



## Public Accounts Committee

**Sarah Healey**  
**Permanent Secretary**  
**Department for Levelling Up, Housing & Communities**  
**4<sup>th</sup> Floor, Fry Building,**  
**2 Marsham Street**  
**London**  
**SW1P 4DF**  
**By email: [PSPerm.Sec@levellingup.gov.uk](mailto:PSPerm.Sec@levellingup.gov.uk)**

24 February 2022

### **Follow up to the evidence session on 23 January 2023**

Dear Permanent Secretary,

Congratulations on your new appointment as Permanent Secretary at the Department for Levelling Up, Housing & Communities. As you may remember, your predecessor Jeremy Pocklington and colleague Emran Mian provided evidence to my Committee on Monday 23 January 2023. We were pleased to have the opportunity to return to several issues the Department is continuing to tackle. I am writing to set out our observations on several of the issues that were discussed and to request further information which my Committee would find helpful.

#### **Local Plans**

We were told the key to getting housing built is having an up-to-date local plan in place. And that this is crucial to ensuring that housing is built in the places where it is needed. However, we were informed that it is taking a very long time for local authorities to develop local plans and they can be hundreds of pages long. We were pleased to hear the Department is looking to streamline local plans such that they will be shorter and quicker to develop.

However, the unacceptable position we are in now is that over half of planning authorities do not have a plan or have a plan that is severely out of date. We were not assured the approach being taken to ensuring places have an up-to-date plan will definitely improve the situation. I would be grateful if you could write to the Committee within three months, setting out:

- a) How many local planning authorities do not have an up-to-date plan? What levers do you have to support these planning authorities and encourage compliance and what would trigger the Minister's intervention.**

#### **Building safety - Remediation of dangerous cladding**

We were told 24 high-rise buildings with ACM cladding were still to start having their dangerous cladding removed. Of these two were vacant, and so were less of a concern, nine are due to start having their dangerous cladding removed in the first half of this year and 14 are subject to full enforcement action; these total 25. We were concerned to hear the Department did not treat the vacant buildings as a priority. These are still a risk and are not providing the dwellings they were built to provide. We also heard that most of these buildings had come to light in recent times. At



## Public Accounts Committee

our evidence session your predecessor offered to write to us to explain the detail around the two vacant blocks. I look forward to receiving this information.

Having properly trained experts to oversee removal of dangerous cladding, such as building control inspectors, fire safety officers and surveyors is imperative. We were told £117 million had been provided to improve capacity and capability. However there still appears a lack of endeavour to ensure there are enough people with the right skills to remediate all the building that have been identified as needing work in a timely way.

In light of these points, I would be grateful if you would write to us within three months with the following information:

- a) A breakdown of the status of all 24 high-rise buildings yet to start remediation work so we can understand which category each fall into – vacant, due to start and enforcement action underway. Please also include the dates you expect enforcement action and or remediation to have concluded.**
- b) What action you are taking to ensure you now know all the buildings that have dangerous ACM cladding and other types of dangerous cladding. And what assurance you can give us that no more buildings with dangerous cladding will come to light.**
- c) Your understanding of the capacity and capability within the relevant sectors to support the timely remediation of all those blocks that require it.**

### Housing Quality

We highlighted our concerns about the terrible condition of housing - in both the social and privately rented sectors - that some people are living in. Particularly the recently highlighted cases of mould and damp. We were told there were several changes to legislation the Department was looking at including reviewing the decent homes standard. Our witnesses went on to tell us the Secretary of State had written to local authorities asking for information on housing standards in rented properties. I am aware that the deadline for those returns was the 27 January 2023.

We were shocked to hear the chain of events that lead to the tragic death of Awaab Ishak. The housing association, Rochdale Boroughwide Housing, had failed to meet the standards required in the property and furthermore you said that far too many housing associations are failing to take the right steps to address repairs in their properties. We also heard that Rochdale Boroughwide Housing had referred itself to the Regulator of Social Housing. We also read this week that



## Public Accounts Committee

Sheffield City Council had failed to meet statutory health and safety requirements by not carrying out gas safety checks and again had referred itself to the regulator.

Please write to us within three months setting out:

- a) The detail behind the changes you are proposing to the legislation and what impact you expect these changes to have.**
- b) What mechanism is there to identify poor providers and address issues before a tragedy occurs.**
- c) The role of the regulator of social housing and what action it is taking to ensure it is proactive and responds in a more timely way against those housing associations you describe as 'not taking the right steps'.**

### Levelling up

We were told round two of the Levelling Up Fund was considerably over subscribed with over 500 bids and we know from government announcements that 111 areas have been awarded a share of the fund in this round. We are disappointed to find the Department applied a 'rule' after bids had been submitted to exclude those authorities which were successful in the first round. Many councils will have wasted precious staff resources and money putting together bids only to find a new 'rule', retrospectively applied, excluded them.

The Levelling Up Minister, Dehenna Davison, was asked about this issue by the Levelling Up Housing and Communities Committee (LUHC) at the same time as we were meeting. In her answer she confirmed that 'there was no rule certainly as part of the original bidding process' and when ministers decided how funding would be allocated, she said 'to get the best or the geographical spread, which was a major consideration in the original prospectus, this probably would be the best route to go down'.

Your predecessor rejected the Committee's recommendation from our report on Local Economic Growth about the need to determine principles for awarding funding before the identities of shortlisted bidders are disclosed to ministers. The response at the time was that ministers need discretion to consider where bids are located and the historic investments in those areas when making final decisions. The distribution of round two has borne out that prediction. And it seems from what was said to the LUHC Committee that on this occasion this was an expedient mechanism to sift bids, rather than a properly designed process.

We reiterate our view that agreeing principles before disclosing shortlists to ministers is entirely compatible with the proper exercise of ministerial discretion within those agreed principles. The



## Public Accounts Committee

risk the Committee is addressing here is that of perceived improper ministerial involvement in the decision-making process. This risk could be minimised by following our recommendation.

Within three months, please write to the committee setting out:

- a) What you have learnt from round one and two of the Levelling Up Fund, what changes you are considering for round three, and how do you intend to manage sector expectations.**
- b) Your assurance that your department has the capacity to properly assess any future bids it receives.**

### Reserves

We did not have time to fully explore the issue of local authority reserves in our evidence session. The local government policy statement in December said the Department was exploring releasing a user-friendly publication of the reserves data currently collected. Since then, the Director of Local Government Finance has described reserves data as 'baffling'. Your predecessor thought local authorities hold about £11.4bn of reserves and that there had been significant increases. We were told the priority was to improve the transparency and understanding around reserves.

Given the publication of the information on local authority reserves is the responsibility of your department we would be grateful if you would write to us within three months setting out:

- a) What is it you think needs to be improved about the published data.**
- b) What your department wishes to understand about the level of reserves held by local authorities.**
- c) What your current plans are to improve transparency and make the information on reserves 'user-friendly' which considers the needs of local council taxpayers in understanding their council's financial situation.**

At our evidence session we touched on local government sustainability. Your predecessor offered to write to us to explain what resources makes up the £5 billion increase in core spending power; offering to set out what is a new grant or grant that is now available as a result of decisions that have been taken, including delaying charging reform in adult social care, what is council tax, and what is retained business rates.



## Public Accounts Committee

We will be publishing this letter on our website and would also expect to publish your response in due course. I am copying this letter to the Treasury Officer of Accounts and to the Comptroller and Auditor General.

Yours sincerely

A handwritten signature in cursive script that reads "Meg Hillier".

Dame Meg Hillier MP  
Chair of the Committee of Public Accounts