



Public Accounts Committee

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Dear Jeremy,

Follow up to evidence session on 6 July

Thank you for the evidence that you and your colleagues provided to my Committee on Wednesday 6 July. We were pleased to have the opportunity to return to several ongoing challenges for the Department. I am writing to set out our observations on some of the issues we discussed.

Housing: Building safety, rough sleeping, and extending the Right to Buy

Remediation of dangerous cladding

We were pleased to note the volume of legal and policy measures which the Department is implementing to speed up the remediation of dangerous cladding, and to ameliorate the financial impacts on residents in affected buildings. Nonetheless, the effectiveness of several of these measures remains to be tested in practice. For example, we will be interested to follow the effects of such measures as the introduction of the PAS 9980 fire risk appraisal standards, which you suggested might result in many buildings being assessed as requiring faster and cheaper forms of remediation (such as the installation of sprinklers and fire alarms), rather than the removal of flammable cladding. We may also want to revisit the effectiveness of measures such as the added support you promised for leaseholders whose building owners are unwilling to pay to remediate dangerous cladding.

In the light of these concerns, we would be grateful if you would write to us in three months, with updated information in response to the following queries:

- 1. For all remaining occupied high-rise buildings with ACM cladding, your understanding of the projected:**
 - a) completion dates for those buildings which have begun, but not completed remediation; and**
 - b) start dates for any buildings which have not yet begun remediation.**



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2. In respect of fire risk assessments under the new PAS 9980 external wall and cladding standards:
 - a) how many buildings have been assessed under PAS 9980 in total;
 - b) in how many cases has the assessment confirmed the presence of flammable cladding; and
 - c) of these, in how many cases has the assessment recommended that flammable cladding need not be removed (for example, if alternative forms of remediation are employed, such as the fitting of sprinklers and a fire alarm system)?
3. How do you propose to report on progress in the remediation of buildings with flammable cladding between 11 and 18 metres in height?

Rough sleeping

We have previously recommended that the Department needed to revise its rough sleeping strategy, to show how it is attempting to meet its commitment to end rough sleeping by the end of this Parliament. We were pleased to hear your expectation that the Department would issue an updated strategy this year. We were also interested to note your preview of the Department's definition of what ending rough sleeping would look like, where you stated: 'we want rough sleeping to be prevented where possible, and, if not, it should be rare, brief and non-recurrent'.

You stated that you were working on the data framework that would underpin this definition. For accountability to Parliament, it is important that this translates into a set of metrics that allow observers to judge clearly whether the Department is succeeding in ending rough sleeping across the country. To this end, we would like to ask:

4. When you publish your updated rough sleeping strategy (or within three months, whichever is sooner), please write to the Committee, outlining how you will measure and report on the Department's progress towards ending rough sleeping by the end of this Parliament (and maintaining this beyond this Parliament).



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Extending the Right to Buy to housing association tenants

On the proposal to extend the Right to Buy to housing association tenants we had some frustrations that you were unable to provide basic financial information; however, we noted your assurance that any social housing units sold would be replaced on a one-for-one and like-for-like basis. To aid transparent scrutiny of your implementation of this policy, we ask the following:

5. Within three months, please write to the Committee setting out:

- a) **the budget for this policy;**
- b) **where this funding is coming from;**
- c) **who is accountable for ensuring the commitment to ensuring a one-for-one and like-for-like basis is achieved; and**
- d) **whether 'like-for-like' replacement includes tenure, such that replacements are at the same level of rent as the homes they are replacing (e.g. a home for social rent is replaced by a new home for social rent, rather than a home at a higher, affordable rent).**

Levelling up

You told us that you were making good progress at implementing the system reforms set out in the Levelling Up White Paper and that a Cabinet Committee, chaired by the then Secretary of State, was the means for bringing Departments together on the 12 levelling up missions. In our June report [Local Economic Growth](#) we asked you to write to us clarifying departmental accountabilities for levelling up. We were encouraged to hear that accountability for the missions have now been established - you told us that four fall to DLUHC - and that boards are now in place. However, we are concerned that progress on the missions is slow and that some may not be achievable. More than [five] months have passed since publication of the White Paper yet the metrics for measuring *wellbeing* and *pride in place* are still to be determined and you have not yet decided when to publish the first annual report detailing progress on the missions.

We discussed the delay to opening the online application process to bidders for the most recent round of the levelling up fund. It should have opened on Tuesday 31 May and closed on Wednesday 6 July 2022 and you told us that, once open, you intend to keep it open for two weeks. We look forward to hearing about progress on this.



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6. Please write to us, within three months, setting out further detail on:
- The governance arrangements for the levelling up missions including the boards that are now in place for the DLUHC missions, how they support cross government working and the progress each has made;
 - Your progress on agreeing the measurement framework for DLUHC's missions, in particular for wellbeing and pride in place;
 - When you intend to publish the first levelling up annual report.

Local government finance and audit

Local government finance

We noted that, in some areas, for example the borough of Hackney, the ONS census estimates for March 2021 (one year after the start of the pandemic) indicate that more people were living there than in 2011 but significantly fewer than indicated by the 2020 mid-year estimates published last year. The Pandemic gave rise to considerable movement of people, some of it temporary, some places will have seen more people and some fewer, and we wanted to understand how your Department was using population estimates to determine the allocation of local government funding and which figure you would be using. We are hoping that allocations will reflect a steady state and not out-of-date figures. You told us that it was for Ministers to decide which figures to use and that you were discussing the impact of the pandemic on population figures with ONS. You explained that your department was not currently using the 2021 estimate and that you do not automatically use the latest estimate when it becomes available. You said that local government finance at the moment is largely based on the 2013-14 population estimates and you believed that COVID funding had been based on 2017-18 estimates. With regard to the next – two-year – local government finance settlement, you told us you hoped the consultation would be published in advance of summer recess.

7. Please write to us, within three months, clarifying:
- how you are using population data for determining funding allocations
 - how you will factor in the movement of people during the COVID-19 pandemic and what you are doing where there are significant differences between recent estimates;
 - The timeline for the consultation on local government finance.



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Local audit

As you know, we remain very concerned about the challenges surrounding local audit, including the backlog of unfinished audits, capacity in the local audit market and the slow pace of system reform. You provided us with a progress update on measures to address these challenges and told us that the latest figures showed 58% of 2020-21 local audits had now been completed with the deadline now extended to 30 November 2022. In respect of the procurement for public sector auditors, you told us that bids were being put in to Public Sector Audit Appointments Ltd during the week commencing 11th July but we expressed our concerns about whether the bids would be of sufficient quality and in sufficient numbers. You acknowledged that the legislation to set up ARGA was delayed and told us that FRC had now appointed Neil Harris as the director of local audit and system leader in advance of ARGA being established.

8. Please write to us, within three months, clarifying:

- a) **The Department's view of what system leadership should comprise;**
- b) **When Neil Harris will be in post for interim arrangements and when you expect ARGA to be set up;**
- c) **The Department's plans for ensuring that all councils have an auditor in place for when current contracts end, particularly in the event that too little capacity is secured through the current procurement; and**
- d) **What work is underway to ensure that sufficient capacity exists now and will be available over the long term in the entire local audit system?**

Yours sincerely

Dame Meg Hillier MP
Chair of the Committee of Public Accounts