



Levelling Up, Housing
and Communities
Committee

Sarah Healey CB CVO
Permanent Secretary
Department for Levelling Up, Housing & Communities
2 Marsham Street
London
SW1P 4DF

1 March 2023

Dear Sarah,

I am writing to you on behalf of my Committee. Thank you for providing oral evidence in connection with our *Departmental Annual Report and Accounts 2023-24* inquiry on 29 January 2024 and for your further letter dated 12 February 2024. We are now writing to you to seek clarification on a number of points and raise outstanding issues relating to the Department's engagement with our work and also its Annual Report and Account 2023-24.

The Department's responses to the Committee's Reports

The Department has responded to our Reports on *Financial Reporting and Local Audit in Local Authorities* and *Council Tax Collection* on time. We are grateful to you for facilitating this and **going-forward we look forward to the Department retaining this best practice by continuing to respond to our Reports within the standard two-month timeframe.**

The Department's written evidence submissions

Despite your efforts in supporting the Department to respond to our Reports on time, it now appears that the Department is not submitting written evidence our inquiries. You will be aware that there is a convention for Departments to engage with Committee inquiries by submitting written evidence. It is therefore regrettable that the Department has not provided written evidence to some of our key inquiries (or only done so when repeatedly prompted by Committee staff).

Subsequently, during the session on 29 January 2024, we raised this convention with you which you acknowledged.¹ You have also stated that the decision as to whether to submit written evidence to our inquiries is ultimately a decision for Ministers.² However, it is not clear to us on what basis Ministers are now taking these decisions.

Please could you confirm what advice you and your officials have provided to Ministers regarding submitting written evidence to our inquiries? And what the Department's set process is for proactively communicating Ministers' decisions with us?

¹ [Qq3-4](#)

² [Q4](#); and [correspondence](#) from Sarah Healey, Permanent Secretary at the Department for Levelling Up, Housing and Communities, to Clive Betts MP, Chair of the Levelling Up, Housing and Communities Committee (12 February 2024)

Supplementary Estimates Memorandum 2023-24

Relatedly, the Department has also failed to provide its Supplementary Estimates 2023-24 memorandum by the deadline of 27 February 2024 as set by HM Treasury's own publication of the Supplementary Estimates 2023-24. Again, this was not proactively communicated with us and it was left to Committee staff to raise this matter on more than one occasion with your officials. You will be aware, given your responsibilities as the Department's Accounting Officer, that HM Treasury guidance makes clear that:

Departments must provide an Estimates memorandum alongside each Estimate to the relevant departmental select committee in the House of Commons.

[...] The Estimates memorandum is an important element of the explanatory information available to Members of Parliament when scrutinising the Estimate and it is important that this document is complete, accurate and presented to Parliament as early as possible (certainly no later than the date of publication of the Estimate itself).³

The failure to provide the Supplementary Estimates memorandum by the set deadline has directly inhibited our scrutiny work, including our ability to apply for a Backbench Business debate, and that of other MPs.

Please could you explain why you have failed to ensure that the Department provides its Supplementary Estimates 2023-24 memorandum by the deadline set by HM Treasury? And why there was no proactive communication from you or your officials about this?

Inquiry: Children, Young people and the Built Environment

During the session, we asked you about the Department's lack of engagement with our inquiry into *Children, young people, and the built environment*.⁴ In particular, we asked you whether there was an issue with different Government Departments taking responsibility for this policy area. In response, you said "There certainly was not an issue with internal responsibility"⁵ and "It will probably be joint responsibility between us and the Department for Education".⁶ However, when we asked you whether you had engaged the Department of Education, you said:

"Not that I am aware.

[...] I am very happy to pick that up with my counterpart at the Department for Education, but we have not yet discussed it."⁷

³ HM Treasury, [Supply Estimates: a guidance manual](#), July 2011; p.14

⁴ [Qq5-9](#)

⁵ [Q5](#)

⁶ [Q7](#)

⁷ [Qq8-9](#)

Furthermore, in your letter dated 12 February 2024, you stated that “We *will* also engage with the Department for Education where appropriate as this inquiry progresses.” (our emphasis).⁸

It therefore appears that no substantive discussions have yet taken place between you or your officials and the Department for Education.

Please could you provide an update as to which Department(s) and Government arm’s-length bodies such as Homes England, Office for Place and Active Travel England are responsible for the policy relating to the built environment for children and young people? And provide an update on what discussions you are planning to have about this policy area with the Department for Education and relevant other Departments such as Health and Social Care, as well as arm’s-length bodies?

Relatedly, you told us that “Ministers...are very happy to make themselves available for oral evidence” to our inquiry.⁹ However, you now appear to have abjured this as you have stated that “the Department...will *consider* any invitations to provide oral evidence” (our emphasis). Since then, Committee staff have contacted the Parliamentary Clerk, on separate occasions, to ask whether a DLUHC Minister is available to provide oral evidence to our inquiry. But staff have only received two holding replies. Given that you have stated that there is “not an issue with internal responsibility”,¹⁰ **please could you confirm whether the relevant DLUHC Minister or the Secretary of State will make himself available to provide oral evidence to our inquiry; and will be able to fully answer our questions rather than suggesting our questions relate to a different Department’s remit?**

Furthermore, it has been brought to our attention that Homes England has informed our external stakeholders that it can only provide written or oral evidence if DLUHC permits it to, and therefore it has been unable to engage with our inquiry. We will be writing to Homes England separately about this matter. Homes England’s role in the built environment was discussed in our evidence session on Monday 26 February 2024 in light of its set responsibilities and as it had in the past facilitated a study of the social use of external spaces in developments across the country.¹¹ **Please could you confirm what discussions DLUHC has had with Homes England about it engaging with our *Children, young people, and the built environment* inquiry?**

The Permanent Secretary’s previous commitments

You have previously recognised that one of the changes necessary to resolving some of the issues noted above is for engagement between Department and Committee staff to be more frequent. In your letter of 10 November 2023 you told us that you “recognise that engagement between department and committee needs to be more frequent, and I have asked officials to step up the regularity and seniority of our discussions with your Clerk”¹² and on 29 January

⁸ [Correspondence](#) from Sarah Healey, Permanent Secretary at the Department for Levelling Up, Housing and Communities, to Clive Betts MP, Chair of the Levelling Up, Housing and Communities Committee (12 February 2024)

⁹ [Q4](#)

¹⁰ [Q5](#)

¹¹ Oral evidence taken on 26 February 2024, HC 94 (2023-2024) [Qq71-73](#)

¹² [Correspondence](#) from Sarah Healey, Permanent Secretary at the Department for Levelling Up, Housing and Communities, to Clive Betts MP, Chair of the Levelling Up, Housing and Communities Committee (10 November 2023)

2024 you committed to “follow that up”.¹³ We agree that more regular senior engagement would help to improve the Department’s ability to proactively communicate with the Committee and answer our queries.

You noted in your letter dated 12 February 2024 that your Director for Strategy and Private Offices has met with Committee staff.¹⁴ We are aware that one, short meeting took place in November 2023. However no substantive agreements were made about “ways of working in the current legislative session” and there was no subsequent “regular pattern of discussions between them” as you had previously stated that there would be.¹⁵ All other substantive engagement between our staff and the Department has been with the Parliamentary Clerk as before.

It is therefore disappointing that, despite your earlier commitment, there has not yet been a *regular* pattern of meetings with *senior* Departments officials. **We have instructed the Committee Clerk to pursue this matter at official-level and we are aware of the on-going discussions between officials, but we will make our own judgement as to whether the actions of the Department are appropriate.**

In your letter of 10 November 2023, you also made commitments relating to the staffing and resourcing of the Department’s Parliamentary Team. This primarily included:

- You “asking senior team to review staffing levels for your inquiries and allocate resource to preparing options for Ministers to respond [to our inquiries].

[...]

- To strengthen the relationship between department and the Committee at official level, recruitment is underway for dedicated resource within the DLUHC Parliamentary team to act as a central point of contact for the committee.
- My Parliamentary team will launch work to build capability on producing responses to committee inquiries, making sure there is good awareness of best practice.”¹⁶

In light of the on-going issues with your Department’s engagement with us, we asked you about this during the session and you informed us that “we have been recruiting to that [DLUHC Parliamentary] team” but you did not provide any further details.¹⁷

Please could you confirm what “dedicated resource” there is within your Parliamentary team that is “the central point of contact” for us? In particular, please could you explain how this is different from what has previously been in place?

¹³ [Q12](#)

¹⁴ [Correspondence](#) from Sarah Healey, Permanent Secretary at the Department for Levelling Up, Housing and Communities, to Clive Betts MP, Chair of the Levelling Up, Housing and Communities Committee (12 February 2024)

¹⁵ [Correspondence](#) from Sarah Healey, Permanent Secretary at the Department for Levelling Up, Housing and Communities, to Clive Betts MP, Chair of the Levelling Up, Housing and Communities Committee (10 November 2023)

¹⁶ [Q12](#)

¹⁷ [Q11](#)

Please could you also specify what additional staff you have recruited to your Parliamentary team? And whether you now deem the team to be sufficiently staffed?

Homes England Targets

We appreciate the further detail on Homes England's targets which you have provided in your letter dated 12 February 2023.¹⁸ In it you mention that you are confident that Homes England would achieve delivery within the target ranges for 2023/24. **Can you please explain what these target ranges are – both for the overall programme, and for components of that programme – social rent, affordable rent and support for home ownership?**

Have target ranges been set for delivery by Homes England for 2024/25? If so, can you make these available for the overall programme and for individual components of the programme in social rent, affordable rent and support for home ownership? If they have not been set, when will this be done?

In your letter you also state that "Homes England does not have a target for the delivery of supported housing separate to their overall targets for the delivery of new homes."¹⁹ Homes England has previously referred to a sub-target that 10% of the homes delivered under the Affordable Homes Programme being supported housing, both in the guidance on applying for affordable housing funding and in evidence to the Committee of Public Accounts.²⁰ We understand it to be this target that the NAO had warned that the Department no longer expected to meet.²¹ **Please could you confirm if this target has been dropped or revised?**

We understand that there is still broader uncertainty around these targets, especially regarding how they might be broken down by tenures and types of housing. The Affordable Homes Programme's conditional target of 180,000 new homes for the 2021 programme has been revised to 157,000 due to a more challenging economic situation, as Joanna Key reiterated during the evidence session.²² There have also been indications from Homes England, including in evidence to us, that the number will be reduced further.²³ Baroness Scott told us that revised targets would be published "in due course", hopefully within six months, however it was not clear whether this would include targets for types of tenure.²⁴ **Please can you confirm when new targets for the Affordable Housing Programme will be published, and whether they will be broken down by tenure or type of housing?**

¹⁸ [Correspondence](#) from Sarah Healey, Permanent Secretary at the Department for Levelling Up, Housing and Communities, to Clive Betts MP, Chair of the Levelling Up, Housing and Communities Committee (12 February 2024)

¹⁹ *Ibid.*

²⁰ Homes England, [Apply for affordable housing funding](#), 11 December 2023; Oral evidence taken before the Committee of Public Accounts on Thursday 22 September 2022, HC (2022-2023) 648, Q40 [Mr Peter Denton]

²¹ Comptroller and Auditor General, [The Affordable Homes Programme since 2015](#), session 2022-23, HC 652, National Audit Office, September 2022

²² Comptroller and Auditor General, [The Affordable Homes Programme since 2015](#), session 2022-23, HC 652, National Audit Office, September 2022 para 2.12; Q39

²³ Housing Today, [Homes England says affordable housing delivery will be lower than NAO estimates](#), 5 February 2024; Oral evidence taken on 22 January 2024, HC (2022-2023) 60, [Qq208-211](#)

²⁴ Oral evidence taken on 22 January 2024, HC (2022-2023) 60, [Qq250-3](#)

Turnover in the Department

In your oral evidence to us, and in response to a question about falling morale in the Department, you noted that:

Some of it has been about pay, where we are constrained in what we can. ... There are some fundamental structural issues that affect our turnover, one of which is the fact that pay at grades below the Senior Civil Service is differentiated between Departments, and DLUHC is towards the bottom end of the scales on some of that pay, so we do sometimes lose more junior staff to other Departments that pay more highly at those levels.²⁵

We understand from the NAO's November 2023 report: *Civil Service Workforce: Recruitment, pay and performance management* that pay setting below SCS level is delegated to departments and that salaries for many grades in the Department are closed to the middle of the range for the broader civil service.²⁶ **Please can you confirm what role comparative pay scales have had in the people survey results and staff turnover in the Department?**

Productivity Plans and Local Government Finance Settlement

During the session, we also discussed the productivity plans that councils will be required to produce as part of the Local Government Finance Settlement for 2024-25. We note Catherine Frances's answer that these plans will be developed in cooperation with local authorities and that the Department expects that "Any competent council will be able to tell us what their productivity plans are" based on work they are already doing around multi-year financial plans.²⁷ This was confirmed in the Secretary of State's written statement, which also indicated that "funding settlements in future will be informed by performance against these plans"²⁸ We remain keen to properly understand these plans. **Please could you therefore clarify what ambition the Government has for these plans, in particular whether they are intended to achieve a set reduction in expenditure above and beyond councils' existing multi-year financial plans, either for individual councils or over all? How will performance be measured and used to determine future funding?**

We would be grateful for a response to this letter by Friday 22 March 2024.

Best wishes,



Clive Betts MP
Chair, Levelling Up, Housing and Communities Committee

²⁵ [Q33](#)

²⁶ National Audit Office, [Civil service workforce: Recruitment, pay and performance management](#), November 2023, para 3.2, figures 11 and 12

²⁷ [Q123](#)

²⁸ HC Deb, 5 February 2024, [UIN HCWS241](#)