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HOUSE OF COMMONS

Housing, Communities and Local Government Committee

Oral evidence: Planning for 1.5 million new homes, HC 432

Wednesday 20 November 2024

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Members present: Florence Eshalomi (Chair); Lewis Cocking; Chris Curtis; Mr Lee Dillon; Maya Ellis; Mr Will Forster; Joe Powell; Sarah Smith.

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Witnesses

L: Matthew Pennycook MP, Minister of State for Housing and Planning, Ministry of Housing, Communities and Local Government, and Joanna Key, Director General for Regeneration, Housing and Planning, MHCLG.

Examination of witnesses

Witnesses: Matthew Pennycook and Joanna Key.

Q1 **Chair:** Good morning, Minister. Thank you very much for appearing before the Committee. This is your first time. I am Florence Eshalomi, the Chair of the Committee. For the sake of *Hansard*, I would be grateful if you could introduce yourself.

Matthew Pennycook: I am Matthew Pennycook MP, Member for Greenwich and Woolwich and the Minister of State for Housing and Planning.

Chair: And Joanna, please.

Joanna Key: Hello, Committee. I am Joanna Key. I am the director general for regeneration, housing and planning at the Ministry of Housing, Communities and Local Government.

Chair: Thank you. I will ask my colleagues on the Committee to introduce themselves.

Chris Curtis: Chris Curtis, the Labour MP for Milton Keynes North.

Sarah Smith: Sarah Smith, the Labour MP for Hyndburn.

Maya Ellis: Maya Ellis, the Labour MP for Ribble Valley.

Joe Powell: Joe Powell, the Labour MP for Kensington and Bayswater.

Mr Forster: Will Forster, Liberal Democrat MP for Woking.

Mr Dillon: Lee Dillon, Liberal Democrat MP for Newbury.

Lewis Cocking: Lewis Cocking, Conservative, Broxbourne.

Q2 **Chair:** We have had apologies from three members of the Committee this morning: Gagan Mohindra, Mike Amesbury and Naushabah Khan.

Minister, thank you. We are going to be discussing the Government's plans for 1.5 million new homes to be built before the end of this Parliament. We will ask a range of questions on some of the stuff that comes under your remit.

To start, the Government made a really ambitious pledge to deliver 1.5 million homes over the course of this Parliament. In essence, to achieve this, the Government will need to build at least 300,000 net homes per year over the course of the next five years. If you look back, previous Governments since 2017 have only managed around 234,000 homes net per year. Given some of these figures, do you think that the Government are on course to build 1.5 million homes in this Parliament?

Matthew Pennycook: Thank you, Chair. At the outset, let me say thank you for extending the invitation to come and speak to you today about the Government's plans on housing and planning.

On the 1.5 million new homes target, I am convinced it is deliverable and, more importantly, I believe it is essential. I and the Deputy Prime Minister have never been anything other than completely candid about the fact that 1.5 million net additional dwellings in a single Parliament is an incredibly stretching target. We could, of course, have picked a far less taxing target, such as the previous Government's target of 1 million new homes over the same period. Doing so, in our view, would have been an inadequate response to what is an acute and entrenched housing crisis in England.

Could I, because it sets the scene for everything else, remind the Committee of the implications of that housing crisis? We have a generation now completely locked out of home ownership as a result of the steadily expanding gap between average house prices and average earnings. We have millions of low to middle-income households forced into insecure, unaffordable and far too often substandard private rented housing. We have 1.3 million people languishing on social housing waiting lists. To our utter shame as a nation—I say this everywhere I go—more than 150,000 homeless children right now are living in temporary accommodation. That is the price we have paid for not being serious about house building rates.

It is not just the lives it blights; it is also the impact on our economy. We are all suffering. The public services we rely on, for example, are harmed by the fact that we are consuming ever larger amounts of public money in the form of the rapidly rising housing benefit bill. The situation that we are in also hampers economic growth and productivity. It constrains the ability of our great towns and cities to realise their full potential. We are taking decisive action to tackle the housing crisis and boost economic growth.

I should be clear at the outset that delivering 1.5 million homes is going to be more difficult than we expected in opposition. I will be very candid about this. We knew that, if we won the election, we would be grappling with a difficult inheritance in respect of house building as a result of the December 2023 changes to the national planning policy framework, which exacerbated a fall in housing supply that had already been triggered by the present market downturn. On assuming office, we discovered that the situation was even more acute than we had expected.

The OBR, as you know, is forecasting that predicted total supply will drop below 200,000 this year. The number of homes delivered through the affordable homes programme is now estimated to be between 110,000 and 130,000 over five years, down from the original aspiration of up to 180,000 when it was launched in 2020.

The fact that supply is so constrained at present makes achieving an increase in supply of 500,000 homes over the Parliament even more challenging, but we are absolutely confident that it can be achieved. It will require the full five years. It is vulnerable to things that are outside the Government's control, such as exogenous economic shocks. If those were to arise, that would of course have an impact, but we are, we believe, on course to achieve it, because we have taken the first decisive steps that are part of a comprehensive plan. We can go through those in more detail, but they include bold planning reform—we launched a consultation on the revised NPPF within our first month in office—a renewed focus on accelerating the delivery of large consented sites across the country through the new homes accelerator; the establishment of the New Towns Taskforce; and the planning policy changes and other flexibilities that we have provided to ensure that councils and housing associations can make a greater contribution to affordable supply.

As I say, we have lots more to do, but we have made the first decisive steps in delivering that plan, which we are confident, over the whole Parliament, can deliver that 1.5 million target.

Q3 **Chair:** Thanks for that, Minister. Going back to the target, which I fully appreciate that you say the Government are committed to, you will recall that the Deputy Prime Minister was really quite honest in saying that the target for this year

would drop below 200,000. Will these targets be reflected when the Ministry publishes its provisional targets next week, on 28 November?

Matthew Pennycook: We will report net additional completions in the usual way. We will continue to update Parliament on the progress of our target.

Just to be very clear, you referenced 300,000 homes a year in your initial question. That was the previous Government's target. They did not hit it once in 14 years. We deliberately did not pick an annual target because we knew we were going to inherit a very constrained supply and, in particular, what amounts to essentially a collapse in affordable housing supply as a result of many factors.

Very deliberately, we did not say, "We are going to hit 300,000 each and every year". The trajectory is an upward one with large amounts of house building delivery in the later years of the Parliament. That is why it is important to bear in mind that it is a whole-Parliament target of 1.5 million rather than an annual target of 300,000. We are in a trough. We have to pull ourselves out of that trough. That will take time. We are not going to hit a 300,000-type number in the first year.

Q4 **Chair:** What are your interim targets for this year?

Matthew Pennycook: We are not going to set interim targets. There is a whole-of-Parliament target for 1.5 million new additional completions, as I said. We will continue to monitor and update Parliament on our progress toward hitting that target.

Q5 **Chair:** You are not going to set any targets, but you are still going to build 1.5 million in the five years of this Parliament.

Matthew Pennycook: We are not going to set interim annual targets, but I am absolutely confident, for the reasons I have given, that we can hit that target if we take forward every element of our plan. I have said this repeatedly. It is a set menu; it is not à la carte. We have to do every single thing that we are committed to doing as part of that plan. If that happens, I am confident that we can hit that target by the end of the five years of the Parliament.

Q6 **Chair:** In terms of scrutinising the work that you and the Department will be doing, if you do not have any interim targets for the sector to respond to or to work on, how are we realistically going to measure progress or any slippage?

Matthew Pennycook: We will report progress on a number of different metrics, such as the number of planning permissions coming through the system, TA levels or any number of other metrics that can show progress in various areas. As I said, we will report net additional completions as normal. The Committee, the House as a whole and the sector will be able to see, over the next year or two, whether we have turned the system around and are making progress towards that final full-Parliament target.

Q7 **Mr Dillon:** To follow up on that train of thought, if, for example, you were going to hit 200,000 homes a year, which would give you 800,000 homes at four years—you would still be 700,000 short, which is nearly half of your target—would you come back and lay out your plans to get those 700,000 built in the final year? We need some confidence that there is a clear plan on how you escalate. I accept that you need to increase year on year, but there is a plan needed.

Matthew Pennycook: The trajectory we are on to meet the total 1.5 million will become clearer after, for example, we have settled the multi-year spending review next year. That will give us the total amount of Government investment in social and affordable housing, for example, which is an important contributing factor to the total target. The trajectory will become clearer.

That does imply, though, because we are in a trough, that we will be turning around the system in the early years and then on a steep trajectory in the later years of the Parliament. Turning the system around quickly is incredibly important. It is why we have gone out there with a revised NPPF within the first month of this Government. Changes—anyone with any familiarity with house building and the system will know this—take time to feed through, in terms of both permissions and the delivery that follows. We have to take that early action to turn the system around.

I would just reiterate to the Committee what a dire situation we are in, in terms of the collapse in supply—particularly affordable supply—that we have inherited. It is going to take some serious measures to turn around.

Q8 **Chair:** It is. The latest provisional figures for the year ending June 2024 show that the number of homes granted planning permission was 15% less. You are saying that you are still not going to publish even interim targets, but you are still on course to meet 1.5 million over five years.

Matthew Pennycook: Chair, perhaps I have not been clear enough. We will publish planning application statistics as normal. You will be able to see how the system is transformed.

Q9 **Chair:** Yes, but you are not going to publish your interim figures on a yearly basis.

Matthew Pennycook: We will publish as normal net additional completions. We are not going to set out an annual target that we think we will meet. There are too many factors that feed in to make that a reliable target to set. It is a whole-Parliament target for a specific reason. You will have a sense of progress.

You are absolutely right that permissions are down. That is because in December 2023 the last Government amended the NPPF and inserted into it a series of anti-supply measures, which allowed local authorities to evade meeting their housing targets even

though those targets nominally remained in place. That is the impact that is feeding through at the moment. That is what we have to turn around.

Q10 Lewis Cocking: On that, you have not mentioned the action you are going to take against developers land banking. You seem to be attacking councils when lots of councils do lots of approvals.

Taking you back to your target, there must be a minimum that you have to deliver each year because there must be a maximum that you think that the UK can build. If the maximum is 500,000 and you have 600,000 left to build, it means you are not going to meet your target. Somewhere in the Department there must be a minimum figure, even if it is not a target, that you have to keep hitting each year, otherwise you will not get the 1.5 million homes built.

Matthew Pennycook: We have a sense of the trajectory. We will set out more details when we publish our long-term housing strategy next year. The precise curve of that trajectory is dependent on factors like, as I have said, the spending review settlement next year. At that point, we will have more clarity. We will, of course, bring that clarity back to the Committee.

Mr Cocking, we could have picked a target of 300,000 a year, as the previous Government did, and just never hit it. Very deliberately, we have picked what we think is a stretching but deliverable target over the whole Parliament for very specific reasons, because we are both boosting supply and reforming the system to ensure we can deliver it as a Government.

Q11 Mr Forster: I want to dive into the practicalities of trying to meet this stretch target, Minister. In my constituency alone, there are over 2,000 properties that have had planning permission for some time but are not being built out. How can we ensure that developers build the properties that they have planning permission for? What steps are the Government going to take to work with the industry to make sure it has the capacity, the staff and the physical ability to build the 1.5 million? At the moment, the Committee is not sure whether we as a country can physically build either what we have permission for or what we intend to build.

Matthew Pennycook: There are a number of points in there, which I will seek to address in turn. In general terms, can we do this? Yes, we can. Comparable advanced democracies around the world build houses at a rate far higher than ours. For example, France builds 300,000 houses a year and has done for some time.

Chair: They have a target in France.

Matthew Pennycook: This is not impossible, though. You are absolutely right—and the Government are very clear—that planning permissions do not equal houses built. We have taken a very deliberate decision, through the changes we are recommending

through the NPPF, to boost the total number of homes that we are seeking to build, through a revised standard method, from just over 300,000 to 370,000 a year.

That is because we think that to increase the output of actual homes built you do need to oversupply permissions into the system. We do need more permissions coming through, but those permissions are not always delivered—you are absolutely right. That touches on questions of viability. The Government already provide a significant amount of funding to help with viability pressures. That may be the reason that some of the sites in your local area are not built out. There may be reasons that developers are not building out those sites. Again, through the NPPF, we have tried to encourage measures that will help site build-out, such as a focus on mixed tenure sites or the changes we are making to social and affordable housing. We know that a greater percentage of social and affordable in the mix helps site build-out. We are taking a number of measures; that is not the end of the story.

Absolutely rightly, we have to be focused, as you say, on delivery as well as planning permission. I referenced in my first answer the new homes accelerator, which is a specific partnership between Homes England and the Department that is focused on trying to unblock some of the reasons that are holding back the delivery of large consented sites. These are not contested sites; these are ones that have planning permission and should be being built out. There is a range of reasons, we have found, why they are not being. Sometimes it is gap funding that is required. In many cases, we have found it is a lack of planning capacity in the local area. We might come on to planning capacity; I get it in most meetings that I attend. There are other reasons why sites are being held up, which the new homes accelerator and the support that the Department provides can try to help unblock.

We named a number of initial early sites as part of that programme. We went out with a call for evidence and a huge number of specific sites were sent into the Department, at which we are looking at present. Jo, do you want to add anything on that?

Joanna Key: I have one thing to add. The new homes accelerator programme has been running for only a couple of months, but already the actions that we have taken with Homes England to unblock some of those sites have unlocked sites for about 4,700 new homes.

As the Minister was alluding to, a range of things have been holding up the delivery of those sites. That is anything from issues with capacity at local planning authority level to issues with getting responses from statutory consultees and that kind of thing. When we have had a bit of intervention from professionals in Homes England, it has been possible to speed up the delivery of those sites. We want to expand and

accelerate that scheme as fast as possible. It is going to be really important to deliver the 1.5 million.

Q12 Mr Forster: As you say, the new homes accelerator is working—it is helping unlock development—but the number that it has helped unlock is effectively equal to the backlog in my constituency and the Chair’s constituency, not in the rest of the country. Is the new homes programme sufficient to unlock things? If I could press you a little bit, Minister, you did not talk about construction jobs, staff and physical capacity. Then—because I have been asked to talk more about planning targets—

Matthew Pennycook: Shall we come back to those?

Mr Forster: Yes.

Matthew Pennycook: Let me address both your points. To the thrust of your initial question, which was that we have not seen enough output from the new homes accelerator, I would gently say that we have been in office for just over four months. We have acted, by common consensus, fairly rapidly on a number of fronts. It is already helping to unblock large consented sites in specific parts of the country. The call for evidence that I referenced saw, as I said, hundreds of sites sent into us. We are going to look at those and, through our capacity, prioritise the ones that can be brought forward. These are large sites. These are over 1,500 homes. They will make a contribution.

The way I think of it is that this is the low-hanging fruit that is out there. These are consented schemes; they should be being built out. We will consider build-out in the round more widely as things progress, again as part of the long-term housing strategy. We do think action needs to be taken there, but the situation is slightly more complicated than the “all developers land bank” narrative that is put out there. There are specific reasons that developers have a pipeline of supply to operate in the current system.

The second part of your question was on construction capacity. On construction capacity, as I said earlier, it is a set menu, not à la carte. We have to take action and be successful in a wide range of areas. Some of the real challenges we face in terms of constraints are around planning capacity constraints in local planning departments, not least due to budget cuts over 14 years. They have been very much hollowed out in many cases. More widely, from a central Government point of view, there is an issue about the capacity to intervene as central Government, either through ATLAS or the new homes accelerator, and provide additional support. We are taking action in that area, but planning capacity is an issue.

Construction capacity is another very serious challenge. We have an ageing construction workforce. We have a not particularly diverse construction workforce as

well. We are not attracting a wide range of people into that workforce. There are specific solutions to that that come through, for example, MMC and different ways of building homes, which are an important part of the mix. We have to have a whole-Government approach to upskilling, expanding and diversifying the construction sector. That is exactly what we are doing.

I had a roundtable on Monday with colleagues from DWP, DfE and DBT, including Sarah Jones, the construction Minister. We met with the sector to discuss training provision, local labour markets and how the metro mayors can have an impact with what they are doing in their particular geographies to boost construction skills. We have to do more with the sector as well as in Government to amplify the message that this is an industry that people should want to work in. It is highly remunerated.

There are specific challenges that we are working through to ensure that we boost output in the years ahead. A really good example—I will finish with this—is getting construction workers into FE colleges to teach construction skills. They can earn more on sites than they can in an FE college. That is a very specific example of something that we have to tackle to bring that knowledge in and train the next generation of workers for the house building push that we need.

Q13 Mr Forster: Finally, the Committee asked me to talk about planning numbers and the target. You have said there is not an annual target for the Government, yet it seems like there will be an annual target for councils. Can you comment on why there is that distinction or double standard? As a Committee, we understand that this target is there to deliver homes where they are most needed, yet in some areas it seems that is not the case: the target is being reduced in London. Will homes that are brought back from being long-term empty be included in the completions? Will permitted development conversions be included? We just need a bit more information and clarity on that.

Matthew Pennycook: Lots of this information is out there in the NPPF consultation document. The Committee, I am sure, has read that document before coming here today. Some of the information is in there, but I will flesh out what we mean by the revised standard method that we have inserted in that NPPF document.

Again, I am holding the distinction in my mind between permissions and completions. As I have said, when we talk about the 1.5 million target for homes built over this Parliament, we are talking about net additional completions. The standard method gives you the figure that we are aiming for in terms of land allocated that we want to see permissioned and then built on. The revised standard method gets us a figure of just over 370,000, if I am remembering correctly off the top of my head. That is because, as I said, we want to oversupply. We think that is essential to addressing the chronic

mismatch between supply and demand that is out there in the country. We have to oversupply permissions into the system.

It does give local authorities a revised figure that they have to take into account when developing local plans in terms of allocating specific sites. We can come on to local plan coverage, because boosting that coverage is a really important part of the plan, but that is the number it gives.

If I can take the Committee back, the existing method relies on outdated population figures and it is not particularly stable. The method that we have proposed takes a stock-based approach as a minimum—there is a 0.8% stock figure that is the basis for everywhere—because we think, such is the nature of the crisis, that every part of the country has to grow in some way. Every part of the country has to make a contribution to the 1.5 million target. We have focused additional growth on those places with the biggest affordability pressures by more than doubling the affordability multiplier that currently operates in the existing standard method. We are adjusting for that affordability factor to try to pull housing growth down to the places it is most needed.

We got a lot of NPPF consultation responses on this particular point, which we are looking at very carefully as to whether we have the balance right, but broadly we think the method that we have proposed is the right one. It provides a more stable basis for local authorities to plan and recognises those affordability constraints. In most parts of the country, including the broader city regions, for example, the housing numbers grow. I will address the London point in particular in a second. It is a more equitable distribution in many ways.

When it comes to London, let me be very clear: I feel the Government are on very firm ground here, for the following reasons. The existing method that is out there for assessing housing need across the country includes a completely arbitrary 35% urban uplift for the 20 most populous cities and urban centres. It is completely divorced from housing need. It is a completely arbitrary number. It is 35% that is added on to the 20 most populous cities and urban centres.

In most parts of the country, that urban uplift is concentrated on the urban core. For reasons that I will not speculate on but I think are political in nature, London was given a figure where the 35% uplift applied to every single London borough. It produced a figure of over 100,000 per year in assessed housing need, which is completely fantastical and completely divorced from what London is able to deliver. We have revised the method down. It is still an incredibly stretching 81,000. That is the biggest significant uplift in terms of delivery that is out there in the country, in terms of what London has to meet vis-à-vis places, but it is a more realistic and achievable target.

It still requires the Mayor—I will be very clear on this—to significantly boost output of housing in London because, at current delivery levels, they will fall well short of

81,000. More importantly, we want to take a partnership approach to try to help them do that rather than some of the political game-playing we have seen over recent years. That is one reason, for example, we removed the direction to look at elements of the London plan out of context of the London plan as a whole, which is being looked at already. That is the reason that London's figure dropped slightly. As I say, it is still an extremely stretching target in terms of delivery for the capital.

Q14 **Mr Dillon:** Just for clarity, you said 35% or 30% on the uplift.

Matthew Pennycook: It was 35%.

Mr Dillon: In our papers, it says 20% for urban uplift, as adapted from page 4 of the House of Commons Library's "Calculating housing need in the planning system (England)".

Matthew Pennycook: Urban uplift is 35%.

Mr Dillon: That is just something to check afterwards. It is more for our Committee.

Q15 **Chair:** Minister, you outlined the pressures facing councils, including the fact that we have over 151,000 children in temporary accommodation and 117,000 families in temporary accommodation, all of which is costing in excess of £2 billion a year. You will be aware that since 2016 there has not been a national strategy on empty homes. Is that something you would look at to help with your interim targets that are not going to be published?

Matthew Pennycook: Addressing empty homes is a crucial tool, among many, for addressing the housing crisis. It will not solve that crisis in and of itself. I just say that because I slightly push back at the argument that we do not need to build at the scale we think we do because there are sufficient empty homes around the country to tackle that crisis alone.

What I would say about empty homes in general is that local authorities already have very strong powers and incentives to bring empty homes back into use. They can charge additional council tax on long-term empty properties. That power was strengthened—I do not know whether the Members who were here remember—through the Levelling-up and Regeneration Act. That allows councils to apply the premium after one year of vacancy, not two.

There are a range of other powers that councils can use, such as CPO powers, and there are additional orders that they can use to take action on that. We will keep this matter under review. If the Committee has any evidence that the existing powers are not sufficient for local authorities, I would be very interested to hear them. We think local authorities do have the powers and incentives to be able to bear down on this problem. It can make a contribution to tackling the housing crisis, absolutely.

Q16 Chair: Local authorities will tell you they have financial incentives to deal with those empty homes, but, in terms of powers to bring them back into use, I can think of at least three separate sites in my constituency alone that have lain empty since I was elected in 2019 and have not been brought back into use. This is something that the Government perhaps should look at in consultation with local authorities.

Matthew Pennycook: If you were to provide me with the reasons why compulsory purchase powers, council tax premiums and the various orders that are available are not sufficient, I would be very interested in that.

Q17 Mr Dillon: Minister, on 18 October, in your response to a written question that I tabled to the Secretary of State, you said that your Government were “committed to delivering the biggest increase in social and affordable housebuilding in a generation”. Could you tell the Committee how many of the 1.5 million new homes will be for social rent?

Matthew Pennycook: I cannot give you that figure, for the following reason, although we will, again, have more clarity as we progress through the Parliament. It is not as simple as taking a proportion of the total supply and saying, “That will definitely be social and affordable housing”. That is because, as the Committee will know, approximately half of all social and affordable housing at present is delivered through developer contributions—the existing section 106 route. We know that will increase as we push supply up more generally through the planning reform actions we have taken.

We are also committed to strengthening the existing developer contributions process—that section 106 process—to try to get more social and affordable housing through that developer contributions route. Once we have clarity about the trajectory, it is a fairly predictable increase, although it is still challenging in some ways to say how much social and affordable you get through that route.

The rest of social and affordable housing is provided by some input through direct Government grant. We will not know until the spending review settlement precisely how many social and affordable homes will come through that route. As I say, at that point, through both the developer contributions route and the grant funding route, we will have better clarity about the total number of social and affordable homes that will come through as a proportion of the total 1.5 million target. I hope that explains why it is not as simple as saying, “It will be 20%”, “It will be 25%”, or, “It will be 30%”.

Q18 Mr Dillon: If I could reword the question, what does the Department feel is the minimum level of social housing provision needed in the country?

Matthew Pennycook: It stands to reason, from the commitments that we have made, that we are talking about increasing levels beyond what they have been over

recent years. From the most recent figures that we have, from 2022-23, 58,000 total affordable homes were delivered through the system.

Q19 **Mr Dillon:** This is social rented.

Matthew Pennycook: This is total affordable.

Mr Dillon: I am sorry. My question was about social rented, not affordable.

Matthew Pennycook: We can get into social as a distinct subcategory, which, as you know, we want to prioritise. The level of social rented home output has been extremely low over the last 14 years. I would say that is a result of deliberate policy choices. For example, you will recall that when the coalition Government entered office the affordable homes programme budget was slashed. That has seen a drop in the types of affordable homes that are brought forward.

What we have committed to on social rented homes is ensuring that we go net positive and remain net positive over the Parliament in terms of the numbers we are building, i.e. building far more than we are losing through demolitions or sales. That leads into the changes we have made to right to buy discounts and the wider set of right to buy changes that we are considering, which we may touch on in slightly more detail. Essentially, we have to stop the outflow of existing stock in the numbers that we have seen and build more.

In particular, we have not built enough total affordable housing. The figure of 58,000 is way below where the Government need to aim for as part of that 1.5 million mix. On social rented in particular, we have to prioritise that particular form of tenure and increase the supply beyond what it was. Jo may correct me, but 6,000 or 7,000 was the high point of social rented supply over recent years. That is completely inadequate.

Q20 **Chair:** Minister, on the point that Lee mentioned, the last time 300,000 homes was met was 1977, before both of us were born.

Matthew Pennycook: Absolutely, and local authorities played a huge part.

Chair: Then they built 150,000 social homes. You may be aware that in March the former Secretary of State said he had an ambition of 30,000 net additional social homes. The predecessor Committee to this Committee recommended a national target of 90,000 social homes. Again, you outlined the housing crisis and the fact that in all our constituencies—we represent constituencies right across the country—including your own in London, the housing waiting list continues to grow every year. Across England, 1.2 million people are on waiting lists. If we are not building to this rate, how are we to address that waiting list?

Matthew Pennycook: We need to build far more affordable homes overall, and in particular social rented homes. That is what the Government have committed to. That is

why our manifesto contained a very clear commitment to the biggest increase in social affordable house building in a generation.

On the particular set of questions that you have put to me, I would say a couple of things. The former Secretary of State had many ambitions that he did not deliver on, that being one of them. As I said, total social rented home output was less than 10,000 at its peak over the past 14 years. We have to do better than that.

We have already taken a number of immediate steps to do so. I referenced the changes we made in the national planning policy framework. Those will strengthen the provision of social and affordable housing that is directed through that framework in terms of national planning policy. We secured at the Budget an immediate £500 million uplift to the affordable homes programme. As I have said a couple of times, we will set out further detail of future Government investment in the multi-year spending review next year.

We have to boost that proportion. Some of that is through Government grant and some of it is through developer contributions. We need other parts of the system that have not maximised their potential to play a huge part. You referenced the 1970s. The reason that we built social and affordable homes on that scale was partly because local authorities played a much bigger role in delivery. They do not now. We need to set them up so they are able to make far more of a contribution.

There are also other factors, which we may not have time to get into. The financialisation of housing over recent decades means that the Government are operating under a very different set of circumstances from Governments in the 1960s and 1970s. The ambition has to be there. As you said, I have nearly 30,000 people on my local authority social housing waiting list. If we do not make a meaningful contribution to moving those people out of temporary accommodation, which is hugely costly for local authorities, we will not have properly tackled the housing crisis. That is why it is so central to our overall house building plan.

Q21 Joe Powell: I want to follow up on the Budget and the consultation that was announced on increasing social rents by CPI plus 1% for five years. How would you assess that in terms of the ability of registered providers and housing associations to contribute to this target for social housing?

Matthew Pennycook: That is a really important question. The collapse in affordable housing supply that we have seen over recent years and those figures that we inherited are partly because the pressures on councils' and housing associations' headroom are so acute. That is for a number of very laudable reasons; we need councils and housing associations to be taking action on decarbonisation and addressing building safety issues, but these are all costs that need to be factored in.

What we have tried to address through the Budget is the lack of certainty that those providers have faced over recent years. I take you back again to previous Governments. Rent settlements, which providers thought were set in stone and would be honoured, were repeatedly changed, sometimes at incredibly short notice. Providers had to deal with a 1% reduction in rents over a period under George Osborne. That was specifically to try to address the housing benefit budget, but it had a huge impact on providers.

We are going out to consultation with a rent settlement of CPI plus 1% for five years at a minimum, and we have asked for views on extending that timeline. That will at least give them the headroom and the confidence to start to address those issues with the existing supply and to build more, because the supply of new affordable homes will be the first thing that is pulled back. We have seen lots of signs of that over recent months and years. It suffers vis-à-vis decarbonisation, building safety and those other demands.

Q22 Joe Powell: I have met some of the big housing associations since the Budget, and one of the things they have said to me is that they feel like this will help stabilise, as you said, and give some certainty, but that if they are going to play a major contribution in the 1.5 million, this might not be sufficient. There are two factors there. One is the length. Going to 10 years might give them even more certainty to invest. I know this is contentious, because social renters are also looking at this carefully from their perspective, but what would be your response to housing associations that are saying this might not be sufficient for them to play that role in building?

Matthew Pennycook: My response to them would be what I have said to them many times before in many different forums. We are very heavily engaged with providers to understand the pressures on them and what they are seeking. We have tried to strike the right balance—we think it is the right balance at present—with the proposal of CPI plus 1% for five years. As I say, it is out to consultation. We want to hear views back.

Talking candidly, the trade-offs that we have to weigh up as a Government are, yes, the impact on tenants who are not covered by housing benefit. That is one particular cohort of tenants. If we went further, to CPI plus 2%, CPI plus 3% or CPI plus 1% plus rent convergence, they would see an impact on their household budgets. We have to weigh that in the mix. We also have to weigh up the impact on the housing benefit bill. Playing around with the rent formula in this way has potentially quite significant implications for AME welfare spending.

Those are just the factors that the Government are weighing up. We think this is the right proposal. As I say, we have gone out for consultation and asked for views on a variety of options, including whether the length makes a difference.

Crucially, some of this rests on the confidence that the providers have in the Government. This Government will be true to their word and leave whatever rent settlement we finally alight on in place for the period we specify. What they most want is certainty and a sense that it is not going to be changed at short notice, because it is factored into their business plans and how they are looking at future supply. I do not know whether Jo wants to say some more.

Joanna Key: The other thing that is really important to those providers is the level of grant, which is something that we are looking at in the context of the new affordable homes programme. It is a toss-up for them, of course, about how much they need to borrow. That will be on top of any grant that was available from Government. That is also a really important part of it.

To build on what the Minister said, there is always a balance in trying to make sure that we are not raising rents and therefore driving some low-income households into deeper poverty. The statistics show us that, with rents at the level they are at the moment, 43% of social renters are in poverty after their housing costs are taken into consideration. Raising rents is going to have an impact on those households that we really need to be mindful of at the same time as we think through the impact on delivery.

Q23 **Chair:** There is also an impact from freezing local housing allowance for another year. Do you think that was a good move, Minister? We have heard from a number of councils about the impact that is going to have on their day-to-day budget.

Matthew Pennycook: We absolutely do not underestimate the impact that those LHA freezes had on tenants in terms of eating further into their disposable income and in some cases putting people at risk of arrears and evictions. That is very real.

A significant amount of funding went in earlier this year as a result of investment the previous Government made, but the fact of the matter is that we are not in a position, given the economic inheritance, to go beyond what has already been announced in terms of LHA payments. We are taking further action on the private rented sector, as you know, not least through the Renters' Rights Bill.

Q24 **Lewis Cocking:** Thank you very much, Minister. Do you believe in local democracy as a principle?

Matthew Pennycook: Yes.

Q25 **Lewis Cocking:** So why is the Department starting to call in planning applications before they have been heard by local councils?

Matthew Pennycook: There are very well-known and well-understood criteria for call-ins. Those are set out, Mr Cocking, if you are interested, in a written ministerial statement by a previous Government. Those are the criteria on which call-ins are judged. They can be called in by the Secretary of State when they are

judged to be matters of national significance, as was the case in that particular one. You will understand that, given the quasi-judicial nature of planning decisions that Ministers make in this Department, I cannot comment further on specific applications.

Q26 Lewis Cocking: If you believe in democracy and local councillors are elected to make decisions on planning applications, do you foresee lots of planning applications being called in when they are recommended for refusal before they have even been heard at the local level by local councils?

Matthew Pennycook: We have been very clear that we will make full use of the intervention powers that are available to Ministers. We have not introduced those powers, but they are available to Ministers as a result of actions taken by previous Governments to put them in place. We will make full use of those intervention powers in cases where they meet the published criteria and we think there is a reason to act.

What we are not going to do, in contrast to previous Governments, is make highly political decisions on the basis of call-ins. On assuming office, I uncovered a number of call-ins that were not justified, in my view, by the call-in criteria and clearly had a political element. That is something that we need to move away from. The Deputy Prime Minister and I have been very clear that we are going to take call-in decisions on the basis of the published criteria. We may look to keep those criteria under review as we go forward, but, as it is, there is a very clear basis for that happening. In the type of situation that you laid out, call-in always happens before decisions are taken at a local level, in those particular circumstances.

Q27 Lewis Cocking: Can I ask, then, whether you think call-ins will go up over the course of this Parliament, if it looks like you are not going to meet your 1.5 million homes target?

Matthew Pennycook: I do not accept the premise of that question. What I would say, Mr Cocking, is that we have not taken an in-principle decision to try to increase the number of call-ins. We make specific decisions on the basis of individual applications, where they meet the criteria set out in the written ministerial statement that I referred to.

Q28 Lewis Cocking: So you do not think call-ins will go up if it looks like—

Matthew Pennycook: We have not taken an in-principle decision to try to boost the number of call-ins. I do not know whether Jo wants to say more, but we will take them when they fit the appropriate criteria. Politics will not be a factor in that. There are very clear criteria for when applications can be called in.

Joanna Key: Since the election, there have been approximately 10 call-in decisions. I do not think that rate is any different from previous Administrations.

Q29 **Lewis Cocking:** And there have been no discussions within the Department to extend the premise of when call-ins can happen.

Matthew Pennycook: We have not announced any plans to amend the call-in criteria, if that is what you are—

Q30 **Lewis Cocking:** But have there been any discussions about amending those criteria since you have taken office?

Matthew Pennycook: About specific changes to the criteria, no.

Q31 **Lewis Cocking:** So there have been no discussions thus far to change—

Matthew Pennycook: No. I think any Government would reasonably say, “We will keep the call-in criteria under review and we may look at them in future years,” but I have not personally had any discussions about specific changes to the call-in criteria. We have made it clear and I should be clear—and it is on record that the DPM is clear—that economic growth will be a consideration when we make decisions on that type of call-in application.

Q32 **Lewis Cocking:** But you do think it is important for local councils to make decisions and have input, and for local residents to have a say on planning applications in their area.

Matthew Pennycook: Absolutely. Hopefully we can move on to the importance of local plans. They are the best means for local areas to shape development in their particular geography.

Q33 **Lewis Cocking:** If I could have one more follow-up, there are no plans from this Government to overrule local councils’ local plans, if they already have one in place, to make them build more homes over and above the current local plans that they have adopted?

Matthew Pennycook: No, the local plan—let us break it down into what that means. Local plans will allocate a set number of sites for permission. That is the basis of decision making. We can talk about how the new revised standard method will work through.

Q34 **Lewis Cocking:** But there are no plans by you or the Department to change any existing local plans that are already in place to make them build more houses until their local plans come to an end. I am talking about councils that already have a local plan.

Matthew Pennycook: Yes, up-to-date local plans that are in place now will remain in place. We are not going to seek to use call-in powers to take those local plans off people. What we have been very clear about—I do not know if I am pre-empting a question—is that we want to see universal coverage of local plans. It is

completely unacceptable that we have a local-plan-led planning system where we have inherited from the previous Government up-to-date planning coverage of a third and falling. That is not a stable basis for a system that relies on local input from local communities. So we do need to boost local plan coverage. Perhaps we can talk about that.

Chair: We will look at strategic planning and planning reform later on.

Q35 **Sarah Smith:** I want to move on to what you have laid out in terms of placemaking, specifically in some of the recent updates. Your consultation proposes cutting the references to beautiful design from the NPPF. I just want to understand a little bit more about why, and its potential impact.

Matthew Pennycook: I should be very clear, because this has been misunderstood in some of the coverage, that we are not cutting all references to beauty from the NPPF; we are removing the additional references to beauty that were inserted by the previous Government. We are doing so on the basis of objective feedback that suggests that they are subjective and that they have led to inconsistencies in decision making. There is very good reason to remove that. That should not be taken as a signal that this Government are deprioritising quality and design—quite the opposite.

Q36 **Sarah Smith:** You have also taken the decision to disband the Office for Place. I want to understand how you envisage the role of local design codes in delivering high-quality placemaking on the new developments that come forward.

Matthew Pennycook: There is a separate and distinct debate about design codes and whether they are appropriately rolled out on a local-authority-wide area or whether they are better targeted at specific large sites, for example some of the large sites that might come through as a result of the NPPF changes, or the new towns, where you might take an approach to say, “This particular development in the round needs a design code for it”. There is a debate to be had as to whether local-authority-wide design codes are the right way to go forward.

In terms of quality and design more generally, yes, as a result of the budget situation we had to make that decision with the Office for Place. As I say, it is not to be taken as a downgrading of design or quality. We want to mainstream some of the work that the Office for Place has taken forward and some of the lessons that it has learned throughout the whole of the Government’s agenda and put that whole agenda much more centrally to the Department’s work in the Department.

We intend—because the intervention in terms of the Office for Place as an organisation is not the only one—to update the national design guide and the national model design code in spring next year. In the way I set out in the recent WMS on this particular decision, we are also looking to bring some of that expertise and

advice directly into the Department and to have a direct ministerial role in how the Government look at design and quality in the round.

I have said this on numerous occasions—I am sorry if I am repeating myself and the Committee has heard this—but, picking up Mr Cocking’s question, it is so important that, as we strive to boost house building in the way that we are determined to do, we improve the design and quality of the buildings and the places that are coming forward. When it comes to local community input, I understand—I have cases in my own constituency—why communities take issue with bad development that comes forward, particularly development that is infrastructure, amenity and service-deficient, that does not have everything that is needed for a community to thrive. We have to do better in terms of placemaking, design and quality as part of the Government’s wider agenda to dampen opposition to development.

I am very open-eyed about this. You will never completely get rid of objections. There will be some people across the country who will take issue with development of any kind in their area. They just do not want to see it built. There is a far larger group of people who would be content with development if it were high-quality development, and if it had the necessary infrastructure, amenities and services for those places to thrive. If we get those things right, the impact on their way of life is less acute, so it is part and parcel of the Government’s agenda to drive up design and quality standards.

Joanna Key: In the recent Budget, £46 million was allocated to the Department to try to promote greater planning and design capacity in local authorities. We often find that local authorities do not have the right skills, capacity or capability to assess good design and promote it within their community. Making sure that is available to them is a really important part of what the Minister has set out in terms of our strategy to try to promote good design in all of this.

Q37 **Sarah Smith:** What is the ambition for the timeline for that to be deployed? How is progress on that?

Joanna Key: As soon as possible, really, because the money is for this year and next year. We will try to get it out the door as soon as we possibly can.

Q38 **Chair:** How much does that figure equate to, roughly, per local authority?

Joanna Key: We have not set out the criteria for allocating it, because it has only been a few weeks since the Budget. We would hope to make sure that we allocate it to those local authorities that have the greatest development proposals coming forward and therefore require the support and assistance.

Chair: That goes back to Will’s question about the expertise that we need in local authorities, as well as some of the things that Lewis raised. In essence, a number of

councils do not have that to bring forward the applications, hence why we are seeing a backlog and applications down across local areas.

Q39 Joe Powell: I have a brief follow-up on the last two topics. Minister, you mentioned objections. Has the Department thought about how to get the voices of people on housing waiting lists or in overcrowded properties who might benefit from some of these large-scale developments into planning decisions more centrally? They often seem to be not included in or do not show up in the same way as people who are objecting.

Matthew Pennycook: It is a very good question. At a minimum, we are minded to take forward some of the reforms in the Levelling-up and Regeneration Act in terms of digital planning. Some of this is about how you make the planning process more accessible to a wider range of people. Digital planning and proper spatial planning that can be seen will allow people to understand, for example, the impact of a local plan proposal on their area.

As an aside, I was really struck when I attended the G7 in Rome and I was speaking to the Japanese delegation. Their whole planning system is completely digitised; you can see 3D models for each city of what is coming forward in terms of proposals. It is a world away from where we are, although they are very jealous of our information availability in terms of what can be accessed.

There is a huge amount we could do there. We are looking at other ways that we could broaden the planning process out to a wider range of people than will necessarily attend a committee meeting in a town hall on a rainy Thursday evening. We are dancing around it, but that speaks to local planning coverage, which we have talked about already in terms of boosting it across the country. That is such an important part of the plan, because how do we best shape development in ways that communities want? For me, local plans are absolutely central. That is where the community should get involved upstream to say, “These are the sites we want allocated to come forward for development. This is what we want to see in terms of specific site allocations. These are the type of buildings and height densities that we want on these sites”. That is the best time that communities can shape development.

What we have at the moment is a system where we do not have that up-to-date local plan coverage. I do not blame them, but in a way local politicians are incentivised not to put one in place and to send decisions that are outside the plan to the Planning Inspectorate, because the political cost can then be borne by the Planning Inspectorate. That is why we have so much out-of-plan speculative development that communities really take issue with. We have to boost local plan coverage across the country.

I have to say it is amazing, since we published our increased proposed targets, how many councils that had been dragging their heels are suddenly making very quick progress on local plan coverage, I think to try to come in before the transitional arrangements would end. It can be done, and we want to see them boosted, but it goes back to Mr Cocking's question. We will not hesitate to intervene on the handful of local authorities that are not the ones that need genuine support to finish developing their local plans, but just do not want to put one in place. In extremis, we can take the local plan off the local authority and have it implemented by central Government.

Q40 Chris Curtis: Very quickly on that point, it seems like you are saying, correctly, that the lack of local plan coverage causes speculative development. As far as I can see, the biggest stick that we have with which to beat local areas that are not going to put in place local plans because of the political pressure that you just mentioned is more speculative development. Is there not another stick that you could use? That does not solve the political problem, because it means that local councils still have somebody else to blame. Is there not another mechanism that we should be looking at in order to push local councils that are not going through the correct process and putting a local plan in place in order to ensure that they do?

Matthew Pennycook: You are right, and this is where the incentives as we have them are not quite correct. Local authorities that do not have an up-to-date local plan in place will suffer from applications made outside of the local plan, and that can go to the Planning Inspectorate and be approved on appeal. For lots of local authorities that is a real incentive to get a local plan in place. They do not want that to take place. There are some that say—

Chris Curtis: “We have someone else to blame.”

Matthew Pennycook: Yes, “I can put the blame on the Planning Inspectorate for that decision. We refused it.” In some ways it is therefore not cost-free but there is an issue that we have to deal with. There are a range of interventions available to Ministers. I just mentioned that, in extremis, we can take the local plan off a local authority, but there are a number of steps that we can take before that happens to try to encourage and require local authorities to put a local plan in place.

As I said, some of it is about support. We could try to talk about planning capacity more directly. There are lots of local authorities that desperately want to put a local plan in place and have it up to date but just do not have the planning officer capacity. We can look to help those. We specifically laid out a commitment to help those authorities that will, under the proposed revised standard method, have to update their local plans, because they are out of the 200 delta that we proposed, although we are looking at that through consultation responses. There are a range of incentives in place that we

can use to ensure that those plans are in place. As I said, we are aiming for universal local plan coverage.

Q41 **Maya Ellis:** I want to pick up on green-belt and grey-belt issues. First of all, could you talk about the extent to which pockets of green space in the green belt could be considered grey belt under your proposed definition of grey-belt land?

Matthew Pennycook: It is important to be very clear—and this is clear in the NPPF document—that land safeguarded for environmental reasons, such as national parks and habitat sites, will retain those protections under the proposal. We are not talking about interfering on those sites.

When it comes to the green belt more generally, we have been very clear—and this is not in dispute between any particular political party—that we have a brownfield-first approach to development in general. We took steps in the NPPF to strengthen the definition of brownfield to try to prioritise when it is released. You will have seen that we published a working paper on a brownfield passport that seeks wider views on how we can go further in prioritising and accelerating the release of brownfield land, to the extent that, when an application is appropriate, the default should be to say yes. But there is not enough brownfield on registered sites across the country to meet housing need, certainly not in the right location and that are viable, so we are going to have to look to green-belt release.

Let me be very clear that that is not a completely different proposition in and of itself from previous Governments. It is not like before July we had no green-belt release. What we had was quite a significant amount of green-belt release undertaken in a haphazard way, and it often led to speculative development and appeal of the kind that communities rightly took issue with.

We are determined to take a smarter and more strategic approach to the green belt, ensuring that, where local authorities cannot meet their needs through brownfield development alone or strategic planning, which we might come on to, through cross-boundary co-operation with other neighbouring authorities, they should look to review their green belt, and they should look to prioritise the release of lower-quality grey-belt land within that green belt as a first order, rather than green-belt sites.

We have defined grey belt. As I say, it is another issue where we have lots of consultation feedback. We are carefully considering all the submissions we have received, but we have defined grey belt in relation to the purposes that the green belt is expected to achieve and where it makes a limited contribution to those purposes. That is broadly the sensible way to proceed, rather than other definitions, which are more problematic.

Q42 **Maya Ellis:** How are you going to ensure that those golden rules for green-belt release are delivered on?

Matthew Pennycook: How are we going to enforce the golden rules? We proposed golden rules. We are looking carefully at whether those golden rules are right, in particular benchmark land value and whether that would operate in the way we want. We have been very clear that there are two routes to green-belt release that we could touch upon: the plan-making route, and the decision-making route where an up-to-date plan is not in progress.

The golden rules will apply in terms of whether a site can be judged to be released by the local authority. That is very clearly set out in the document, as are the steps that people must go through: the sequential tests on plan making and through the decision-making route in terms of what is released. We have to move away—and this is an important contribution to doing it—from a system where, when under pressure, green belt is released in a haphazard way. It is a smarter, more strategic way to release it in the right locations. I want to be very clear: the ultimate goal is the release of more land into the system. We need more land in the system as part of that house building drive of 1.5 million. We have to make sure it is the right land.

Q43 **Maya Ellis:** Have you done any impact assessment of how many additional new homes grey-belt land will deliver?

Matthew Pennycook: We have not done that assessment centrally because the green-belt reviews that will need to take place will be done by local authorities. There are some local authorities out there that have already reviewed their green belt. They have a fair sense of what the lower-quality sites are within it and what might qualify as grey belt under the final definition that is chosen. In other places that has not taken place. We will provide appropriate support and guidance on what those green-belt reviews should look like and how they can be taken forward, but it will be for local authorities to identify in their particular areas what qualifies on the basis of the definition and whether they need to release it.

To be very clear, if a local authority can meet all of its housing need under the new revised standard method through brownfield alone, we will not have to look to release grey-belt sites within the green belt. It is where, as I said, there is not an adequate supply of brownfield sites or the housing need cannot be met in a strategic way through cross-boundary mechanisms with neighbouring authorities. That effective cross-boundary mechanism is completely missing from the planning system at the moment. If they cannot do that, they will be required to look at green-belt review and the release of the right types of land within it.

Q44 **Maya Ellis:** There is no mention of open countryside within the NPPF, but have there been any representations about that in feedback from the consultation and any discussion?

Matthew Pennycook: Openness is one of the general purposes of the green belt that the definition of grey belt will have to have regard to. In terms of NPPF responses in particular, I do not think so, off the top of my head.

Joanna Key: I do not recall any being on that specific topic, but we can absolutely check that and come back to you, because I do not want to mislead you inadvertently.

Q45 **Lewis Cocking:** You keep talking about the fact that we have to release more land and get more land into the system, but I am yet to hear any measures that you are going to take against developers that already have permission that are not building.

Matthew Pennycook: I have mentioned the new homes accelerator, which seeks to go in on large, consented sites that are not being built and take action to ensure that they are. There are measures in the NPPF that strengthen build-out, in terms of what we know makes a difference—proportions of social and affordable housing; mixed tenure in other ways; we might talk about build to rent as a significant contributor to the house building target more generally. We will keep build-out under review more widely, but we have taken early steps over the past four months to try to encourage the build-out of sites.

Joanna Key: Could I add one thing? Mr Cocking, you also referred to land banking in your earlier questions. I just wanted to come back on that. There is often a criticism of developers that they are land banking in some way. There was a 2018 report that Oliver Letwin did, and then more recently a Competition and Markets Authority report on this issue, which did not find any systematic land banking behaviour on the part of the big developers. What it did say, however, was that the system itself and the planning system was so complicated that it acted as an informal barrier to entry to a larger number of developers. That is something that we definitely want to try to address through the reforms that have been announced. We are trying to simplify the system more generally so that it allows more access.

Chair: We are going to come on to that.

Matthew Pennycook: Generally, if you want protection from speculative development, get a local plan in place. Your local authority has given no evidence of progress towards a local plan. We need to see that in all parts of the country.

Lewis Cocking: Broxbourne has a local plan in place and so has East Herts. Both my local authorities do.

Chair: Moving on swiftly—Chris, please.

Q46 **Chris Curtis:** At some point in the next eight months the New Towns Taskforce is going to come back with recommendations. What happens next?

Matthew Pennycook: The Government take steps to start to deliver and work up the detailed plans for the sites that will be chosen. Just to be very clear, what we wanted to do by setting up an independent taskforce was to draw on the wealth of expertise that is on it, under Sir Michael Lyons and Dame Kate Barker as chair and deputy chair, to put forward to Ministers a list of sites that we can then choose from. On the basis of criteria they are developing, they will bring a list of appropriate sites across the country that Ministers can select from, rather than Ministers just going out there, as we could have done in a different world, and saying, “We have chosen these sites,” without that independent expert input.

Q47 **Chris Curtis:** There are three points on this. First, are you expecting to be taking forward all of the sites that they recommend and coming up with a plan in order to deliver that?

Matthew Pennycook: No, not necessarily.

Q48 **Chris Curtis:** Will you be looking to take forward most of them?

Matthew Pennycook: We will make a judgment when we see what sites they bring forward. Just to be very clear, we gave them 12 months to report back on the complete list of sites. We have said to them that if there are sites that they think meet the criteria and it is not in question whether they will be on the final list, then they can put those to us before the end of the 12 months. They are going to issue an interim report early in the new year.

Q49 **Chris Curtis:** I have two very quick questions on that. First, will local authorities get a veto on a new town in their local area? Secondly, how will that sit alongside the housing target that has been come up with under the new formula?

Matthew Pennycook: I do not expect the scenario that you are setting out to apply in many cases. I say that because the New Towns Taskforce has already gone out with a call for—expressions of interest might be too strong—a general sense from local authorities to provide evidence precisely as to whether there are sites in their areas that they want the New Towns Taskforce to look at. That has had a very significant response. We know there is appetite out there among local leaders to look at sites in their area.

Development that will come forward through the new towns programme will be separate to and in addition to LHN as defined in the revised standard method. We have to be very clear about it. We have been clear in the documents, but it seems to be slightly misunderstood. These new towns are additional to the general assessed housing need through the planning system. They are not necessarily a way that you

might meet the totality of your need in area, but they are an important part to fixing the system and to ensuring that, in appropriate locations—the taskforce will advise us on what they are—we see large-scale new communities come forward.

You will know this, as you live in a new town, but the post-war system worked, and output was high, because a new towns programme was one of the three legs of the system. That has been completely missing in recent decades.

Q50 Chris Curtis: Finally on this point, does the Department have a view about what is on the table in terms of a delivery mechanism for those new towns? And how do you see that being funded? Have you had conversations with the Treasury about the funding of those delivery mechanisms?

Matthew Pennycook: That will be determined through conversations with the Treasury at the appropriate point when we have a defined list of sites we are looking at. I do not know if Jo wants to say more, but I am limited in what I can say on that at this point.

Joanna Key: On the delivery vehicle, there are a number of different options in the legislation. We have asked the taskforce to give us some views on what they think is the most appropriate vehicle and what the pros and cons of different delivery vehicles might be, because different types of delivery vehicles have different powers in the legislation, for example. That is quite important when you are thinking about how you want to plan a new town.

Matthew Pennycook: That is a useful point that we should mention. The New Towns Taskforce has been asked to come up with a prospectus for how these things are taken forward. The finance is one part, but taking this back to design and quality, we want these new large-scale communities to be examples of exemplary development. Again, the taskforce is being asked to look at how that can best be made to happen. Design expertise is on the taskforce specifically for that reason.

Q51 Mr Dillon: I have a couple of questions on new towns, which are defined as having 10,000 dwellings or more. Would the Department consider providing strategic advice to a local authority if it looked for a town of around 7,500, say? If a local plan and resident consultation determined that the best way to meet their housing allocation was to create a new larger village or a smaller town, why could that not equate to their housing numbers? Why would you have to take the additionality of a new town in your local authority area plus your housing supply figures?

Matthew Pennycook: It happens already, so it would not be something new. If a particular local authority or groups of local authorities under the strategic planning framework that we want to introduce were to come forward and say, “X location is in a sustainable place and has good transport links, etc. We want to build a large-scale

development on that site but it is under 10,000”, they are completely at liberty to do so, and that would count to their individual or aggregate housing targets.

The new towns programme will be a separate stream for very large-scale new communities. That is why we chose the 10,000 threshold. I am constantly asked this. We do not have a number in mind. We want to see what the independent taskforce brings us in terms of appropriate locations. That is how we will determine, but they will be a mix. This is important to understand. There will be a mix, including what is classically understood as a new town, i.e. a stand-alone greenfield development. There will also be a number of urban extensions, for example, which might not be at the upper end of the threshold of some of the large-scale greenfield sites that might come forward, but would still make a sizeable contribution and be over 10,000 units. They can come through the programme as well.

Q52 Sarah Smith: You have just touched a little on the strategic planning aims. I want to understand a little more the plans to deliver those strategic plans and enable local authorities to work more effectively together to bring forward housing and infrastructure projects, which has certainly been a challenge in my constituency. What are those plans, and how do you envisage requiring local authorities to better co-operate at the regional level?

Matthew Pennycook: That is a really good question. This is a really important part of the Government’s plan on housing and planning more generally, because we have been clear that this has been a severe constraint over recent years. We cannot meet housing need across England purely on a local level. There is a missing tier of planning at present, which the existing duty to co-operate—that is entirely voluntary—does not fill. Anyone who has been a councillor in this area and subject to the duty to co-operate knows that it means meeting three or four times a year, having a good chat, and in most cases agreeing to do very little, or nothing.

We need a more effective mechanism for cross-boundary strategic planning, because it is the most sensible way in lots of parts of the country, particularly when you have bounded urban authorities with high housing numbers, to sensibly plan for housing growth at a larger than local scale. We are absolutely committed to it and were very clear in our manifesto that it needs to be introduced. It is a bit too early to be definitive about the particular format of the strategic planning system we will introduce. We want to look at all the available evidence and assess the options. We are doing that at pace, and our thinking is quite developed in this area.

I can tell the Committee that the lead model at present for strategic plans will be spatial development strategies, which already exist. London is a good example. If we go down that route, we would not necessarily want to see the whole country adopt the whole-London method, but the framework as it applies to London would be the basis. That has

worked quite well in London over a 20-year period under three different mayors. Where metro mayors are already in place through an SDS system they would have responsibility for producing it.

Q53 **Chair:** They are voluntary, though.

Matthew Pennycook: No, whatever system we come up with, we are clear that we are going to require universal strategic plan coverage across England, whether it is in devolved areas or non-devolved areas. It is a key part of the solution to getting house building right and getting housing growth in the most appropriate and sustainable places.

Chair: So the Government will essentially be mandating—

Matthew Pennycook: A regional strategic plan. Yes, we have been very clear about that.

Q54 **Sarah Smith:** I think you were moving towards this, but how will it operate in practice in areas that do not have a mayor and are not yet in that phase of their plan for devolution? Are you confident that you can roll it out across England by the end of this Parliament?

Matthew Pennycook: I am confident we can roll it out. We have been very clear that we will roll it out. We will take the necessary powers to do so in the planning and infrastructure Bill that will come forward next year. It is a bit too early to say precisely how it would work in non-devolved areas. As I said, we have not alighted on the particular format, although our thinking at present is that broadly we would expect to proceed on the basis of spatial development strategies.

In non-devolved areas the closest example is joint local plans, where a statutory joint committee is put in place. Those are voluntary at the moment, but there are examples of this happening around the country where a joint committee is put in place with adequate representation from the constituent member authorities. I know there is a tendency to think it will operate like this, but in most cases it is not a conflictual relationship on those bodies. There are tensions that need to be worked through about where housing growth is shared and where infrastructure is placed, but in most cases, given the incentive is to stay on the joint committee and to negotiate, those tensions are resolved through a plan.

In a sense, we are just reintroducing an element of strategic planning that used to exist and was a big part of why house building rates were higher in previous years. That is completely missing, because we just know that there are many authorities across the country that cannot effectively meet their housing need on their own at a local level.

Q55 **Chris Curtis:** There are two things happening at the same time here. The first is that we are rolling out far more devolution. As we roll out far more devolution, unlike the devolution that has already happened, we will find that the boundaries for the

devolution deals do not match up with the boundaries for the strategic planning that needs to be done.

To take the conversation one step further, you are going to end up with places where there are mayors, but that do not make any sense for strategic planning. In my area, I am fairly confident that there is not going to be a devolution deal with one of the places, which is literally building a development that says on a piece of paper “south-west Milton Keynes” and is not being strategically matched up.

Is there going to be an option to have a strategic plan that runs across mayoral boundaries and other local authorities where that is necessary? Will you be willing to put pressure on local authorities that are not signed up to the mayoral deal in order to be part of that strategic planning arrangement?

Matthew Pennycook: It is a good question. I am going to be quite careful in the words I choose, because we have not alighted on a final proposition. We absolutely need to take account of that scenario, where the non-devolved authority boundaries do not necessarily match the most appropriate spatial development strategy area, if we go with the preferred option as things stand. We have to account for that.

In all instances you would want to try to put in place a system of strategic planning that aligns very closely, if not exactly, with your devolved geography, because things would get very messy in the scenario you put, not least in terms of some of the financial incentives around the non-devolved strategic authority, were that to happen. We need to take account of that in some places and work through how that would operate.

Q56 Chris Curtis: What upcoming Government Bills are likely to include planning reform, and when can we expect them to be published? Alongside that, when can we expect a Government response to the NPPF consultation?

Matthew Pennycook: On the NPPF, it is very simple. The consultation closed on 24 September. We received over 10,000 responses. Officials have been working through those responses at real pace. We are determined to provide a Government response and publish the revised NPPF before the end of the year. We are on track to do so.

In terms of wider planning legislation, we have committed to a planning and infrastructure Bill next year. The purpose of that Bill will be to speed up and streamline the delivery of housing and infrastructure across the country. We have already made clear in the background briefing notes to the King’s Speech some of the areas that that Bill will look to take action on, not least planning committees. It is a win-win for nature and development if we can align on a proposition that achieves both those aims, as well as action in terms of critical national infrastructure. We will have further details about what precisely is included in that Bill in due course, but the

intention is to publish it next year. Again, it is another key part of the plan we are taking forward.

Q57 Chris Curtis: We know that the number of planners and local authorities is one of the biggest bottlenecks in the entire system and in the British economy. I have spoken to big businesses. One international supermarket chain told me that for every £5 it has earmarked to invest in the UK, it is handing £1 back to its international parent company because of a lack of capacity in the planning system. I know there is a bit more money for this and I know there is a manifesto commitment for 300 more planners, but let us be honest: that is not going to be enough, is it?

Matthew Pennycook: There are a couple of parts to this question. I might bring Jo in on it. One is that 300 planners is not the only thing that is in there. It is important to understand that the Department already has a dedicated planning capacity and capability team under the chief planner in MHCLG. That already does a lot of work.

You quite rightly referenced that at the Budget we built on that existing baseline of capacity with an additional £50 million package. That includes providing an additional £5 million to deliver improvements to the planning regime for nationally significant infrastructure projects, as well as £46 million to boost capacity and capability in local planning authorities.

You are right that it is not enough. You will know that we took action earlier in the year to increase fees for householders and other minor applications. We will look to empower planning authorities to set their own planning fees by localising them through the system. There was some detail on that in the NPPF consultation.

Q58 Chris Curtis: Will that money be earmarked for the planning team? They cannot use that to cross-subsidise other bits of local government funding?

Joanna Key: That is correct. Under “Managing Public Money”, they cannot use the money for anything other than planning.

Q59 Chris Curtis: I know that there is this extra money going in, but I speak to local authorities that tell me that their baseline is to cut their planning department this year because of the pressures that are put on local authorities. Are you effectively just filling a gap that is otherwise being cut and not necessarily increasing capacity in the system? How are you going to mitigate that?

Matthew Pennycook: It will partly be through the actions we have taken. At the Budget we secured a significant amount of money that can be used to provide capacity and capability support for local planning authorities. An important bit comes through planning fees and looking at localising those planning fees, so that local authorities can set the rates that they determine are required to sustain the teams they need. We are also taking action centrally through ATLAS and through the central Government support

we have in place, to give those local authorities that most need additional capacity that extra help from central Government.

Q60 **Chair:** Will that include bringing forward the NDMPs? What will they touch cover?

Matthew Pennycook: NDMPs are something progressed by the last Government through the Levelling-up and Regeneration Act. We are committed to consulting on those and taking them forward. I will give you more details next year.

Q61 **Chair:** So you do not have a draft or a timeline for that, Minister.

Matthew Pennycook: We have not announced a timeline at present. It will be next year in terms of going out to consult on them. It is important for the Committee to know that that will lead to a situation where NDMPs deal with the development control aspects of the planning system and the NPPF is left as essentially a plan-making document. It will be in a slightly slimmed-down form from what it is now.

I want to be very clear with the Committee that it is not the Government's intention to make very substantive changes to national planning policy, in the way we have done through this consultation, at the point we come to essentially tidy the system up on that basis. But we are looking at what NDMPs can do to streamline some of the development management control aspects of the system.

Q62 **Mr Dillon:** When you consult on the NDMPs, will you also commit to parliamentary scrutiny of them, as you previously argued for in your shadow role?

Matthew Pennycook: I definitely want Parliament to be engaged in what they look like, and obviously any Member would be able to respond to a consultation.

Q63 **Mr Dillon:** That is different from parliamentary scrutiny, Minister.

Matthew Pennycook: I hope I will be returning to your Committee at points in the future, and I will be more than happy to hear views from the Committee in particular about what NDMPs should comprise and how they should operate.

Chair: We will be inviting you again, Minister, don't worry.

Q64 **Joe Powell:** Minister, we could not let you go without asking this. Millions of leaseholders have been promised reform for many years and are anxiously waiting to understand your timeline for implementing the existing Leasehold and Freehold Reform Act and consulting on the draft leasehold and commonhold reform Bill. For us, one particular question is whether that timeline will allow for pre-legislative scrutiny.

Matthew Pennycook: It is a good question. I know you have many leaseholders in your constituency, Mr Powell, as have I. We have an incredible number of new-build blocks that have gone up along the river in recent years, so I get this on a constituency level as

well as a ministerial level. I know there is a frustration, it would be fair to say, and definitely a demand for the Government to act quickly. We want to act as quickly as possible.

There are a number of challenges we are weighing up in terms of how we progress, in the first instance, implementing all of the provisions in the Leasehold and Freehold Reform Act that was passed in the wash-up in the last Parliament. Switching those on is challenging for a number of reasons that will become clear in short order, but in any scenario it would have been a significant body of work. It requires an extensive programme of secondary legislation to enact every one of those provisions in the Bill, but it is the Government's intention to move as quickly as possible to do so while getting it right. We must get the implementation of these reforms right to ensure that they are to the lasting benefit of leaseholders.

On the draft Bill that we committed to in the King's Speech, we have made it very clear that it is going to come in this parliamentary Session. We would want to give adequate time, obviously, for more intensive scrutiny from the House and from your Committee as to what that Bill looks like. That is the purpose of publishing not a Bill but a draft Bill, so that we can get that extra parliamentary scrutiny and input. In various ways, that Bill will go further than the existing reforms that are on the statute book. We will look at some of the many commitments we made in our manifesto—I want to be very clear here, because there has been no rowing back at all from this Government—to finally end the leasehold system by the end of this Parliament.

Q65 Joe Powell: That is reassuring to hear. You might have seen that a group of MPs have written to one particular managing agent who has a very troubling track record. I am just curious. That is a short-term ask around accountability, but in the system we hope that we will shift to, managing agents are still going to play a really important role, so how can we increase accountability and improve performance of managing agents?

Matthew Pennycook: You are absolutely right. Managing agents already play a crucial role. In a world in which commonhold is the default tenure, they will play an important role, and we have to ensure they are properly regulated. The Government are looking at how we strengthen regulation of managing agents to ensure they provide a professional service. That is one of many issues bound up with our general drive, as I said, to finally end the leasehold system. Mr Powell, you and the rest of the Committee will not have to wait long to find out precisely the way we intend to proceed in this area of the Department's responsibilities.

Q66 Chair: That is important. We are inundated with leaseholders who have been fleeced to the tune of thousands of pounds. You have leaseholders who are not going to be able to enjoy Christmas because they are putting bills aside. All the measures in

the Leasehold and Freehold Reform Act 2024 are still not in force yet, as you know, Minister.

Matthew Pennycook: Some are.

Chair: The sooner we see this come forward, the better for thousands of constituents right across the country.

Matthew Pennycook: It will become very clear to the Committee why we have taken time to set out precisely how we intend to proceed at the point that we make an announcement in this area.

Q67 **Mr Forster:** Can we tease out a timetable? Is it imminent, which to me might sound like Christmas, or are we talking months or years? Hopefully, we can plan our forward work programme.

Chair: Hopefully it is not years.

Matthew Pennycook: Not months, I would say, Mr Forster.

Mr Forster: That is very helpful. We look forward to reading it very soon.

Q68 **Chair:** Thank you very much, Minister. I have one final question before we close. You have announced that the chair and chief executive of Homes England are both leaving. You will be aware that the email from the outgoing chair to staff questioned the “incredible ambitions” for the 1.5 million homes target. Is that true, and do you think he was wrong on that?

Matthew Pennycook: If Jo finds it, I am more than happy to read out the email. It was taken completely out of context. What the current chief executive was referring to when he said it was a two-Parliament job was the wider reform agenda around house building. If the Committee wants to take the time to go and read the precise wording of the email, that will become clear.

Chair: That is the email from the chief executive.

Matthew Pennycook: Yes, the email from the chief executive. It was taken out of context, but he is right that some of the reforms we are taking forward are long term and over multiple Parliaments. That is why next year we are going to set out a long-term housing strategy that takes that longer view, but it is clear from the email that he was not directly referring to the 1.5 million. As I said right at the start, I am very confident we can achieve that stretching but deliverable target.

Q69 **Chair:** Lastly, this Christmas a number of tenants will be facing no-fault evictions. When do you expect the ban to come into effect?

Matthew Pennycook: We want that ban to come in at the point when the Courts and Tribunals Service is able to implement it, but in short order. We made a

commitment in our manifesto to bring it in immediately in a one-stage process, not the two-stage process the previous Government proposed, when it was also subject to subjective and not clearly defined court reforms that could have taken place at any point in time. You will know, Chair, that the Bill moved out of Committee very swiftly—without a Division, in fact—after just six sittings. I am waiting for a date for Report stage. We want the Bill to progress as fast as possible.

Chair: Thank you, Minister.