only 1% thought that surpassing the 300,000 additional homes each year would be possible by 2022. Do you agree, or are they being pessimistic?

Robert Jenrick: So 300,000 was always an ambitious target, but it is the right one. Obviously, the 300,000 figure is subject to changing market affordability, but it is the target I intend to work towards. I will be bringing forward measures in the months to come and working very closely with the Chancellor to increase supply in the housing market. That could be through planning reforms, through the infrastructure investments that we are committed to making as a Government, whether that is through the HIF funding or improved regional transport investment, all of which improves housing delivery. We have also obviously taken a number of other steps, whether that is cutting stamp duty for 95% of first-time buyers, the Help to Buy scheme or other homeownership measures.

All of these things together are important. If your question is, "Do we need to do more?" yes, absolutely. We do need to do more. The market is softening, and that should encourage us to redouble our efforts. That is what I intend to do.

Q29 **Teresa Pearce:** It is not just about the number we build; it is about what we build as well, is it not? That is really crucial.

Robert Jenrick: It is. If I just may say, on that, I hope you will have seen that in my first couple of months as Secretary of State I have not placed an emphasis on numbers alone but also on quality, safety and design. That will be one of the themes I want to take forward as Secretary of State.

I have published our first design guide as a country and we are now asking every local authority to produce a design code that is not just about beauty and aesthetics in the abstract but is about giving local communities real choice over what homes look like in their area—that could be whether they are tree-lined streets or what parking arrangements there might be—and also environmental standards with the Future Homes Standard, for example. That will mean that no new home in this country will be built after 2025 unless it has the highest levels of energy efficiency and low or zero carbon heating. We are bringing forward the implementation of that, so it will begin next year and roll out thereafter.

Q30 **Teresa Pearce:** I just have one last question. I am sure you are aware that the Committee did a report on land-value capture. We called on the Government to reform the Land Compensation Act to allow local authorities to compulsorily purchase land at a fairer price and usher in a new era for new towns. You previously expressed support for this idea, which is very good. As the Minister, if you are supportive of it, is this something the Government will be taking forward? Is it something you will be pushing for? Can you give us any good news?

Robert Jenrick: I cannot respond to that precisely today, other than to say that, as you know, we have taken forward CIL, and that has been the basis of our response to the concerns that you expressed in that report. I will be giving that further thought. I am interested in how we can make larger developments work, whether that is new towns, villages or urban extensions.

I see that through a number of different lenses. I have recently published, for example, a consultation on development corporations and what powers we might offer to those to ensure that they can play a role in getting larger developments done at pace. We have announced our intention to create a new one between Nottingham and Leicester in the East Midlands, which has a lot of housing potential. I have been a longstanding supporter of releasing more public land, for example, for housing. I would like to do more across Government to encourage other Government Departments, agencies and local councils to release land there. I will be giving further thought to these issues in the future.

Q31 **Chair:** Secretary of State, just briefly, the Committee's report on modern methods of construction did draw attention to the need for some sort of centre of excellence for that. We did have a conversation about it as well. May I just say how pleased I was that the Housing Minister visited Sheffield and the AMRC last week in what was a very productive meeting about how that idea could be taken forward?

Robert Jenrick: Absolutely, yes. She, like me, is very enthusiastic about the potential of modern methods of construction on a range of different levels: the ability to help solve some of the workforce shortages, the ability to build in time very high-quality and consistent-quality homes, the ability to increase levels of energy efficiency in homes, which will have a big impact for people on lower incomes.

I went to a housing association in the West Midlands recently, which built its own homes through modern methods and saw a one-third reduction in rent arrears, for example, due to lower energy bills giving people on the lowest incomes a disposable income they just did not have previously. There is a whole range of benefits. I would like to see us do more. The centre in Sheffield, for example, is a great example.

I know Esther McVey, the Housing Minister, is very interested in working with you and stakeholders, particularly in the north of England, where there are a number of manufacturers already, to create a centre of excellence working with universities and research institutes such as the Advanced Manufacturing Research Centre in Sheffield. We would like to take those proposals forward.

Q32 **Mr Prisk:** Secretary of State, in your tenure you have already highlighted the planning system as having flaws. Earlier this year, the National Audit Office was quite clear and specific in its criticism, namely that the planning system does not deliver value for money in delivering homes. On that specific point—we will come to other elements of the planning system in a moment—what are the Government proposing to do?

Robert Jenrick: I would like the planning system to be faster. I would like it to be simpler. If possible, I would like it to be cheaper. I am aware that many planning departments are under-resourced at the moment. One actually I have already publically mooted as being a focus of our accelerated planning Green Paper—now the White Paper—is how we can ensure that planning departments are better resourced and, in return for that, that they provide a good service to everyone, whether that is a consumer or a developer.

There may be instances where, for example, fees would be increased in return for a more efficient service and more consistently meeting deadlines. There may be examples where, for example, individuals could have an automatic rebate of their fees if a local authority failed to meet their published targets. Of course, all these things are complex and prone to unintended consequences, so we are going to think them through very carefully. Where we do want to take action, it will be in our White Paper and then obviously subject to consultation and further thought from the sector.

We are also conscious of how slow the system can be. The Rosewell Review highlighted some of the concerns with the Planning Inspectorate, which I can empathise with and have experiences of in my constituency. I am very keen that we take that forward and try to speed that process up, so that, where appeals do go before PINS, they are done in a much more sensible timetable. That review proposed a very significant reduction in the number of weeks for your average appeal. I would like to see that implemented.

Q33 **Mr Prisk:** Thank you for that. I will come back to a couple of those points in a moment. Alongside the question of resources, making sure the rules are clearer and simpler and so on and perhaps central Government providing additional resources, the current structure or the way in which planning authorities are currently devised does not help. For example, in Hertfordshire we have 10 separate planning authorities. Very often, they are quite small. Their ability to recruit, let alone retain, the calibre of people they need to run an efficient system is incredibly limited.

Is there an opportunity there, perhaps looking at in terms of administrative co-ordination, to develop a more efficient system, particularly around what the NAO was looking for in relation to increasing value for money?

Robert Jenrick: There is a lot of truth in that. We have already proposed, for example, that there may be a role for Homes England in helping to provide support for local authorities where there are capacity gaps, for example, with compulsory purchase. If some local authorities would like to take that forward but do not have the capacity or the experience to do so, they could rely on a specialist team at Homes England who could come in, at their behest, not imposed upon them, and help to guide them through a particular process.

You could see that in other areas either through Homes England or through certain levels of expertise being pooled on a county basis, or whatever scale is appropriate. Last week, for example, I took forward proposals around heritage. It is undoubtedly true that in that sphere you have seen a reduction in the number of conservation officers. Again, that is a specialist activity that might now be better delivered on a wider basis, if that is what local authorities would like.

I am very open to proposals to pool resources across a broader canvas, if that is the way to deliver better-quality outcomes for residents and developers, and also to use Homes England, where it is appropriate, to provide really high-quality resource in very specialist areas, which could come in at the request of local authorities and deliver services efficiently and with the experience that is required.

Q34 **Mr Prisk:** Turning to the White Paper you have now described on accelerated planning, you have mentioned a number of elements that we perhaps do not need to go back over, but I noticed that there is one element that it would be helpful to better understand. That is the concept of permission in principle. It is familiar to those in the industry, but what would that mean in the context of the White Paper?

Robert Jenrick: I have already announced our intention to take forward a new permitted development in principle for demolition to rebuild. Here we were learning from some of the lessons of permitted development rights thus far and trying to marry the advantages of having the freedom and certainty that comes with permitted development with the need, in certain circumstances, to have a proper process whereby the local authority can be involved and ensure quality, environmental standards and practicalities such as parking were actually taken into account.

Although there is quite a lot more work to be done on the detail of that, at a high level it would mean that, if a developer wanted to purchase a derelict office building in a region or city with the intention of turning that into housing, they would have the certainty of knowing that they could make that purchase, because they would be able to demolish it and replace it with housing, which would be very good particularly for smaller builders. However, they would then need to engage productively with the local council on questions that are undoubtedly important to people, such as, "What is the height? What is the façade? Is there correct parking? Are the homes going to be of the requisite quality and built according to environmental standards?" and so on.

If we can get that right through the work that we are now going to do as a Department, that is a sensible way forward in marrying certainty and the freedom to get on and develop with meeting the needs of local authorities and the perfectly legitimate questions they do raise and should be raising.

Q35 **Mr Prisk:** It is going back to a system in which, if people set out as a local planning authority, "These are our minimum standards. If you meet these, you will receive planning permission in principle", rather than the PDRs we have had to date, where frankly some of the conversions have been shockingly awful and some do the homes that have resulted from that have been poor. Are you looking to move towards the system I have just described?

Robert Jenrick: It is an evaluation from permitted development as it has been in the past. I hope we continue to gain the benefits of that around freedom, certainty and encouraging additions to the housing stock that would not otherwise have come forward, but those are married with a greater focus on quality, design and standards. That could be a good way forward to get the best of both worlds.

Q36 **Mr Prisk:** Eighteen months ago, we flagged up the problems we felt, as a Committee, that there were around the standardised methodology in terms of the NPPF and the requirement each local authority had. In fact, the NAO has now said it agrees with this Committee's conclusions. The Government have also recognised that the methodologies are going to need to be revised. How do you intend to do that?

Robert Jenrick: We have not published any further information on that. That is a topic that we will be returning to shortly. We have said that the next housing delivery tests will be published in November. Beyond the methodology, the criteria for setting housing numbers going forward is something we will have to give further thought to. I would imagine we will be announcing that next year.

Q37 **Mr Prisk:** Given that some local authorities have adopted local plans on the basis of flawed numbers, what do they do now?

Robert Jenrick: As I have already set out in correspondence with the Committee, existing plans will proceed as they are, on the basis of the numbers they were made on. It would not be wise to open up existing plans. It is better that they proceed on that basis, but future plan-making will obviously be on new criteria.

Q38 **Mr Prisk:** Though, of course, those plans run 30 years hence. Therefore, there is an opportunity at the five-year review period for them to be reconsidered. Indeed, Government have required that, if it is clear there is not a five-year supply, the local plan has to be overhauled. Would that be a natural point at which perhaps, if there was a significant gap between the new numbers and the old methodology, a planning authority could come back to Whitehall?

Robert Jenrick: It could be, yes.

Q39 **Mr Prisk:** We think around about 95 local planning authorities have no local plans at all or they have local plans that are in some cases not compliant with the NPPF. There is clearly still a gap around the country. Some local authorities are not actually getting a local plan in place. What do you do about that now?

Robert Jenrick: I want to see all parts of the country come forward with local plans. Our system has to be plan-based, and I need to use what levers are at my disposal as Secretary of State to encourage those parts of the country that have not yet brought forward a plan, or are doing so but too slowly, to do so. There may be additional levers we can think of to encourage local authorities to do that.

Q40 **Mr Prisk:** I am tempted to draw myself into that, but I will resist for the moment. Can I just ask about the Planning Inspectorate? You mentioned that in your remarks, and we certainly have seen remarks from the

National Audit Office that it is not performing as it should be. Are you satisfied that progress is being made there? It seems to me that we are going backwards, for example, on the speed with which appeals are run from what was an average of 30 weeks to now 38 weeks. Any local authority would be caned for doing that. What are you going to do about the Planning Inspectorate?

Robert Jenrick: Bridget Rosewell's review came to the conclusion that you would support: that the Planning Inspectorate is slow and underperforming. She recommended reducing the timescale from the current 46 weeks to 24 to 26 weeks, which is a very significant reduction. That was well received, as you would expect, by the industry. I would like to see that implemented. We have provided additional funding of £11 million for performance improvements in this financial year. I want to see those delivered by the Planning Inspectorate.

Q41 **Mr Prisk:** Lastly, you have touched on some of the issues around resource and skills in planning departments and indeed the need for investment therein. The Housing Minister has talked about an A-team. Could you give us a little more insight into the thinking? Is it something where you are looking to provide occasional but targeted support or are you more drawn to a broader approach perhaps particularly in those areas where there is either underperformance by the LPA or where demand for housing is at its greatest?

Robert Jenrick: It could be both of those things. In the first instance, it would be focused on those areas where there is evidence that local authorities lack the capacity across the board to take them forward. My example of compulsory purchase might be one, where you could have experts within Homes England coming in to provide that service for local authorities, rather than them having to employ expensive consultants or hire full-time employees that are currently beyond the limits of their current budget. It could also be—and we are very interested in this—particularly focused on those parts of the country where the greatest challenges exist and that have the most difficult and challenging housing targets to meet. Our initial approach is that this is a service to be provided at the request of local authorities, so to swoop in and help local authorities, rather than come in and tell them what to do if they do not want it. I hope that it would be a service that many local authorities would want to take up, because we know that planning departments, particularly of smaller local authorities, are under a lot of pressure.

Q42 **Helen Hayes:** This is a supplemental on permitted development rights. We have heard many examples of really poor housing, shockingly poor housing, provided under permitted development rights. Your predecessor—it may have been a Planning Minister—admitted to this Committee that the Department had no systematic analysis of the impact of permitted development rights since the relaxation, which was really astonishing, given the significance of that reform of the planning system. As part of that analysis, there was no analysis overall of the lost opportunity for affordable housing through section 106 and CIL contributions. I welcome what you have said in relation to the development proposals, but I am not convinced that they go far enough. Are you undertaking any systematic analysis of the impact of this reform on the planning system, both in terms of what is being delivered, and the quality—and range of quality—of that, but also in terms of what is not being delivered, through lost contributions?

In relation to the latest proposal that homeowners should be able to build upwards without reference to the planning system, would you be happy for your next-door neighbour to extend by two floors without having the opportunity to scrutinise that through the planning system?

Robert Jenrick: Let me answer your second question. Yes, I would be. Like any homeowner, I would have concerns and questions if I learnt that my next-door neighbour wanted to build upwards, but it must be a good thing that, as people's families expand, they have the ability to expand their home. Our primary focus in that permitted development—of course we have to work out the exact details and consult upon them—will not be on individuals choosing to increase their own detached or terraced property by two floors. It will be residential buildings choosing to move upwards. It might be mansion blocks in London or bigger cities, where the residents come together and choose to build upwards by one or two floors. If done safely and to a high standard, in keeping with the architecture and design of the street, that is a win-win for everybody. The residents will no doubt gain financially and there will be more homes built, which would simply not otherwise have been built.

Q43 **Helen Hayes:** They can do it already through the planning system, which is precisely there to ensure safety and high standards. I previously lived in a block that was extended by a floor after I no longer lived there. That went through the planning system, which is there exactly to ensure that everybody's safety and amenity is looked after. Do you really think that having permitted development rights for extensions in that way is going to go well?

Robert Jenrick: I believe it will. It will clearly need careful consideration. A permitted development right, as you know, is the Secretary of State providing permission to the applicant, so it is very important that my Department works very carefully through all the unintended consequences and creates a system that is going to work in all eventualities. We will learn the lessons of previous permitted development rights.

In answer to your first question on the original permitted development right of office to residential, we are reviewing that, as you know, and will bring forward our response in due course. That piece of work is substantial. It listens to the many responses we have received and we will bring forward proposals once we have done that thoroughly. I am conscious that some properties being built under that PD are not of high quality. I have seen some of them myself, and my officials within the Department have been out to see some of those properties. We are very alive to those concerns. We want to ensure that all new homes built in this country are of high quality, are safe and are places that we would all be comfortable for ourselves, our families and our loved ones to live in. I believe it is possible to marry freedom and certainty within the planning system with quality and safety, and that is the task that we have set ourselves and that we have to be able to assure ourselves, with each existing and new permitted development right, that we are achieving.

Q44 **Kevin Hollinrake:** On planning, in November, it will be two years ago that your predecessor named and shamed 15 authorities that did not have a local plan. York is one of those local authorities. It still does not have a local plan, although it is in examination now. York has not had a local plan since 1954. When are you going to step in and do it for them?

Robert Jenrick: York is the example that almost everybody raises. In answer to a question from Mr Prisk, and in previous forums that I have had the opportunity to use, I have made clear that, if I am lucky enough to be in this role for a sustained period of time, I will use all the levers at my disposal to encourage the remaining councils that have not produced plans to do so. There are a number of levers available to us, so I would strongly encourage local authorities to get moving, take action and get their plans done.

Q45 **Kevin Hollinrake:** Stepping in might be one of the levers that you consider.

Robert Jenrick: Yes.

Q46 **Kevin Hollinrake:** On social housing, by most different analyses that I have seen, around 3 million people in the UK live in poverty after housing costs, so it increases from 11 million to 14 million because of housing costs. Most people concede that we cannot simply build our way out of that by building lots of market-value homes, so we need to do something additional, something different. I know we do quite a lot already, but the National Housing Federation gave evidence to the Committee to say that, if we invested £12.8 billion every year, it could deliver 155,000 homes every year for social rent. What is your view on that?

Robert Jenrick: I would like to see more homes of all tenures built in this country. We have a huge challenge to tackle the housing crisis, as we have already discussed. The target of 300,000 net additions is one that we should be working towards, and that will mean building more homes of all kinds. I fully support the Affordable Homes Programme that we are investing £9 billion into. That will start to come to an end. There is a long tail, but the next spending review, decided in the autumn next year, will be an important one, in which we will need to determine the successor to that programme. I would like to see one that continues on that scale, if not going further.

I also want to see more homes built that give a route into homeownership for first-time buyers and people on lower incomes, because, although that may seem like an unobtainable aspiration for many, I still believe it is the goal of most. The polling, if you can believe it, suggests that between 80% and 90% of people, however distant a dream it might seem, still aspire to own a home of their own. I have given a personal commitment to shared ownership, for example, as a route into homeownership for people on lower incomes. We are making a series of reforms to that model, to make it much better, and saying that new social housing built with grant funding should be subject to a right to shared ownership, which would not necessarily be exercised immediately by tenants, but might be, if their circumstances allowed later on in their tenancy.

I am also working with local authorities, now that the HRA borrowing cap has been lifted, and encouraging them, particularly those that campaigned for many years, perfectly legitimately, to see that cap lifted, to go forward and build more council properties, if that is what they wish in their local area.

Q47 **Kevin Hollinrake:** But the £12.8 billion a year is a significant amount more. I think we spent about £11.5 billion in 2009, but we have not spent anything like that kind of figure since. Do the Government have the appetite for a step change in terms of contribution to that kind of programme, which could really see a much larger scale rollout of social housing, both to rent and to purchase?

Robert Jenrick: As I have already said, I would like to see more homes built of all tenures. We have made a significant contribution, through this Affordable Homes Programme, the AHP, of £9 billion. I appreciate that there are many who would like to see us go significantly further. That is something that I will have to discuss and negotiate with the Chancellor, ahead of the next spending review. The Government appreciate the central importance of housing to the country, and there is a realisation across Government that we will need to invest to achieve that.

Part of that will be in affordable housing; part of it will be in infrastructure, to ensure that homes of all types can come forward. There, I would like to see us build upon the Housing Infrastructure Fund, the HIF, and provide more funding for infrastructure and, if possible, a longer-term view on infrastructure spending, to enable new developments to come forward and the plan-making process to work more smoothly, particularly for larger developments, new towns and villages and so on, that need to know that infrastructure will follow new housing.

Q48 **Kevin Hollinrake:** It sounds like you have an appetite to spend a bit more, if the Chancellor is agreeable. Is that right?

Robert Jenrick: I have a lot of ambitions for housing, but the Chancellor was sat in this chair 18 months ago, so hopefully we will have a meeting of minds.

Q49 **Kevin Hollinrake:** Have you any other thoughts on routes to affordable homes to purchase, other than shared ownership?

Robert Jenrick: Shared ownership is a good model that has been around for 40 years, but is not as mainstream an option as it could be. Part of that, as I say, has been that there are some quite significant flaws with the existing model. The market standard is that you purchase quite a significant equity chunk to begin with, of between 25% and 40%. I have said that, through our reforms, we would like to bring that down to 10%, which in turn would be subject to a mortgage, so you could have individuals purchasing their first stake for as little as 1.5% or 2% of the value of the property.

There has historically been an issue with staircasing, again in large increments of 10%. We have said we would like to build a market whereby you could staircase for as little as 1% or £1,000. If you want to do that, you will also need to tackle the level of fees you are paying every time you staircase, so they are much more sensible. There is no point in staircasing at £1,000 if you are paying £2,000 in fees to do so. That would need to be reformed. Likewise, a fairer distribution of major repair costs is needed. It is not fair, where an individual owned only 10% of the property but a very significant repair was required, if they had to do so for 100% of that cost. We are working through each of those challenges, and I hope we can build a national model for shared ownership that lenders can get behind, which will make it easier to sell properties as well.

In addition to that, I am personally interested in how we can give local communities a much greater benefit in the new homes that are being built, and whether there is a way to ensure that, when a new development comes forward in your community, local residents will be able to say that a proportion of those homes are being sold to local people, at a discount that makes it attractive and affordable to local first-time buyers. That is an area of policy that we are giving careful thought to.

Q50 **Kevin Hollinrake:** You mentioned local authorities and the borrowing cap, but the Government have just announced an increase in the cost of the Public Works Loan Board. Will that not deter some local authorities from investing?

Robert Jenrick: I hope not. I would not overstate the impact of that, although I am not blind to it. As Local Government Secretary, part of my role in Government is to represent the views of local authorities, and many have, as you would expect, made representations to me, expressing concern at that. It only returns the rates to the place that they were in 2018, so I do not expect this will have a significant impact.

It is also fair to say, to represent the Treasury on this one, that there has been some abuse of the Public Works Loan Board by a minority of local authorities, which have become highly indebted as a result of borrowing very cheaply. Perhaps even more concerningly, a small number of local authorities have used it to purchase what I would think are quite risky assets, outside their local authority boundaries, shopping centres and so on, which may well not turn out to be good investments at all. That has only been possible because the taxpayer is providing such attractive loans through the PWLB, so a degree of reform was probably necessary.

I hope local authorities that have been in that market will desist, and the PWLB can be a resource available for local authorities to do what it is supposed to, which is to enable them to borrow for investments that are clearly in the public interest—housing, education, regeneration and so on—within their own districts and boundaries.

Q51 **Kevin Hollinrake:** Have you assessed the impact of putting the cost up? You do not think it will be a material impact. Has there been an assessment of that?

Robert Jenrick: The Treasury did work before coming to this conclusion. It is also worth saying that the Treasury has just increased the amount of PWLB lending available from £85 billion to £95 billion, so these are very significant sums of money. They are at a very attractive interest rate compared with the market. I would like to think that local councils will now focus that investment money on the types of investment that have the greatest impact in the public interest, which housing, building schools, regenerating town centres, and so on, very much do, and will be cautious about spending public money to purchase things such as shopping centres.

Q52 **Kevin Hollinrake:** I agree. We could have just stopped them doing that and kept the rates at an ultra-affordable level. I do not think we have seen the research the Treasury has done. Could we get access to it?

Robert Jenrick: Perhaps I can write to you and advise you on what work the Treasury had done before coming to this decision.

Q53 **Kevin Hollinrake:** Yes, that is fine. In terms of Right to Buy replacements, local authorities are still not matching those sold under Right to Buy with replacements. Have you any thoughts on how we might address that?

Robert Jenrick: There is not a lot I can usefully tell you on that. As you probably know, we have done our own review on this, have had feedback from a whole range of stakeholders, including many local authorities, and have committed to come forward with an answer in due course.

Q54 **Chair:** In terms of housing associations, concerns have been raised with us about the Affordable Homes Programme, which ends in March 2021, so not a long time in the future. There is no certainty on what will happen then, so building programmes may be put on hold. It seems that Homes England now has a policy of targeting the grant available to the pressure points in the south, and most northern associations are going to be starved of grant funding altogether. Is that an acceptable position, either the uncertainty for the future or the concentration of all the grant in the south?

Robert Jenrick: On uncertainly for the future, I hope that will not be the case. As you say, the Affordable Homes Programme has some time still to run. The logical time at which to make a decision on its successor would be the multiyear spending review that will happen in the autumn of next year. That is the time when it would be our preference to bring forward proposals for a continuation of the AHP, or whatever we choose to be its successor.

I would not want there to be a hiatus in starts for housing associations as a result of Government taking an unnecessary amount of time to come to that conclusion. If that is your concern, it is something I am very aware of. I have had those conversations with the national association, as you may have done as well, and have been discussing that with the Treasury. We will be thinking about what we can do to ensure there is maximum continuity in the system. At this point, the most logical time for us to come forward with proposals will be when we do the multiyear settlement for housing, at the next spending review.

Q55 **Chair:** There may be a need to signal something in between, to make sure programmes can actually start in 2021, rather than being paused to wait for that settlement.

Robert Jenrick: That is a message that a number of housing associations have given to me and the Chancellor

Q56 **Chair:** On the concentration of all the funding in the south, unless they are strategic partners, housing associations outside the south-east are apparently going to get no funding at all. That seems to be the policy at present.

Robert Jenrick: That is not the policy, as I understand it. Across our housing policies, we have a policy of concentrating resources where they will be the most impactful and have the greatest value for money. That is the right thing to do. I am conscious of the need to ensure we bring forward new homes in all parts of the country. A focus of this Administration will be on brownfield sites, particularly those in the Midlands and the north. Homes England is active in that area already. We will work with them to see what more we can do to unlock parcels of land, particularly brownfield ones, for housing of any tenure, in the future.

Q57 **Helen Hayes:** I want to turn to the question of the removal of dangerous cladding. The Government's private sector remediation fund for buildings with dangerous ACM cladding opened in July and will close in just over a month. What proportion of buildings with un-remediated ACM cladding have applied to the fund so far?

Robert Jenrick: The fund opened in September and, as you say, will close in December.

Helen Hayes: That is even shorter.

Robert Jenrick: There are 168 private-sector residential buildings with ACM cladding, of which, according to the latest figures we published on 30 September, 24 have started remediation; 76 have a remediation plan in place but works have not started; 46 have responded with an intent to remediate and are developing plans; and there were 22 buildings that have not come forward with any remediation plans. At that point, it was unclear what they intended to do.

It is fair to say that the present situation is not acceptable. We want building owners to come forward, to apply to the fund and to get access to the funding as soon as possible. When I launched the fund with a statement in the House in September, I said that it would be frankly shameful if building owners did not take advantage of this, bearing in mind that the taxpayer is paying for the remediation of these buildings. They need to do so as soon as possible.

I am working very closely with my officials in the Department to encourage the building owners to take action. We have a named contact now for each of these buildings, and are phoning and discussing this with them on a weekly basis, if not more often than that, and trying to work through any remaining issues that they might have, so they can put in an application and get the work going as soon as possible.

I said in September that, if we reached the end of the autumn and there were building owners who had not taken action and had not put in an application, and there were no exceptional or extenuating circumstances, we would begin naming and shaming them, and considering what other steps we might be able to take, more meaningful than that, to encourage them to do so. We are close to that point now, but I am hopeful that the remaining building owners will do the right thing, and come forward as quickly as possible.

Q58 **Helen Hayes:** Do you anticipate a cliff edge for the fund, or do you remain open to leaving funding available for building owners—for the residents, really—to ensure those buildings are dealt with, even if the owners are proving reluctant to come forward within the very short timescale that the Government set?

Robert Jenrick: We set a short timescale simply because we wanted people to come forward quickly. Experience suggests that people tend to put in applications for funds, even on topics as serious as this, towards the end. I do not want to say anything that would encourage building owners to delay further, but any building that requires remediation for ACM cladding will be funded by the taxpayer. There is no question of us walking away from that commitment because a building owner was slow to come forward with their application.

I do not want to encourage building owners to delay as a result of that; I want them to come forward as quickly as possible. There is no reason why they could not do so. We have experienced teams working with them to complete the applications. In fact, we have also said that, where a building has ACM cladding, they can begin work remediating it and can claim retrospectively, if they want to. The work could and should be commencing immediately.

Q59 **Helen Hayes:** The Government estimated that £200 million would be required for the fund. Does that estimate still seem realistic?

Robert Jenrick: I believe so. I have not seen any figures that would make us question that.

Q60 **Helen Hayes:** As we noted in our July 2019 report, the fund will not cover leaseholders with potentially dangerous non-ACM cladding, such as the residents of Burton Place in Manchester, who were sent £80,000 bills for the removal of wooden cladding on their buildings. Will the Government now extend their fund to cover buildings with non-ACM, but still dangerous, cladding?

Robert Jenrick: That is not our intention. We have taken the view, throughout this admittedly very challenging situation, that it is the responsibility of building owners to ensure the safety of the building they own, and take all steps required to do so. In the end, we made an exception for ACM cladding because, although some very responsible building owners had taken action to remove the cladding at their expense, many had not, and that was the most urgent challenge, in terms of building safety. That cladding needed to be removed at pace, so we did not think it was responsible to delay any further. Across the wider building safety spectrum, we think it remains appropriate for the owner of the building to be responsible for taking the steps they need to do so.

Q61 **Helen Hayes:** Without either a change in funding or a change in legislation, owners are left with leases, and leases enable a proportion of the costs of any major works to be passed on to the residents. Without the Government stepping in to act, it is going to remain the case that you are reliant on the good will of building owners, many of whom will choose simply to pass the costs on, because they can. Residents are not subject to any protection at all from those costs, at the moment, unless their building happens to be covered in ACM cladding.

Robert Jenrick: You are right that it would be the responsibility of the building owner to cover those costs, and they would recover them, under the law, from leaseholders, if that was their right to do so. The question is whether we cover this cost from the taxpayer at large. We have chosen to do so with respect to ACM because it was so urgent and important that that was removed quickly. As I say, even in that case, it is taking longer than we would like, but I hope that will be resolved swiftly, now that the fund is fully operational. Beyond that, it is right that the owners of buildings should shoulder the cost of ensuring those buildings are safe, rather than that being something that all taxpayers pay for all properties.

On the wider question of building safety, what are we doing? We will be legislating, as the Queen's Speech said, for the building safety Bill, which will create the new regime, taking forward the recommendations of Dame Judith Hackitt. As I said in my opening remarks, I have asked Judith Hackitt to advise us now on the creation of a shadow regulator, because we cannot just wait for the passage of that Bill to have the regulator up and running.

In terms of testing of other materials beyond ACM, we are continuing to do that, and I hope that will be completed in the coming weeks. The advice notes we have published will then, if necessary, be updated, potentially for the final time. That will provide as clear advice as we possibly can for building owners, which they then, in turn, should take and use as the basis of a proper fire safety assessment of the individual buildings that they own and are responsible for, and then take all the necessary steps that come out of that inspection, as quickly as they can. If there is evidence of building owners who are not doing that, we want local authorities to use the powers available to them to take as robust action as they possibly can.

My Department stands ready to support any local authorities that feel they need to do so, to make sure the building owners who are not taking this seriously, or are being too slow, come forward and make the changes they need to, long in advance of the new regime coming into force when the Bill passes through both Houses.

Q62 **Helen Hayes:** I want to come on to a question about one of the advice notes in a moment. Just to press you again, is it acceptable for individual homeowners to face bills of the order of £80,000 because of huge flaws and problems with the building industry that were exposed as a consequence of the Grenfell Tower tragedy? That is what is happening at the moment, in the absence of Government stepping in to protect those homeowners from those very high and unexpected costs.

Robert Jenrick: I have a lot of sympathy with individuals who purchased homes entirely unaware of these challenges and, as a result of the attention that has rightly been placed on building safety since the Grenfell tragedy, are now facing significant costs to remediate and improve the level of safety. The question is who covers that cost, whether it is for the taxpayer to cover the cost of remediating every property in the country, or for the owners of those properties. The choice that my predecessors have made is that, with the exception of ACM, because that is such a serious and urgent challenge, it is for building owners to shoulder that cost. I think that is the right judgment.

Q63 **Helen Hayes:** For example, you could legislate to stop building owners passing on those specific costs to leaseholders. It would require a change in the law, which is not currently there, in order to protect those homeowners from those extremely burdensome costs.

Robert Jenrick: You could do, but you return to the same question. The fundamental question is whether it is for the taxpayer to pay for all building safety improvements that might be required in any property across the country, or whether it is ultimately for the individual or organisation that owns that building.

Helen Hayes: That is not my question.

Robert Jenrick: We have come to the view—as I say, it is a judgment, but in my opinion it is the right judgment—that it is for the building owner to carry that cost.

Q64 **Helen Hayes:** There is a question about whether it should be the taxpayer or not, but my specific question is whether the building owners should be able to pass on those costs, which are at a very high level, arise through absolutely no fault of the homeowners and are being undertaken only in order to make the homes safe from fire, to the homeowners, the leaseholders, in every circumstance, or whether the leaseholders should be protected from those costs. The Government can intervene to make that change. There might be disadvantages in doing it, and the Government should consider that, but the Government could intervene to protect those leaseholders from those specific costs arising from fire safety concerns, related to the aftermath of the Grenfell Tower tragedy, if they chose to do so. Without Government intervention, those leaseholders are still going to be vulnerable to those costs being passed on by the building owners.

Robert Jenrick: The position today is that building owners bear responsibility. If they are legally able to pass that on to their leaseholders, they can do so at their discretion. We have not proposed making what would be a pretty fundamental change to the rights of building owners and leaseholders, which I think is what you are proposing. I do not want to appear as if I am uncritical of building owners. Building owners now need to do a huge amount of work, across the country. Too few are conducting the necessary fire inspections that are now required, taking account of the advice notes we have published and taking the steps they need to take. It is their responsibility and they need to get on and do that, to ensure their residents, whether they are leaseholders or otherwise, are properly protected.

Q65 **Helen Hayes:** *The Times* predicted today that potentially hundreds of thousands of people are living in unsellable homes, due to the flawed guidance in your Department's advice note 14, leading to uncertainty among lenders over cladding safety. Are you aware of the issues with advice note 14? How long has your Department been aware of those issues? Can you confirm reports that the Department is planning to rewrite advice note 14, and what exactly is the timescale going to be for that?

Robert Jenrick: In September, when I gave a statement to the House, I said that our independent expert panel would be concluding the testing process, which they had been doing for some time, this autumn. As a result of that, if they ask us to update any of our advice notes, including advice note 14, we will do so. That will be done this autumn. If any of the advice notes require updating to ensure they reflect the evidence that our expert advisers have provided us, we will do so. The timescale for doing so is a matter of weeks.

The wider challenge is ensuring that lenders can rely upon surveys, in the usual way, that accurately assess the value of the property. Surveyors, in turn, in doing that piece of work, need to be able to understand any challenges that building has in terms of its fire safety, and any costs that might be incurred in remediating and improving the level of fire safety. We are working very closely with the lenders, with surveyors, represented by RICS, and in turn with the fire safety experts who some surveyors rely upon to do that piece of work if they do not feel they have sufficient expertise to do so.

We would like to produce, collectively, in a matter of weeks, a simpler system, whereby surveyors have a standard methodology for assessing a building, and a standard method to rely upon fire safety assessments conducted by those experts, which together is accepted by the lenders when they come to issue mortgages. There is reason to believe, from the initial conversations we have had, that we can reach a conclusion on that in the coming weeks.

I would also like to ensure that, when a fire safety inspection of a building is done, it is then available to anyone who lives in that building, so that you do not have a situation where individuals have to commission these assessments individually when they come to sell their property, and then a neighbour has to conduct another one when they come to sell their property. Each building should have a fire safety assessment that is available to anyone who lives in that building when they come to sell it, and that is the process we are trying to establish. I hope we will be able to do that in the coming weeks, which will make it a lot easier for the types of individuals who were referenced in that article.

Q66 **Helen Hayes:** Under the new system, how will be mortgage providers be able to gain the assurance that a building is fire-safe for a wide range of materials, when the Government have only commissioned tests in relation to a very narrow range of materials?

Robert Jenrick: We have conducted tests on those materials that we have been advised by the expert panel are causes for concern and warrant testing. As I said, we have put the results of that into the public domain, through the advice notes. The advice notes do not apply those tests and that advice to the specific fire safety system in a particular building, so it is important that the building owners, in turn, take that advice and conduct their own individual assessment of a building. That needs to happen. It is happening, in many cases, but not in enough cases or quickly enough. It is an absolute priority that building owners need to do that.

The system we are designing, in concert with the lenders, RICS and the fire safety industry, will be to have a common methodology for assessing the risk to a particular building, which can then feed through to the survey, the value of the property and then the amount of money that a bank is willing to lend against that particular home. I hope that will produce a much smoother system within a relatively short period of time.

Q67 **Chair:** I am conscious of the time; we have one or two other key issues we would like to explore briefly. While we are on the issue of building safety and fire, Dame Judith was very clear in her report about the conflicts of interest that need to be removed. You have mentioned some of them. One is about developers appointing their own building inspectors. You have also said that you want to increase the pace at which these issues are dealt with. That would be very much supported by this Committee.

One concern that has been drawn to my attention by the director of housing in Sheffield, Janet Sharpe, and the cabinet member, Councillor Paul Wood, is a really bad case with a student accommodation block, which is not high-rise but high-risk. The developer, as I understand it, is called Goldensea Investment, and then it appointed its own building inspector, Jhai. All the students were evacuated two weeks ago, because the building had been approved as fit for them to live in with missing fire doors, no working fire alarm, intermittent electrics and no valid fire risk assessment. The sign-off had not been properly documented and there was no evidence that the building inspector had ever been to visit the site and look at the building.

This sort of situation simply cannot carry on, can it? I wonder whether, while awaiting primary legislation, which you will have to bring in and you have committed to bring in, there is any possibility of dealing with these issues by better guidance and stepping in to stop this sort of thing happening.

Robert Jenrick: I do not know the specifics of that.

Chair: Of course you do not. I understand that.

Robert Jenrick: I cannot really comment on that, but from the facts you have told me it sounds an absolutely intolerable situation. That is exactly the sort of situation that should be resolved by the building safety regime that will come in with the passage of legislation. As you know, we have accepted the recommendations of Judith Hackitt. They will form the basis of the Bill. I hope that you will have the opportunity to scrutinise that and that we arrive at a much better system.

Like you, I am conscious that that is going to, inevitably, take quite a period of time. In some respects, it is right that it does, because this is a very significant change in the law. We want to get it right, so that the system we create is one that everyone can rely on. That leaves us with the challenge of how we have a better system in the interim period. Quite a lot of the focus of my work is on what steps we can take, which will cover the next year or two, until that new regime comes into place. The obvious answer for this particular building is that the local authority should be taking action against them, using the powers that are available to it. If my Department can help Sheffield or any other local authority to do that—because not all local authorities have a history of using these powers or are familiar with them—my officials stand ready to help and ensure there is robust action.

Q68 **Chair:** They have issued a prohibition notice. Is there anything you can do, particularly on high-rise and high-risk blocks, to stop the system carrying on where developers can appoint their own building inspectors? Dame Judith got it: that is at the heart of the problem. Can anything be done to stop that practice in the meantime?

Robert Jenrick: Let me take that away and come back to you on that. I have a lot of sympathy with that.

Q69 **Kevin Hollinrake:** Back to this issue about building owners, where you have a building that is non-ACM cladding, so combustible cladding that needs remediation, the building owners you refer to may be freeholders, and their only connection with the building is to manage the building and collect a ground rent of, say, £200 a year. The cost to remediate each flat, say, on average, is £30,000. That is not untypical. If you asked building owners to do that, they would simply fold their companies and walk away, because there is no financial relationship between the two figures. The building owners will not pay, and there is no contractual obligation or financial ability to do that, on those figures. The long leaseholders cannot afford to do it because it is a huge amount of money for somebody typically with a high-loan-to-value mortgage. Is it not inevitable that the taxpayer will have to pick up the bill?

Robert Jenrick: I do not think that has to be the case. As you say, there may well be some situations where it proves very difficult for leaseholders to come together and raise sufficient funds to do this, although there are other ways in which banks can lend against properties and find arrangements to make it work. It would be our preference to do that, rather than the taxpayer stepping in to fund, as a matter of course, remediation on what could be quite a significant scale, across the whole of the country, regardless of need of the individuals. There will be some individuals who are in financial hardship; there will be many who are not and have significant equity in their properties.

Q70 **Kevin Hollinrake:** With high loan to value, I might have a £200,000 flat with a 95% mortgage on it. If I borrowed £20,000 or £30,000 I would be underwater, in terms of negative equity. I would be borrowing more than 100% of the flat, in order to remediate the building. I cannot believe we would ever get the leaseholders paying for this stuff. Is it not inevitable that the taxpayer will have to come in and pick up the bill?

Robert Jenrick: At the moment, the approach we have followed is that, with the exception of ACM, it is for the building owner to do this. I appreciate that there may well, in time, be some very difficult situations, and ones that we will need to monitor carefully.

Q71 **Chair:** There are one or two other key issues. Homelessness is obviously a big issue. The Department has made commitments, and this Committee was very involved in the Homelessness Reduction Act. Positively, I met with a number of voluntary sector organisations in Sheffield a couple of weeks ago, which indicated that what has happened since the Act came in is a change of culture, with a focus on prevention, proper advice and assistance to people not entitled to rehousing, but of course then the issue comes back to money. The Local Government Association has said the legislation is good and it is working well, but there is a shortfall of about £110 million a year in the funding they have to deal with the extra burdens. Are you aware of that, and are you having a look at that as something you need to give attention to?

Robert Jenrick: I certainly heard those representations from some local authorities. In the spending review, we secured an additional £54 million for homelessness and rough sleeping. That is a real-terms increase of 13% on the previous year, so there has been a significant injection of cash, but we will be monitoring very carefully the additional costs of implementing the Bill. We want to see that local authorities are properly remunerated for the work they are doing, if that is possible.

We are also continuing the rough sleeping initiative. The initial evidence on the steps we have taken in recent years seems to be positive. As you know, the last street count suggested a 2% reduction, admittedly modest, in the number of rough sleepers. In the areas where the rough sleeping initiative was in force, it was closer to 30%. We have conducted a more recent analysis that suggests it is slightly more favourable than that. That initiative appears to be working. It is supporting some excellent work by different organisations in different parts of the country. There are lessons we can learn from it, because its impact is variable. Some cities and towns are succeeding where others are not, so our advisers will be taking that forward, to try to ensure there is more consistent application and lessons are being learnt.

The other significant step we have taken, more recently, in my time as Secretary of State, has been the announcement that we intend to seek a derogation so that we can provide support to foreign nationals who are sleeping rough on our streets. That has been, in many respects, a difficult decision, because we do not want to create a pull factor to the UK, but we want to treat people humanely and ensure that those charities, councils and other organisations that are looking after individuals on the street do not have to differentiate between people on the basis of their nationality.

Some local authorities have a very large number of foreign nationals. In Westminster, for example, it is as much as 60% of those people who are rough sleeping. It is simply very difficult to tackle rough sleeping in any meaningful way if you do not provide some public resource and support to those individuals, so we have made the decision across Government to change that. That, I hope, will be a more compassionate and humane way to address this issue, going forward.

Q72 **Chair:** One big challenge for some local authorities is that, in parts of the country now, less than 10% of the properties are covered by the local housing allowance. It is a driver of people having to leave properties, and a real problem for getting other homes for people to go to. Are you having conversations with your colleagues in DWP about this?

Robert Jenrick: We are, and with the Treasury. The freeze, as you know, is scheduled to come to an end in March 2020. A decision will need to be made before then, and preferably as soon as possible, to give guidance as to what the future holds. The argument that you have just made is one that many organisations have made to me, and we are certainly making representations to our friends in the Treasury.

Q73 **Kevin Hollinrake:** I have a question in terms of the private rented sector and particularly on enforcement and rogue landlords. A recent investigation by *The Times* looked at some properties advertised online; only 12% of those were legal and registered with the local authority. Are we doing enough? Could we do more in terms of clamping down on rogue landlords that are exploiting these situations?

Robert Jenrick: We could do more. I would like to take further steps. It is clearly in nobody's interests for there to be bad landlords. It is obviously not in the interest of the tenants but it is not in the interest of respectable, legitimate landlords either that these individuals give their industry a bad name. I would like to go further. There are more steps that might be available to us. As you know, we have been following selective licensing and there is some evidence that that has succeeded in the parts of the country where it has been tried. That is something that we are considering and we will be responding on that in due course.

We have also followed the issue of how we can make the courts work better. In November of last year we launched a call for evidence on the experience of landlords and tenants in dealing with the court system. Again, that is an issue that I will be giving greater thought to.

The issue of section 21 is one that I am giving careful thought to. We did a consultation. We had 20,000 responses and we are going to be carefully considering those and making a response as soon as we can. I am sympathetic to the view that it is not right that tenants can be asked to leave properties without even having reasons for doing so, but I also do not want to create a system that leads in any way towards rent controls, which the history of our country suggests is not in the interests of landlords or tenants.

Q74 **Kevin Hollinrake:** In terms of enforcement against rogue landlords, there are a couple of ideas that we would like to throw at you. We see lots of investigations resulting in modest fines for landlords. Why not give local authorities the powers to confiscate a home from a proven rogue landlord? That would be a deterrent.

There was a review of the effectiveness of the selective licensing scheme, which recommended a national registration scheme for landlords. The Government have talked about a redress scheme for all landlords. Where are we with those kinds of ideas?

Robert Jenrick: They are all good ideas and ones that I will have to give further thought to and come back to you on.

Q75 **Kevin Hollinrake:** In terms of section 21, you mentioned rent controls, and we took some evidence in a previous session with the then Minister of HCLG, Heather Wheeler, who talked of clauses in standard contracts to restrict rent increases. Shelter and Crisis have given evidence and said that there would have to be limits to rent increases because that would be a backdoor way to get the tenant out of a house by a landlord by other means if there was not a section 21. Is that not inevitably going to happen if you push ahead with section 21? It would lead to rent controls.

Robert Jenrick: This is a big step and we want to ensure that, if we do go down this route, it does not lead to unintended consequences such as rent controls. I am not in favour of rent controls. As I said, that has proven to be very negative for both landlords and tenants in the past, and I do not want to see any move in that direction. We have done our consultation, we have had over 20,000 responses and I will have to carefully consider, with the Government, how we want to proceed. We want a balanced set of reforms that improve the rights of tenants and that particularly protect the most vulnerable in society, who should not be forced to move on without proper reasons. However, equally, we do not want to do something that is ultimately detrimental to the supply of good quality properties and responsible landlords being active in the market.

Q76 **Kevin Hollinrake:** The section 21 consultation is framed pretty much as a fait accompli; it is not if but when. Are you saying that you might decide not to push ahead with the abolition of section 21?

Robert Jenrick: No, I am saying that we will be carefully considering the responses and coming forward with proposals in due course.

Q77 **Kevin Hollinrake:** You mentioned the housing court. That consultation closed in January. There are no further signs of anything coming out of that. When might we expect a response to the consultation?

Robert Jenrick: I cannot give you an exact timetable but that is closely tied to the work that we are doing on section 21. The most logical moment would be to come forward with a response on the two together.

Kevin Hollinrake: As soon as possible.

Q78 **Chair:** I want to briefly move on to leaseholds. The Committee did a report on leaseholds. The Government have expressed their very clear intention to legislate in due course about new leasehold properties and more controls there. Much of our evidence and recommendations are about existing leasehold properties where people feel really aggrieved about excessive permission fees and service charges that are opaque. The House passed a resolution asking the Government "to bring forward legislative proposals to amend onerous permission fees and ground rents in existing leases". You indicated earlier that reform on leaseholds might not be too far away but will it include existing leases and really get through to people who are very upset and aggrieved about their current circumstances?

Robert Jenrick: I cannot give you the exact details of the legislation that we will bring forward but I do want to bring forward a leasehold reform Bill. It is something that I have been interested in for some time and have campaigned on as a Back-Bench MP. I am very aware of the concern that the reforms being brought forward will only help those who will purchase properties in the future and not address those who feel trapped in the current arrangements, so I will be giving that careful thought.

I am also interested in those individuals who buy freehold properties subject to management companies, which sometimes have similar problems to those of leaseholders in terms of egregious fees and a lack of residents' engagement and ability to choose the management company and so on, so that is an issue that I would like to tackle and include in the forthcoming Bill as well.

The good news is that the number of new properties being brought forward subject to leasehold has fallen very dramatically. Unfortunately, as a country, the proportion of new-build homes sold as leasehold was as high as 10% in the last quarter of 2017. The most recent figures for the first quarter of 2019 is that it has fallen to 2%. The original question of how we can reduce this practice, and ensure that leasehold is only used in long-established circumstances, does appear to have been addressed by the industry but, nonetheless, we are still going to bring forward the legislation to ensure that it is not abused in the future.

Q79 **Chair:** You did respond to our report, and one of the responses was that you would consider our recommendations and come back to us when Lord Best had produced his report, which he did in July. Can we expect something more from you on the details of our recommendations?

Robert Jenrick: I will take that away as a challenge and come back to you but I would like to leave you with the impression that this is a subject that is important to me, and I want to ensure a suitably robust piece of legislation comes forward.

Q80 **Helen Hayes:** The Government have announced that local authority core spending power will rise from £46.2 billion to £49.1 billion in 2020-21. However, this additional spending power would require local authorities to raise their council tax and adult social care tax by a total of 4%. Can communities afford such an increase in local taxation?

Robert Jenrick: I welcome the outcome of the spending review, as did most local authorities, certainly the ones that I have spoken to. I have met, as you would expect, a very large number and those of all political persuasions since taking up this position. It is almost certainly the best settlement that we have seen for 10 years and it does answer the most pressing concern, which is the one that you and other members of the Committee raised earlier, in terms of how we can create a more sustainable footing for adult social care and children's services for the next financial year.

That does not answer the long-term questions that that sector faces but it does provide a stable platform upon which to have the debate about the future reform and to build upon. Together, it has been very widely viewed as a good package. It does include a significant additional grant of £1 billion for social care. It does, as you say, envisage increased council tax for those councils that wish to take that up. That is the right approach because there is a lot of pressure on adult and children's services. That funding was required. I suspect most councils will choose to take that up and it does provide a good platform to build upon.

Q81 **Helen Hayes:** Looking in from the outside, it might seem to be the case that the Department is content to allow local authorities to put up local taxation for their residents but is not prepared to bite the bullet and countenance additional increases in national insurance, as we had recommended in our Committee, or taxation in order to put the money into social care and children's social services for the long term, which is clearly required. Would that be an accurate assessment?

Robert Jenrick: No, that is not fair. Obviously, the policy changes that you are referring to are ones for the long term. That will have to come in due course when we bring forward proposals, when Parliament ultimately debates and decides upon those and then when we come to the multi-year settlement in the autumn of next year.

In terms of how this settlement breaks down, there is a £500 million increase in spending on social care through the precept, which is levied on ratepayers, but there is a £1 billion additional grant that comes from the Treasury. In terms of our negotiation with the Chancellor and the Treasury, I think this was a good settlement where the Treasury agreed to put in quite a significant amount of taxpayers' money levied centrally, recognising the importance of this issue to all of us, because ensuring that local councils have the resources that they need to provide good quality, compassionate care is important to all of us, and the Treasury recognise that.

Q82 **Helen Hayes:** The LGA says that local authorities are likely to face a £7.5 billion gap in funding by 2025 on the current trajectory. Do you anticipate having a longer-term more sustainable settlement for local government in place to avoid that situation?

Robert Jenrick: As I said, we have provided this settlement, which is a good one and which does provide a good platform to build upon, but a lot will then depend upon the next multi-year settlement, which will be negotiated in the autumn of next year. As Secretary of State, it is obviously a priority of mine to build the evidence base, to listen to local authorities over the course of the coming months and to ensure that we negotiate with the Treasury a suitable spending review at that point. I expect that will be a three-year settlement and the logical time at which to really address a number of big issues around social care, and work with local authorities to see how they can invest for the future and to find efficiencies or better ways of working and better ways of providing services to put them on a more sustainable footing for the future.

Q83 **Kevin Hollinrake:** We have talked about devolution quite a lot when you were in the Treasury. We understand that a deal is close to being signed for West Yorkshire. Is that the case? Also, are negotiations going on in other parts of the country or even other parts of Yorkshire?

Robert Jenrick: We have come to devolution, as an Administration, with renewed energy and enthusiasm. The Prime Minister is the first Prime Minister to have been a mayor since Clement Attlee and has a particular passion for this. He and I would like to see more devolution deals done in all parts of the country. In his first speech he made in Manchester, he made very clear his commitment to devolution in the north. Later, in Rotherham, he extended the invitation, in effect, to all parts of the north to come forward with proposals and that my Department and the Treasury would consider them in good faith.

He offered to level up the powers of all of the mayors in the north to the same level as the Mayor of Greater Manchester, and that offer extends, in effect, to the whole country. We are going to be working with the existing mayors to increase their powers where appropriate and my offer to any part of England is that my officials and I stand ready to negotiate with them to try to secure more devolution deals. That work has begun already, as you say, and some of those regions that want to take that forward and match our energy and enthusiasm have already come to us, including West Yorkshire, and we have said that we are going to be publishing a White Paper in due course that will set out the offer that is available to parts of the country, including those parts of the country for whom the now well-established mayoral devolution deal is perhaps unsuitable or not an aspiration that they share.

It is my sincere hope that more regions, particularly our great economic powerhouses and major core cities, will come forward and we can work with them to secure devolution deals. We have had good conversations with West Yorkshire. There is quite a long way to go. As you would imagine, there are a number of questions that both sides have, but we have had a good set of discussions so far and we are ready to take those forward if they want to.

Q84 **Kevin Hollinrake:** Are there conversations going on with York and North

Yorkshire?

Robert Jenrick: We have had discussions with York and North Yorkshire and I know that Jake Berry, the Minister for the Northern Powerhouse, has had discussions with other parts of the north, such as Cumbria. Our message overall is that we are great enthusiasts of devolution. We want to work with any part of the country that shares that enthusiasm and to find arrangements that are mutually agreeable. I would love to see more deals being done in the coming months.

Q85 **Chair:** Will the White Paper just be about deals or are you likely to look at a wider spread of devolution to individual local authorities in general?

Robert Jenrick: It will provide a framework for devolution and decentralisation across England, which will not be limited to what we might offer to those parts of the country that want to come forward and do what is now, as I say, quite a well-established model of having a mayor and a combined authority. The level of powers and responsibilities will obviously vary depending on the degree of reform and accountability that areas of the country want to embrace.

Chair: I presume that we are going to expect that as soon as possible.

Robert Jenrick: In fairness, this is a significant piece of work that we are just commencing and we want to ensure that we get it right. It will encompass a number of different things including, for example, how devolution will intersect with the Shared Prosperity Fund and important questions about the post-Brexit landscape. We want to get those right. In the interim, any part of the country that wants to come forward and do devolution deals with us should do.

Q86 **Chair:** Just finally, there is one other issue that we are waiting quite a long time for a response to a report on. We did a report about planning guidance around fracking, which was in in July of last year. The response is only about 14 months late. It was indicated initially that we were waiting for a court case before you came back to us, but that court case has come and gone last May. Are we likely to have that any time soon?

Robert Jenrick: I will take that away as homework, if you do not mind, Mr Betts, and come back to you as to when we can provide you with a proper answer there.

Chair: Secretary of State, thank you very much for coming in and answering so many questions today. We have one or two more issues that you will come back to us on, which we appreciate. Thank you very much.